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# City Planning and Development

CPD-DS Joint Ventures and Subcontractor Relationships

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There have been a number of questions raised about joint ventures and contractors' responsibilities when embarking on such projects. It is our hope that this policy statement will satisfactorily address those questions.

A partnership exists when two or more parties join in ownership and direction of a company for mutual gain. A joint venture is a limited partnership formed to accomplish a particular project or group of projects held in common by two or more contractors; it is generally assigned a fixed time frame and scope of work by the parties involved. When either a partnership or a joint venture is formed, the resulting company, however temporary, is considered a legal entity, separate from its component companies. As such, the newly created company must apply for its own license(s), name its own qualified supervisor(s), and purchase permits and perform work in its own name, unless each of the component companies already holds the appropriate contractor license(s), is in good standing with the City of Kansas City, Missouri, and obtains contracts and purchases permits for its respective portion of the work. If the licensed contractor wishes to advance its qualified supervisor as the qualified supervisor for the joint venture, that member's qualified supervisor must first resign from his or her initial supervisory post because section 18-335 of the Kansas City, Missouri, Code of Ordinances, states that an individual can serve as the qualified supervisor for only one contractor.

In a general contractor-subcontractor relationship, the subcontractor agrees to perform specified paid work for the general contractor. The subcontractor must be licensed, as it is the subcontractor's responsibility to procure permits and to perform tradeswork for the general contractor. Likewise, any subcontractors used by the initial subcontractor to assist with tradeswork must also be licensed and obtain their own permits; subcontractors shall not further subcontract out work to any unlicensed contractors. No company may purchase permits for another company, and no unlicensed contractor may work at a regulated trade in Kansas City, Missouri. All employees must actually be on the payroll of a licensed company and under the direction of that licensed company's qualified supervisor, per sections 18-332 and 18-335. A licensed contractor shall not lend its qualified supervisor to any other company, nor shall a licensed company borrow employees from an unlicensed company to perform the work. Any contractor found to be compromising these provisions of the Kansas City, Missouri, Building and Rehabilitation Code may be subject to suspension or revocation proceedings or may find itself enjoined from practicing tradeswork in this city, according to the provisions of section 18-334.

If you have any questions regarding this policy, please contact the Contractor Licensing Branch supervisor at (816) 513-1500.