# A-Engrossed Senate Bill 580

Ordered by the Senate April 24 Including Senate Amendments dated April 24

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

### 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.

Allows State Landscape Contractors Board to assess **arbitration or** contested case proceeding costs to person requesting that claim filed against board licensee be resolved through **arbitration or** contested case proceeding. Caps assessment amount.

Authorizes landscape contracting business to install outdoor artificial turf. Creates exception.

Provides that qualifying complaints against landscape contracting business that is licensed construction contractor may be filed with both Construction Contractors Board and State Landscape Contractors Board.

Provides that landscape contracting business performing authorized work may subcontract part of work to general or specialty contractor licensed by Construction Contractors Board.

Authorizes qualified landscape construction professional to prepare plans and drawings for landscape irrigation system.

Expands activities landscape contracting business may perform regarding ornamental water features, drainage systems, irrigation systems, fences, decks, arbors, patios, landscape edging, driveways, walkways and retaining walls.

Authorizes administrator or employee of State Landscape Contractors Board to issue stop work order on behalf of board.

Increases amount requirement for landscape contracting business public liability, personal injury and property damage insurance.

Increases time available for landscape contracting business to provide notice of address change to State Landscape Contractors Board.

Provides that requirement for written contract applies to landscaping work for which landscape contracting business charges \$2,000 or more.

Changes cap on State Landscape Contractors Board requirements for landscape construction professional continuing education.

Increases bond for landscape contracting business charging \$50,000 or more for landscaping job. Requires that bonds for landscape contracting businesses provide coverage for certain activities regarding trees.

## Revises language regarding claims against landscape contracting business for breach of contract.

Makes imposition of civil penalties for violations of landscape contracting laws permissive. Makes imposition of license sanctions for violations of laws regarding independent contractors doing landscaping work permissive.

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## A BILL FOR AN ACT

2 Relating to landscaping; creating new provisions; and amending ORS 671.520, 671.555, 671.565,

671.603, 671.625, 671.676, 671.690, 671.695 and 671.997.

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

5 <u>SECTION 1.</u> Sections 2 to 6 of this 2015 Act are added to and made a part of ORS 671.510 6 to 671.760.

7 SECTION 2. (1) If a party requests a hearing under ORS 671.703 (1) that is resolved by

8 arbitration, or requests under ORS 671.703 (5) that a claim be resolved by means of a con-

9 tested case proceeding, the State Landscape Contractors Board may assess the requesting

10 party the reasonable costs of the resulting arbitration or contested case proceeding. For

1 purposes of this subsection, the cost of an arbitration hearing or contested case proceeding

2 includes the claim resolution costs that the board incurs on or after the date the board re-

3 ceives the hearing or proceeding request, including, but not limited to, investigation costs,

4 attorney fees, discovery costs and costs for Office of Administrative Hearings services. Ex-

5 cept as provided in subsection (2) of this section, the reasonable costs assessed under this

6 section may not exceed \$5,000. If both parties make the same request under this subsection,

the board shall divide the reasonable cost assessment for that request equally between the
parties.

9 (2) The board may increase the limit on reasonable costs established in subsection (1) of 10 this section every five years, based on changes in the Portland-Salem, OR-WA Consumer 11 Price Index for All Urban Consumers for All Items as published by the Bureau of Labor 12 Statistics of the United States Department of Labor.

13 <u>SECTION 3.</u> (1) As used in this section, "sports field" means one or more areas of a 14 property that total more than 30,000 square feet of artificial turf and are designed to be used 15 primarily for sport or other athletic activities.

16 (2) Notwithstanding ORS 701.005 and 701.021, except as provided in this section, a land-17 scape contracting business may prepare a site for, install and repair artificial turf at an 18 outdoor location. This section does not authorize a landscape contracting business to prepare 19 a site for, install or repair artificial turf at a sports field.

20 <u>SECTION 4.</u> (1) A person may file complaints against a licensed landscape contracting 21 business with both the Construction Contractors Board and the State Landscape Contractors 22 Board regarding the same work if:

(a) The landscape contracting business holds a license as a construction contractor is sued under ORS chapter 701; and

(b) The complaint to the Construction Contractors Board qualifies for filing under ORS
 chapter 701 and the complaint to the State Landscape Contractors Board qualifies for filing
 under ORS 671.510 to 671.760.

