

Senate Bill 91

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires construction contractor to immediately notify Construction Contractors Board of changes in identity, name or address of partners, joint venturers, owners, officers, managers, members, trustees or other persons controlling contractor and of responsible managing individuals for contractor. Requires that construction contractor license application include name and address of trustees if applicant is trust.

A BILL FOR AN ACT

1
2 Relating to construction contractors; creating new provisions; and amending ORS 701.055 and
3 701.075.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 701.055 is amended to read:

6 701.055. (1) A person **or joint venture** may not undertake, offer to undertake or submit a bid
7 to do work as a contractor unless that person has a current, valid license issued **under this**
8 **chapter** by the Construction Contractors Board. [*A partnership, corporation or joint venture may not*
9 *undertake, offer to undertake or submit a bid to do work as a contractor unless that partnership, cor-*
10 *poration or joint venture is licensed under this chapter.*] A partnership or joint venture is licensed for
11 the purpose of offering to undertake work as a contractor on a structure if any of the partners or
12 joint venturers whose name appears in the business name of the partnership or joint venture is li-
13 censed under this chapter.

14 (2) [*A licensed partnership or corporation shall notify the board immediately upon any change in*
15 *licensed partners or corporate officers. If a partnership no longer has a licensed partner, the partner-*
16 *ship may not conduct*] **A contractor licensed under this chapter shall immediately notify the**
17 **board of any change in the identity, name or address of a person who holds a position with**
18 **the contractor that is described in ORS 701.075 (1)(h) or (i) or of a responsible managing in-**
19 **dividual for the contractor as defined in ORS 701.078. If a partner or joint venturer departs**
20 **from a contractor that is a partnership or joint venture, the contractor must obtain a new**
21 **license before continuing to conduct** activities that require a license under this chapter.

22 (3) A city, county or the State of Oregon may not issue a building permit to any person required
23 to be licensed under this chapter that does not have a current, valid license. A county, city or state
24 agency that requires the issuance of a permit as a condition precedent to construction, alteration,
25 improvement, demolition, movement or repair of any building or structure or the appurtenances to
26 the structure shall, as a condition for issuing the permit, require that the applicant for a permit file
27 a written statement, subscribed by the applicant. The statement must affirm that the applicant is
28 licensed under this chapter, give the license number and state that the license is in full force and

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 effect, or, if the applicant is exempt from licensing under this chapter, list the basis for the ex-
2 emption. The city, county or state agency shall list the contractor’s license number on the permit
3 obtained by that contractor.

4 (4) If the applicant for a building permit is exempt from licensure under ORS 701.010 (6), the
5 city, county or state shall supply the applicant with an Information Notice to Property Owners
6 About Construction Responsibilities. The city, county or state may not issue a building permit for
7 a residential structure to the applicant until the applicant signs a statement in substantially the
8 following form:

9 _____

10
11 (a) I have read and understand the Information Notice to Property Owners About Construction
12 Responsibilities; and

13 (b) I own, reside in or will reside in the completed dwelling. My general contractor is
14 _____, Construction Contractors Board license no. _____, license expiration date
15 _____. I will instruct my general contractor that all subcontractors who work on this
16 dwelling must be licensed with the Construction Contractors Board; or

17 (c) I am performing work on property I own, a residence that I reside in or a residence that I
18 will reside in.

19 (d) I will be my own general contractor and, if I hire subcontractors, I will hire only subcon-
20 tractors licensed with the Construction Contractors Board.

21 (e) If I change my mind and do hire a general contractor, I will contract with a general con-
22 tractor who is licensed with the Construction Contractors Board and I will immediately notify the
23 office issuing this building permit of the name of the general contractor _____.

