

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	5 - 0 - 0
Yeas:	Deckert, George L., Monnes Anderson, Starr, Metsger
Nays:	0
Exc.:	0
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	1-22

WHAT THE MEASURE DOES: Specifies grounds for claims against the bond of a licensed landscaping business, including claims by property owners, subcontractors, laborers, and suppliers. Allows claims by property owners to discharge liens placed on their property by subcontractors or suppliers whom a landscape business did not pay if the owner paid the landscape business for the work. Limits total claims paid from a landscape business bond to anyone other than property owners to \$3,000. Also limits total claims from a bond for recovery of dispute resolution costs, interest, and attorney fees to \$3,000. Allows the board to use mediation or other forms of dispute resolution in addition to arbitration for parties to resolve disputes if the parties agree to follow rules of the board. Allows the Landscape Contractors Board to set a lower limit on claims from material or equipment suppliers.

ISSUES DISCUSSED:

- Bond level increases last session
- Consumer protection as central aspect of bond requirement
- Similar provisions in construction contractor bond statutes
- Success of mediation
- Consumer's first right to bond within first 90-day period

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.