(2) Subsection (1) of this section does not expand the authority of the Construction 28Contractors Board or State Landscape Contractors Board to resolve a complaint or pay a 2930 claim. A determination by either board regarding a complaint or claim is not binding on the 31 other board. The total amount paid to a person described in subsection (1) of this section by the boards may not exceed the damages sustained by the person. The State Landscape Con-32tractors Board may require a person who files a complaint against a landscape contracting 33 34 business to inform the board of any complaint the person files with the Construction Con-35tractors Board against the business.

36 <u>SECTION 5.</u> Notwithstanding ORS 701.005 or 701.021, a landscape contracting business 37 that arranges for, undertakes or submits a bid to undertake a project that the business is 38 authorized to perform under ORS 671.510 to 671.760 may subcontract with a general or spe-39 cialty contractor licensed under ORS chapter 701 for the contractor to perform work within 40 the scope of the contractor's license endorsement on the project.

41 <u>SECTION 6.</u> A landscape construction professional may prepare plans and drawings for 42 a landscape irrigation system, including, but not limited to, plans and drawings that identify 43 the positioning, number, type and model of pumps, piping, valves, sprinklers, nozzles emit-44 ters, filters, controllers and other components for the system, if the landscape construction 45 professional:

1	(1) Holds a license issued by the State Landscape Contractors Board that authorizes the
<b>2</b>	landscape construction professional to install irrigation systems; and
3	(2) Has any other specialized qualifications required by the board by rule.
4	SECTION 7. ORS 671.520 is amended to read:
5	671.520. As used in ORS 671.510 to 671.760, unless the context requires otherwise:
6	(1) "Landscape construction professional" means an individual who for compensation or with the
7	intent to be compensated performs or supervises activities requiring the art, ability, experience,
8	knowledge, science and skill to:
9	(a) Plan or install lawns, shrubs, vines, trees or nursery stock;
10	(b) Prepare property on which lawns, shrubs, vines, trees or nursery stock is to be installed;
11	(c) [Construct] Install, maintain or repair ornamental water features[,] and landscape drainage
12	systems [or irrigation systems];
13	(d) Maintain irrigation systems with the use of compressed air and as otherwise provided by
14	the State Landscape Contractors Board by rule; [or]
15	(e) Install or repair landscape irrigation systems as provided by the board by rule; or
16	[(e)] (f) Plan, [or] install, maintain or repair fences, decks, arbors, patios, landscape edging,
17	driveways, walkways or retaining walls.
18	(2) "Landscape contracting business" means a business that for compensation or with the intent
19	to be compensated arranges, submits a bid, or otherwise offers or contracts, for the performance of
20	activities described in subsection (1) of this section.
21	(3) "Licensee" means a person that is licensed under ORS 671.510 to 671.760 as a landscape
22	construction professional or landscape contracting business.
23	(4) "Nursery stock" means nursery stock:
24	(a) As defined by ORS 571.005 other than stock grown for commercial resale or reforestation;
25	or
26	(b) As defined by the [State Landscape Contractors] board by rule.
27	(5) "Ornamental water features" means fountains, ponds, waterfalls, man-made streams and other
28	decorative water-related constructions as identified by the board by rule.
29	<b><u>SECTION 8.</u></b> ORS 671.555 is amended to read:
30	671.555. (1) The State Landscape Contractors Board may investigate the activities of any person
31	engaged in the landscape contracting business to determine compliance with ORS 671.510 to 671.760.
32	(2) With the approval of the city or county, the board may conduct investigations with city or
33	county inspectors, provided that the city or county is reimbursed by the board for the costs of such
34	investigations.
35	(3) Any inspector or investigator authorized by the board to determine compliance with ORS
36	671.510 to 671.760 may require any person who is engaged in any activity regulated by ORS 671.510
37	to 671.760 to demonstrate proof of compliance with the licensing requirements of ORS 671.510 to
38	671.760. If a person who is contracting directly with the owner of the property does not demonstrate
39	proof of compliance with the licensing requirements of ORS 671.510 to 671.760, the inspector or in-
40	vestigator may give notice of noncompliance to the person.
41	(4) [ <i>The</i> ] A notice of noncompliance given under subsection (3) of this section shall be in
42	writing, shall specifically state that the person is not in compliance with the licensing requirements
43	of ORS 671.510 to 671.760 and shall provide that unless the person demonstrates proof of compliance
44	within two days of the date of the notice, the inspector or investigator may by order stop all work
45	then being done by the person. The notice of noncompliance shall be served upon the person and

