

HB 3385 -4 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 3/20, 4/3

WHAT THE MEASURE DOES:

Defines major residential contractor as publicly traded general contractor. Prohibits major residential contractor from entering into contract to remodel or repair owner-occupied one- or two-family residential structure for contract price that exceeds \$20,000 unless the contractor jointly tours the property with the owner to identify the work to be completed and the written contract itemizes and describes in detail each of the major features of the construction work. Requires major residential contractor upon substantial completion of construction work to present property owner with listing of features of construction work itemized in contract and tour property with owner. Allows property owner to not approve and accept a construction feature by writing the specific changes necessary to bring the feature into compliance with the itemized and detailed description in the written contract. Prohibits major residential contractor from collecting or retaining more than 50 percent of the original contract price before property owner approves and accepts completed construction work. Allows major residential contractor who believes property owner has unreasonably withheld approval and acceptance of properly completed construction work to file request with the Construction Contractors Board for mediation of the dispute. Allows major residential contractor to initiate an action or suit to pursue other available remedies if the property owner refuses a board offer to mediate the dispute or the board declares after reasonable effort that the board cannot resolve the dispute by mediation. Applies to contracts entered into on or after January 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Consumer protection for house owners remodeling or repairing their homes
- Construction Contractors Board mediation program
- Experience with major residential contractor
- Previous versions of measure

EFFECT OF AMENDMENT:

-4 Prohibits major residential contractor from entering into contract to remodel or repair owner-occupied one- or two-family residential structure for contract price that exceeds \$40,000, collect or retain more than 50 percent of original contract price before substantial completion of remodel or repair. If property owner agrees in writing to contract changes that result in net increase in original contract of \$20,000 or more, major residential contractor may collect and retain not more than 50 percent of price increase. If major residential contractor's costs of materials, supplies, and payments to subcontractors at start of remodel or repair exceed 50 percent of total contract price, major residential contractor may require property owner to make progress payments to cover costs. If major residential contractor requires progress payments, contract must include: itemized list of materials, supplies and payments to subcontractor; schedule of progress of payments linked to specific items of work; specification of progress that major residential contractor must make before each progress payment. Permits major residential contractor to retain properly collected amounts after contract price decrease and to obtain payment for completed construction work property owner that unreasonably withholds approval and acceptance. Construction Contractors Board may adopt rules.

BACKGROUND:

Oregon law requires any person that engages in construction activity involving real property for compensation to be licensed as a construction contractor by the Construction Contractors Board (CCB). Applicants for a construction contractor license must: complete pre-license training; pass a licensing examination; obtain a general liability insurance policy that covers property damage or personal injury loss caused by the applicant and for which the CCB is the certificate holder; and, purchase a bond designed to compensate consumers who obtain an order against the applicant.

A property owner concerned about the performance of a licensed contractor can, within one year of project completion and 30 days after sending notice of intent by certified mail to the contractor, file a complaint with the CCB alleging breach of contract, negligence, or improper work. CCB must mediate the dispute and may recommend to the contractor appropriate actions to compensate the complainant. If the parties do not resolve or settle the complaint, the property owner can file for civil damages and recover any judgment against the contractor's bond.