

REVENUE: No revenue impact

FISCAL: May have fiscal impact, statement not yet issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	7 - 0 - 0
Yeas:	Bonamici, Galizio, Gilliam, Girod, Nelson, Riley, Holvey
Nays:	0
Exc.:	0
Prepared By:	Steve Dixon, Administrator
Meeting Dates:	2/23, 3/14, 4/23

WHAT THE MEASURE DOES: HB 2657 A prohibits contractor from claiming a lien if no written contract exists. Permits the Department of Consumer of Business Services (DCBS) to adopt rules establishing uniform permit, inspection and certificate of occupancy requirements, including uniform requirements for building envelope inspections by local government. DCBS may create a process allowing a municipality to address conditions that are unique to the municipality's enforcement of the building code. Requires contractors to offer a written warranty to consumers; allows contractors to establish the terms and conditions for the warranty and allows consumers to choose to accept or reject the warranty offer. Requires contractors to provide maintenance information developed by the Construction Contractors Board (CCB) to a homeowner. Requires CCB to establish standard contract terms and notices within the contract for consumers and requires specific notice to consumers within the contract regarding liens, claims process, mediation, warranty offer and existence of arbitration clauses.

Allows consumers one business day to cancel a contract for construction, provides exception if both parties agree that work is to start immediately. Allows CCB to establish the timing, form, and format requirements for the consumer notification about licensing requirements and the notice of procedure about construction claims. Requires the consumer notices to include signature lines for both the contractor and property owner. Requires all consumer notices to be delivered in person or by registered or certified mail. Requires the Information Notice to Owner regarding construction liens to include signature lines for the contractor and the owner. Increases bond amounts contractors must obtain by 5,000 throughout the industry. Staggers the implementation of the bill. The warranty and maintenance information requirements begin July 1, 2008. The new notice delivery requirements begin January 1, 2008.

ISSUES DISCUSSED:

- Issues faced by consumers and industry around construction defects, notice requirements, liens, lack of information, warranties, lack of standards in education and inspections.
- Prevalence of building envelope failures in Oregon.
- Financial damages faced by consumers for defects and envelope failures.
- Methods used by consumers and industry to recoup losses.
- Role of CCB in regulating the industry and serving consumers.

EFFECT OF COMMITTEE AMENDMENT: HB 2657 was completely rewritten via amendments into its current form.

BACKGROUND: The 73rd Oregon Legislature created the Construction Claims Task Force with HB 2078 in the 2005 legislative session. The Task Force was created to address increasing construction claims and rising contractor liability insurance premiums. The task force was directed to study and evaluate the causes and extent of construction defects in Oregon, the need for consumer protection, and the availability and affordability of liability insurance for contractors. The task force was also directed to provide a report of its findings, including recommendations for legislation, to the 74th Oregon Legislature.

5/1/2007 4:05:00 PM

This summary has not been adopted or officially endorsed by action of the committee.