shall be served upon or delivered to the owner of each property upon which the person is then
 performing work under contract. If more than one person is the owner of any such property, a copy

3 of the notice need be given to only one of such persons.

4 (5) If after receipt of [*the*] a notice of noncompliance under subsection (3) of this section the 5 person fails within the two-day period specified in the notice to demonstrate proof of compliance 6 with the licensing requirements of ORS 671.510 to 671.760, the inspector or investigator may order 7 the work stopped by notice in writing served on any persons engaged in the activity. Any person 8 so notified shall stop such work until proof of compliance is demonstrated. However, the inspector 9 or investigator may not order the work stopped until at least two days after the copies of the notice 10 of noncompliance have been served upon or delivered to the owners.

[(4)] (6) Notwithstanding subsection [(3)] (5) of this section, the board may order landscaping work stopped immediately if the landscape contracting business working on a worksite cannot demonstrate that the business has been licensed by the board at any time within the two years immediately preceding work on the worksite. The administrator or any employee of the board may issue an order under this subsection on behalf of the board.

16 [(5)] (7) The board has the power to administer oaths, issue notices and subpoenas in the name 17 of the board, compel the attendance of witnesses and the production of evidence, hold hearings and 18 perform such other acts as are reasonably necessary to carry out its duties under ORS 671.510 to 19 671.760.

[(6)] (8) If any person fails to comply with a subpoena issued under subsection [(5)] (7) of this section or refuses to testify on matters on which the person may be lawfully interrogated, the board shall compel obedience in the manner provided in ORS 183.440.

23 SECTION 9. ORS 671.565 is amended to read:

24 671.565. (1) Each person applying for a landscape contracting business license must:

(a) Pay to the State Landscape Contractors Board the applicable landscape contracting business
license fee established by the board under ORS 671.650.

(b) Have a landscape construction professional license or employ at least one person with a
 landscape construction professional license to supervise the landscaping operation of the business.

29 (c) Submit the names of all employees who are licensed landscape construction professionals.

30 (d) File with the board a form of security acceptable under ORS 671.690.

(e) File with the board a certificate of public liability, personal injury and property damage insurance covering the work of the landscape contracting business that is subject to ORS 671.510 to
671.760 for an amount not less than [\$100,000] \$500,000.

(f) Indicate, as set forth in ORS 670.600, the basis under which the applicant qualifies as an in dependent contractor and the class of independent contractor described in ORS 671.525 for which
 the applicant qualifies.

(2)(a) If an applicant for licensing under this section qualifies to be classified as a nonexempt independent contractor, the applicant shall provide the employer identification number of the applicant and evidence satisfactory to the board that the applicant provides workers' compensation insurance coverage for all employees of the landscape contracting business.

(b) If an applicant for licensing under this section qualifies to be classified as an exempt independent contractor and has entered into a contract with a worker leasing company or temporary service provider for the supplying of workers to the landscape contracting business, the applicant shall provide evidence satisfactory to the board that the applicant has verified the maintenance of workers' compensation insurance coverage for all leasing company or service provider employees

1 supplied for use by the business. As used in this paragraph, "worker leasing company" and "tempo-2 rary service provider" have the meanings given those terms in ORS 656.850.

3 (3) At the time of application for a license, for renewal of a license in active status or for return 4 of a license to active status, the applicant shall provide evidence satisfactory to the board that the 5 public liability, personal injury and property damage insurance required by this section and any 6 workers' compensation required of the applicant under ORS 671.527 or 671.562 is in effect. During 7 a license period, the licensee shall provide, to the extent required by the board, satisfactory evi-8 dence of continued public liability, personal injury and property damage insurance coverage and, if 9 required under ORS 671.562, workers' compensation insurance coverage.

