



CHIP SHIELDS
STATE SENATOR
DISTRICT 22
N/NE PORTLAND
OREGON STATE LEGISLATURE

March 4, 2015

Re: Senate Bill 574

Members of the Senate Business and Transportation Committee:

For the record my name is Chip Shields and I represent District 22, N/NE Portland, in the Oregon State Senate. I am a chief co-sponsor of SB 574, which puts restoration work resulting from disaster clearly under the licensing authority of the Construction Contractors Board. I am happy to be joined today by Sen. Olsen, who is also a chief sponsor of the bill.

For those of you not familiar, restoration companies restore property damaged by flood, fire, and other unexpected, unfortunate circumstances. There are a lot of good restoration companies providing valuable services in this state. I, for one, experienced their value first-hand when my pipes broke on Christmas Day last year. A company came out and helped my family put our home back together. This company was, and many other restoration companies are, already CCB licensed.

However, there are a growing number of restoration companies in this state that are flying under the radar and preying on victims of disaster. My office first found out about the problem after a five alarm fire in our district, when concerned constituents brought to our attention that a company solicited work as they watched all their belongings burn to the ground, got them to sign a blank check contract, and misled them about what would be covered by insurance. My staff followed up with the Fire Chiefs and Fire Fighters Associations to see if this was an isolated incident and the resounding answer was no – these predatory practices were an increasing problem across the state.

This all may sound familiar to you because we tried to address this issue in 2014. The Senate passed SB 1571 under broad bipartisan support, which would have allowed consumers an unwaivable right to rescind a contract made under duress. During the process of that bill, many restoration companies reached out to my office to relay their support for clamping down on what they saw as new, predatory companies that would listen in on scanners to chase fires and harass victims. Some of these companies have submitted testimony today. Prior to a couple years ago, they said that the norm had been for the victim to call their insurance company to get connected with restoration work, or if they were uninsured, to seek out services once they had a chance to emotionally collect themselves. However, new fire-chasing companies were now increasing in number and negatively impacting the livelihood of traditional, good-acting companies.





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SB 1571 did not pass in the house, however, because of concerns from the contracting community. In response, we set up a workgroup with the contracting community, fire fighters, and CCB to address the issue. Senate Bill 574 is the result of the workgroup. CCB licensure will provide needed oversight of fire chasing restoration companies that use predatory tactics on consumers. It ensures that consumers have a place to turn to, if they feel that they are being mistreated by a restoration company. And lastly, CCB licensure ensures that all restoration companies are bonded and insured, conform to contract language requirements aimed at protecting consumers, and participate in contract dispute resolution.

I will also note that we worked with Director Denno at the CCB on the -1 amendment, in order to fulfill their request for a little more time to prepare for implementation of the bill.

I urge the committee's support of SB 574 with the -1 amendment, and I am happy to answer any questions.

Sincerely,

Chip Shields
Oregon State Senator, District 22: N/NE Portland

