

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	6 - 0 - 1
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Schaufler
Nays:	0
Exc.:	Smith P.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/4

WHAT THE MEASURE DOES: Specifies the grounds for which a claim may be filed against a landscaping business bond and allows an agent of a property owner to file a claim against a landscaping business bond. Limits the amount that a nonowner may recover from a single landscaping business bond and the amount that may be recovered from a single landscaping business bond for cost, interest and attorney fees to no more than \$3,000. Adjusts language regarding the recovery of arbitration awards from a bond or other security of a landscaping business. Gives the State Landscape Contractors Board express authority to use mediation or other forms of alternative dispute resolution.

ISSUES DISCUSSED:

- 2005 legislation which increased the amount of a landscaping bond based upon the type of landscaping project performed
- Situations in which the amount of damage from a project is more than the bond amount

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon landscape businesses are required to be licensed by the Board of Landscape Contractors. Such businesses are also required to obtain bonds to cover claims against their work or for breach of contract. Required bond levels as set in ORS 671.690 depend on the type and cost of work performed by the business. The basic bond is \$3,000 for businesses who charge less than \$10,000 for any jobs, but the bond amount rises to \$10,000 if the business constructs fences, decks, arbors, patios, walkways, driveways, or retaining walls. A \$10,000 bond is also required if the business charges between \$10,000 and \$25,000 for any job, and a \$15,000 bond is necessary for business that charge more than \$25,000.

Claims against such bonds may be made by the owners of property where the landscaping work was performed, or by subcontractors, or by persons who furnished labor, materials, or equipment for the work. Current law includes the grounds of negligence, improper work, and breach of contract.

SB 62 delineates the grounds and circumstances under which each of these parties may make a claim against the bond. It also expands permissible uses of the bond for consumers to discharge liens if they have paid the contractor. To assure most of the bond is available to consumers, the bill limits the amount payable from a bond for claims made by persons other than property owners. The bill also expressly allows use of mediation, which the board indicates is used successfully to resolve 95 percent of formal complaints they receive.

5/10/2007 8:23:00 AM

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