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SECTION 10. ORS 671.603 is amended to read:

11 671.603. (1) A landscape construction professional or person operating as a landscape contract-12 ing business shall notify the State Landscape Contractors Board of a change of address for the 13 professional or business that occurs while the professional or business is licensed by the board or 14 within one year after a license expires. The landscape construction professional or landscape con-15 tracting business shall ensure that the board receives notice of the change of address no later than 16 the [10th] **30th** day after the change of address occurs.

(2) Initial notice of a contested case or arbitration directed by the board to the last-known address of record for a landscape construction professional or landscape contracting business is considered delivered to the professional or business when deposited in the United States mail and sent registered, certified or post office receipt secured. Any other communication directed by the board to the last-known address of record for a landscape construction professional or landscape contracting business is considered delivered to the professional or business when deposited in the United States mail, regular mail.

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**SECTION 11.** ORS 671.625 is amended to read:

671.625. (1) The State Landscape Contractors Board shall by rule adopt minimum standards for written contracts and billings of the landscape contracting businesses. The standards shall set forth requirements for information that must be contained in contracts and billings. The information required shall be any information the board determines is necessary to provide protection for consumers of the services and materials provided by landscape contracting businesses.

(2) Work by a landscape contracting business subject to ORS 671.510 to 671.760 for which the
business charges \$2,000 or more for a landscape job, as defined in board rule, shall only be
performed subject to a written contract. Any contract or billing for such work must conform to the
standards adopted under subsection (1) of this section.

(3) A contract that does not substantially comply with this section may not be enforced by a
 landscape contracting business in any court or other proceedings within this state.

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SECTION 12. ORS 671.676 is amended to read:

671.676. (1) The State Landscape Contractors Board shall adopt rules establishing continuing
education requirements for landscape construction professionals. [The board may not require landscape construction professionals to take more than 10 hours of continuing education every year.] A
continuing education requirement adopted by the board must equal or exceed:

(a) Sixteen hours of continuing education during a two-year period for a landscape construction professional who has six years or less of experience as an active licensee on the
beginning date of the period; or

(b) Eight hours of continuing education during a two-year period for a landscape con struction professional who has more than six years of experience as an active licensee on the

1 beginning date of the period.

2 (2) The board may approve programs for purposes of continuing education for landscape con-3 struction professionals and determine the number of hours to be credited to the programs. The board 4 shall ensure that continuing education opportunities for landscape construction professionals are 5 readily available.

6 (3) Programs approved by the board for continuing education purposes must be designed to di-7 rectly contribute to the professional competency of landscape construction professionals. Approved 8 programs may include, but need not be limited to:

9 (a) Professional development programs and technical meetings of professional associations for 10 landscape contracting businesses or for related industries such as pesticide application or irrigation 11 auditing;

12 (b) University or college courses related to landscaping or horticulture;

(c) Professional staff training programs by associations of landscape construction professionals;
 and

15 (d) Online or other forms of educational programs.

(4) The board may adopt rules establishing grounds for obtaining a waiver of the continuing
education requirements for landscape construction professionals. The board may not allow a waiver
for [more than two consecutive years] consecutive two-year periods except for a waiver due to
military service, retirement, disability, absence from the state, inactive status or extreme hardship.
SECTION 13. ORS 671.690 is amended to read:

671.690. (1) An applicant for a license as a landscape contracting business shall file with the State Landscape Contractors Board a surety bond with one or more corporate sureties authorized to do business in this state, or an irrevocable letter of credit issued by an insured institution, as

defined in ORS 706.008. The amount of the bond or letter of credit shall be:

(a) \$3,000 for an applicant, unless the applicant is described [*in paragraph (b)*, (c) or (d)] under
paragraphs (b) to (e) of this subsection.

(b) \$10,000 for an applicant who, not in conjunction with the performance of landscaping work,
constructs fences, decks, arbors, patios, landscape edging, driveways, walkways or retaining walls,
unless the applicant is made subject to paragraph (d) or (e) of this subsection by work on other
landscape jobs, as defined by board rule, performed by the applicant.

