

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass
Vote: 5 - 0 - 0
Yeas: George, Schrader, Verger, Starr, Metsger
Nays: -
Exc.: -
Prepared By: Erin Seiler, Committee Staff
Meeting Dates: 2/9

WHAT THE MEASURE DOES: Clarifies that Construction Contractors Board (CCB) residential bonds will be applied to pay claims against residential contractors and commercial bonds will be applied to pay claims against commercial contractors.

ISSUES DISCUSSED:

- Types of surety bonds required for residential and construction contractors
- Lack of statutory clarity regarding application of residential versus commercial bond for complaints ordered paid by CCB
- Adverse affect on the cost of surety bonds for contractors without payment clarification

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Construction Contractors Board (CCB) oversees licensure of residential and commercial construction contractors; investigation and adjudication of complaints filed against licensees; and assessment of sanctions against unlawful contractors. A licensed residential contractor may perform work on residential and small commercial structures and must hold a residential bond (ORS 701.068). A licensed commercial contractor may perform work on large and small commercial structures and must hold a commercial bond (ORS 701.068).

In 2007, the legislature created separate endorsements for licensed residential and commercial contractors. The CCB requires new and renewing licensees to choose an endorsement as a residential or commercial contractor; a licensee can choose a dual endorsement. For each endorsement, a contractor must have a separate, either residential or commercial, bond. The legislature prescribed separate dispute resolution procedures and adjudication authority to the CCB for residential versus commercial claims; there was no specific authority governing payment from the bonds.