

07.07.21



What Delaware Contractors Need to Know About the August 1, 2021 Deadline for Registration and the Contractor Registration Act

This is not a drill! (And this pun is intended). All businesses who perform construction or maintenance services in Delaware must register for the new Delaware Contractor Registry by **August 1, 2021**.

The Registry is mandated by the Delaware Contractor Registration Act, codified at [19 Del. C. Chapter 36](#). The Delaware Contractor Registration Act is intended to decrease workplace fraud by using the registry to track contractor activity and avoid employee misclassification. A Department of Labor press release from July 31, 2019, notes an established practice where some contractors hire employees and then classify those employees as independent contractors to avoid paying for workers compensation, unemployment, or other benefits traditionally owed to regular employees.

Governor Carney signed this bill into law in July 2019. The registry was initially to go into effect in October 2020 but was significantly delayed by the pandemic. Those delays are now ending, and contractors must do everything in their power to comply with the deadline.

Delaware has streamlined the registration process through their Delaware One Stop system at <https://onestop.delaware.gov>. Additional information on how to register is available at the [Department of Labor website](#).

Contractors who have state contracts must pay an initial annual nonrefundable registration fee of \$300. The second annual registration fee will also be \$300. After two consecutive years of registration without violation of the Act or any other labor laws, the fee will decrease to \$500 for a two-year period.

Contractors who do not have state contracts must pay an initial annual nonrefundable registration fee of \$200 for the first and second years and after completion of two consecutive years of registration without violation of the Act or any other labor laws the fee will decrease to \$300 per two-year period.

Contractors should be aware of penalties associated with the Act, which range from **\$1,000.00 to \$85,000.00 per violation**. However, the Act does allow contractors an important right of appeal from decisions issued by the Secretary of Labor directly to the Delaware Superior Court.

Please contact our office if you require assistance with registration or have any questions regarding the Act and its implications for your business.