(c) \$10,000 for an applicant who charges more than \$10,000, but less than \$25,000, for a land scape job.

(d) \$15,000 for an applicant who charges \$25,000 or more, but less than \$50,000, for a landscape
job.

### (e) \$20,000 for an applicant who charges \$50,000 or more for a landscape job.

36 (2) The bond or letter of credit shall be conditioned that the applicant pays:

37 (a) All taxes and contributions due to the State of Oregon;

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(b) All persons furnishing labor or material, or renting or supplying equipment to the landscape
 contracting business;

40 (c) All amounts that may be adjudged against the landscape contracting business by reason of
41 negligent or improper work or breach of contract in performing any work subject to ORS 671.510
42 to 671.760; and

(d) All amounts from the bond, letter of credit or deposit the board orders paid under ORS671.703.

45 (3) In addition to providing the applicant with coverage for the activities described in ORS

1 671.520 (1), the bond or letter of credit must provide the applicant with coverage for:

2 (a) Backflow assembly testing services provided by employees of the landscape contracting
3 business who are certified under ORS 448.279;

4 (b) The installation, repair or maintenance by the landscape contracting business of backflow 5 assemblies for irrigation systems and ornamental water features as described in ORS 447.060; [and]

6 (c) The installation by the landscape contracting business of landscape irrigation control wiring
7 and outdoor landscape lighting as described in ORS 479.940[.]; and

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(d) The removal or pruning of a tree, removal of limbs or stumps and tree or limb guying.
(4) In lieu of the surety bond or letter of credit, the applicant may file with the board, under the same terms and conditions as when a bond is filed, a deposit in cash or negotiable securities acceptable to the board.

(5) The bond, letter of credit or deposit must be continuously on file with the board in the amount required by this section and is for the exclusive purpose of payment of final orders and arbitration awards in accordance with ORS 671.703. Upon termination or cancellation of the bond, withdrawal of the deposit or reduction of the bond, letter of credit or deposit to less than the required amount, the licensee shall immediately:

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(a) File a replacement bond, letter of credit or deposit; or

18 (b) Surrender the license to the board and cease operating as a landscape contracting business.

(6) If the cost of a project makes, or foreseeably will make, a licensee subject to a higher bond
or letter of credit requirement under subsection (1) of this section, the licensee shall immediately
file additional bonds, letters of credit or deposits to meet the higher requirements.

(7) The landscape contracting business is responsible for all work subject to ORS 671.510 to
 671.760 that is performed or contracted for by the business.

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## SECTION 14. ORS 671.695 is amended to read:

671.695. A claim against a licensed landscape contracting business is payable from the bond, letter of credit or deposit required of the landscape contracting business under ORS 671.690 only if the claim arises from the performance, or a contract for the performance, of work that is subject to ORS 671.510 to 671.760. The claim must be of one or more of the following types:

(1) A claim against the landscape contracting business by the property owner or the owner'sagent for any of the following:

31 (a) Negligent work.

32 (b) Improper work.

33 (c) Breach of **an oral or written** contract.

(2) A claim against the landscape contracting business by the property owner or the owner's
agent to discharge, or to recoup funds expended in discharging, a lien established under ORS 87.010
to 87.060 or 87.075 to 87.093. The State Landscape Contractors Board may reduce a claim described
in this subsection by any amount the claimant owes the landscape contracting business. The board
shall process claims described in this subsection only if:

(a) The owner paid the landscape contracting business for work subject to ORS 671.510 to
 671.760; and

(b) A lien established against the property of the owner under ORS 87.010 to 87.060 or 87.075
to 87.093 is filed because the landscape contracting business failed to pay the person claiming the
lien for that person's contribution toward completion of the improvement.

44 (3) A claim against a licensed subcontractor by a licensed landscape contracting business or by
 45 a construction contractor licensed under ORS chapter 701, for any of the following:

1 (a) Negligent work.

2 (b) Improper work.

3 (c) Breach of **an oral or written** contract.

4 (4) A claim by a person furnishing labor to a landscape contracting business.

5 (5) A claim, as limited by rule of the board, by a person furnishing material or renting or sup-6 plying equipment to the landscape contracting business. The minimum limit set by the board may 7 not be more than \$150.