24 _____

25
26 (5) The board shall adopt by rule a form entitled “Information Notice to Property
27 Owners About Construction Responsibilities” that shall describe, in nontechnical language and in
28 a clear and coherent manner using words in their common and everyday meaning, the responsibil-
29 ities property owners are undertaking by acting as their own general contractor and the problems
30 that could develop. The responsibilities described in the form shall include, but not be limited to:

31 (a) Compliance with state and federal laws regarding Social Security tax, income tax and un-
32 employment tax.

33 (b) Workers’ compensation insurance on workers.

34 (c) Liability and property damage insurance.

35 (6) The board shall develop and furnish to city, county and state building permit offices, at no
36 cost to the offices, the Information Notice to Property Owners About Construction Responsibilities
37 and the statement to be signed by the permit applicant.

38 (7) A city or county that requires a business license for engaging in a business subject to reg-
39 ulation under this chapter shall require that the licensee or applicant for issuance or renewal of the
40 business license file, or have on file, with the city or county, a signed statement that the licensee
41 or applicant is licensed under this chapter.

42 (8) It is prima facie evidence of doing business as a contractor if a person for that person’s own
43 use performs, employs others to perform, or for compensation and with the intent to sell the struc-
44 ture, arranges to have performed any work described in ORS 701.005 (3) if within any 36-month pe-
45 riod that person offers for sale two or more newly built structures on which that work was

1 performed.

2 (9) Licensure under this chapter is prima facie evidence that the licensee conducts a separate,
3 independent business.

4 (10) The provisions of this chapter are exclusive and a city, county or other political subdivision
5 may not require or issue any registrations, licenses or surety bonds, nor charge any fee for the
6 regulatory or surety registration of any contractor licensed with the board. This subsection does
7 not limit or abridge the authority of any city or county to:

8 (a) License and levy and collect a general and nondiscriminatory license fee levied upon all
9 businesses or upon business conducted by any firm within the city or county;

10 (b) Require a contractor to pay a fee, post a bond or require insurance when the city, county
11 or political subdivision is contracting for the service of the contractor; or

12 (c) Regulate a contractor that is not required to be licensed under this chapter.

13 (11)(a) A contractor shall maintain a list that includes the following information about all sub-
14 contractors or other contractors performing work on a project for that contractor:

15 (A) Names and addresses.

16 (B) License numbers.

17 (b) The contractor must deliver the list referred to in paragraph (a) of this subsection to the
18 board within 72 hours after a board request made during reasonable working hours.

19 (12) A contractor may not hire any subcontractor or other contractor to perform work unless
20 the subcontractor or contractor is licensed under this chapter or exempt from licensure under ORS
21 701.010.

22 (13) A consumer notification form designed to specifically inform a property owner what the
23 property owner should do to protect themselves in a residential repair, remodel or construction
24 project shall be prepared by the board and provided at no cost to all licensed contractors. The
25 contractor shall deliver the form to the property owner when the contractor submits a bid or pro-
26 posal for work on a residential structure. The form shall include an explanation of the meaning of
27 licensure, including a statement that licensure is not an endorsement of a contractor's work, and
28 an explanation of the bond and insurance levels required of contractors for the benefit of property
29 owners. The form must not be larger than one side of a sheet of paper that is 8-1/2 inches by 11
30 inches. The contractor may reproduce the form on the contractor's bid proposal.

31 (14) A contractor may not perform work subject to this section for an owner of a residential
32 structure without a written contract if the aggregate contract price exceeds \$2,000. If the price of
33 a contract was initially less than \$2,000, but during the course of performance the contract exceeds
34 that amount, the contractor shall mail or otherwise deliver a written contract to the owner not later
35 than five days after the contractor knows or should reasonably know that the contract price will
36 exceed \$2,000. Failure to have a written contract will not void the contract.

37 (15) Except as provided in ORS 671.540, a contractor that is not licensed under ORS 671.560
38 shall hire a person licensed under ORS 671.560 to perform landscaping work.

