

AviTaxes & Accounting Solutions
Bilingual Tax, Bookkeeping & Business Guidance



Starting a Construction Business

A Setup & Compliance Guide for Washington Contractors

2026 Edition

Starting a construction or contracting business in Washington involves a few extra layers most other small businesses don't deal with — registration with L&I, bonding, and specific insurance minimums. This guide walks through what's actually required, in the order you'll typically need it, with current 2026 figures.

Figures in this guide (rates, fees, thresholds) are current as of September 2026. These change — verify current figures before acting on a specific number.

1. Business Formation

Before you can register as a contractor, you need a legal business entity in place:

- Choose your structure (Sole Proprietorship, LLC, or Corporation) — most contractors choose an LLC for the liability protection, especially given the physical risks inherent in construction work
- File with the Washington Secretary of State if forming an LLC or Corporation (\$180 by mail, \$200 online)
- Obtain your federal EIN from the IRS (free)
- Register with the WA Department of Revenue for your UBI number

2. Washington Business Licensing

- State Business License — filed through the Business Licensing Service, generally around \$90 plus applicable city endorsements
- City Business License — required by many (not all) cities where you'll operate; check each city where you do business

3. Contractor Registration with L&I

Washington uses a registration system, not a skills-based exam — there's no statewide trade test and no experience requirement to register. Instead, the state confirms you're bonded and insured.

Choose Your Registration Type

Registration Type	Surety Bond	Scope
General Contractor	\$30,000	May perform more than one construction trade
Specialty Contractor	\$15,000	Limited to one selected trade

L&I can require a higher bond — up to 3x the standard amount (\$90,000 general / \$45,000 specialty) — if you have paid claims or a history of complaints.

Liability Insurance Minimums

You'll need general liability insurance meeting one of these minimums:

- \$200,000 public liability + \$50,000 property damage (split limit), OR
- \$250,000 combined single limit

Important Detail

Your bond and insurance must list your exact business name, matching your registration exactly, and L&I must be listed as the certificate holder on your liability insurance. A mismatch here is one of the most common reasons registrations get delayed.

Registration Fee & Renewal

- Registration fee: \$141.10
- Registration renews annually, with the same \$141.10 fee plus current proof of bond and insurance
- As of 2026, L&I uses an electronic system (EBIPS) for bonds and insurance — paper certificates are no longer accepted for existing contractors

4. Workers' Compensation

Washington is a monopolistic workers' compensation state — if you have employees, coverage must go through L&I's state fund directly, not a private insurance carrier. Set this up before your first employee starts work.

5. Rules Once You're Registered

- Your contractor registration number must appear on all advertising, business cards, contracts, estimates, bid proposals, vehicles, and any website or online advertising
- For residential projects of \$1,000 or more, and commercial projects between \$1,000–\$60,000, you must provide clients a signed Model Disclosure Statement
- You're strictly liable for the premiums of any subcontractor you hire who isn't properly registered and insured themselves — verify their registration before hiring

6. Financial & Tax Setup

- Open a dedicated business bank account
- Set up bookkeeping and expense tracking from day one — construction has unique tracking needs (materials, labor, job costing per project)
- Discuss your tax classification with your accountant — whether an LLC electing S-Corp status makes sense depends on your profit level (see our Business Structure guide for the numbers)
- Understand your estimated quarterly tax obligations before your first big job comes in

Quick Reference — What You'll Need

- Legal business entity (LLC recommended)
- Federal EIN
- Washington UBI number
- State Business License (+ city license if required)
- Contractor registration with L&I (General or Specialty)
- Surety bond (\$30,000 general / \$15,000 specialty)
- Liability insurance (\$250,000 CSL or \$200k/\$50k split)
- Workers' comp through L&I (if hiring employees)
- Business bank account
- Bookkeeping system set up

Ready for Help Setting This Up?

Getting the entity, tax setup, and bookkeeping right from day one saves real money and headaches later. AviTaxes & Accounting Solutions offers bilingual (English/Spanish) guidance for contractors and construction businesses throughout this whole process.

Book a Consultation

Visit www.avitaxes.com/contact or email avitaxes@gmail.com to talk through your specific situation.