8 (6) A claim by a subcontractor against the landscape contracting business for unpaid labor or 9 materials arising out of a contract.

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SECTION 15. ORS 671.997 is amended to read:

11 671.997. (1) [Except as provided in subsection (4) of this section,] The State Landscape Con-12 tractors Board may impose a civil penalty against a person who violates any provision of ORS 13 671.510 to 671.760 or a rule adopted pursuant to ORS 670.310, 670.605 or 671.670 [shall forfeit and 14 pay to the State Landscape Contractors Board a civil penalty in an amount determined by the board 15 of not more than \$2,000 for each offense]. The board shall determine the amount of the civil

16 penalty, not to exceed \$2,000 for each offense.

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(2) The board shall impose civil penalties under this section as provided in ORS 183.745.

(3) The provisions of this section are in addition to and not in lieu of any other penalty orsanction provided by law.

20 [(4) If a landscape contracting business commits an act described under ORS 671.610 (5), the board 21 shall impose penalties and sanctions on both the landscape contracting business to which the contract

22 is awarded and the landscape contracting business that awards the contract as follows:]

23 [(a) A civil penalty of not less than \$500 nor more than \$1,000 for a first offense;]

24 [(b) A civil penalty of not less than \$1,000 nor more than \$2,000 for a second offense;]

25 [(c) Suspension of license or refusal to reissue license for six months for a third offense;]

26 [(d) Revocation of license for three years for a fourth offense; and]

27 [(e) Permanent revocation of the landscape contracting business's license for a fifth offense.]

(4)(a) If a landscape contracting business commits an act described under ORS 671.610
(5), the board may assess civil penalties or impose license sanctions under this subsection
on the landscape contracting business to which the contract is awarded, the landscape contracting business that awards the contract, or both.

(b) Notwithstanding subsection (1) of this section, a civil penalty imposed on a landscape
 contracting business for a first offense of committing an act described under ORS 671.610 (5)
 may not exceed \$1,000.

(c) In addition to any civil penalty assessed by the board, if a landscape contracting
 business has two or more prior offenses for committing acts described under ORS 671.610 (5),
 the board may impose license sanctions on the landscape contracting business. The license
 sanctions:

(A) For a third offense may not exceed the suspension of, or refusal to reissue, a license
 for six months;

41 (B) For a fourth offense may not exceed revocation of the license for three years; or

42 (C) For a fifth or subsequent offense may provide for permanent revocation of the li-43 cense.

44 <u>SECTION 16.</u> (1) Section 2 of this 2015 Act applies to a contested case proceeding for 45 which a party delivers a request in writing to the State Landscape Contractors Board on or

after the effective date of this 2015 Act. 1 2 (2) Section 6 of this 2015 Act and the amendments to ORS 671.520 by section 7 of this 2015 Act apply to activities performed on or after the effective date of this 2015 Act. 3 (3) The amendments to ORS 671.565 by section 9 of this 2015 Act apply to applications for 4 issuance, renewal or return of a license that the board receives on or after the effective date 5 of this 2015 Act. 6 (4) The amendments to ORS 671.603 by section 10 of this 2015 Act apply to changes of  $\mathbf{7}$ address occurring 10 days prior to the effective date of this 2015 Act or later. 8 9 (5) The amendments to ORS 671.625 by section 11 of this 2015 Act apply to work performed on or after the effective date of this 2015 Act. 10 (6) The amendments to ORS 671.676 by section 12 of this 2015 Act apply to continuing 11 12education requirements imposed for periods that commence on or after the effective date of this 2015 Act. 13 (7) The amendments to ORS 671.690 by section 13 of this 2015 Act apply to bonds or let-14 15 ters of credit: (a) Filed with a license application that the board receives on or after the effective date 16 of this 2015 Act; or 17(b) Filed as a replacement or additional bond on or after the effective date of this 2015 18 Act. 19 (8) The amendments to ORS 671.997 by section 15 of this 2015 Act apply to civil penalties 20or license sanctions that the board imposes on or after the effective date of this 2015 Act for 2122an offense committed before, on or after the effective date of this 2015 Act.

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