39 **SECTION 2.** ORS 701.075 is amended to read:

40 701.075. (1) An applicant for a construction contractor license must submit the application on
41 a form prescribed by the Construction Contractors Board. The application shall include, but not be
42 limited to, the following information regarding the applicant:

43 (a) Classification of the license being sought.

44 (b) A list of construction debts involving the applicant, or an owner or officer of the applicant,
45 if the order, award, penalty or judgment that establishes the debt was issued within the preceding

- 1 five years.
- 2 (c) Social Security number.
- 3 (d) Workers' compensation insurance account number, if the applicant is required to have
- 4 workers' compensation insurance.
- 5 (e) Unemployment insurance account number, if the applicant is required to have unemployment
- 6 insurance.
- 7 (f) State withholding tax account number, if the applicant is required to withhold state income
- 8 tax.
- 9 (g) Federal employer identification number, if the applicant is required to have a federal em-
- 10 ployer identification number.
- 11 (h) The name and address of:
 - 12 (A) Each partner, if the applicant is a partnership, limited liability partnership or foreign limited
 - 13 liability partnership.
 - 14 (B) The general partner, if the applicant is a limited partnership.
 - 15 (C) Each joint venturer, if the applicant is a joint venture.
 - 16 (D) The owner, if the applicant is a sole proprietorship.
 - 17 (E) The officers, if the applicant is a corporation.
 - 18 (F) The manager and each member, if the applicant is a manager-managed limited liability com-
 - 19 pany.
 - 20 (G) Each member, if the applicant is a member-managed limited liability company.
 - 21 **(H) Each trustee, if the applicant is a trust.**
- 22 (i) The name and address of the following if the applicant is a partnership, limited liability
- 23 partnership, foreign limited liability partnership, joint venture, manager-managed limited liability
- 24 company or member-managed limited liability company:
 - 25 (A) Each partner in a partnership, limited liability partnership or foreign limited liability part-
 - 26 nership that is a partner, joint venturer or member of the applicant.
 - 27 (B) Each general partner in a limited partnership that is a partner, joint venturer or member
 - 28 of the applicant.
 - 29 (C) Each joint venturer in a joint venture that is a partner, joint venturer or member of the
 - 30 applicant.
 - 31 (D) The manager and each member of a manager-managed limited liability company that is a
 - 32 partner, joint venturer or member of the applicant.
 - 33 (E) Each member of a member-managed limited liability company that is a partner, joint
 - 34 venturer or member of the applicant.
 - 35 (F) Each officer of a corporation that is a partner, joint venturer or member of the applicant.
 - 36 (G) The general partner in a limited partnership that is a partner, joint venturer or member of
 - 37 the applicant.
 - 38 (H) Each individual who has a controlling ownership interest in, or management authority over,
 - 39 the applicant and who meets criteria adopted by the board by rule.
 - 40 (j) The basis on which the applicant meets the standards for independent contractor status under
 - 41 ORS 670.600.
 - 42 (2) The application described in subsection (1) of this section must be accompanied by proof
 - 43 satisfactory to the board that the applicant:
 - 44 (a) Is in compliance with ORS 701.078.
 - 45 (b) Has the legal capacity to enter into contracts.

1 (3) Subsection (2)(a) of this section does not apply to a licensed developer.

2 (4) An applicant shall conform to the information provided by the applicant on the application
3 and to the terms of the application.

4 **SECTION 3. (1) The amendments to ORS 701.055 by section 1 of this 2007 Act requiring**
5 **the reporting of identity, name or address changes apply to identity, name and address**
6 **changes occurring on or after January 1, 2008. The amendments to ORS 701.055 by section 1**
7 **of this 2007 Act restricting contractor activity following the departure of a partner or joint**
8 **venturer apply if the departure of the partner or joint venturer occurs on or after January**
9 **1, 2008.**

10 (2) The amendments to ORS 701.075 by section 2 of this 2007 Act apply to license appli-
11 cations received by the Construction Contractors Board on or after January 1, 2008.

12
