

HB 2922 STAFF MEASURE SUMMARY

Carrier: Rep. Nelson

House Committee On Business and Labor

Action Date: 03/20/23

Action: Do Pass.

Vote: 8-3-0-0

Yeas: 8 - Elmer, Grayber, Holvey, Hudson, Nelson, Nosse, Owens, Sosa

Nays: 3 - Boshart Davis, Osborne, Scharf

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 3/13, 3/20

WHAT THE MEASURE DOES:

Increases surety bond amount required for all Construction Contractors Board licensed entities by \$5,000. Becomes operative on January 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Lack of increase in surety bonds
- \$5,000 increase is reasonable and does not result in significant cost to constructors
- Increase in bond amount will help Oregon consumers
- Ability to hold contractors accountable: loss of bond and loss of license
- Enforcement tools available to Construction Contractors Board

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A surety bond is a promise by a bonding company to pay all or a portion of a Construction Contractors Board (CCB) final order if a contractor fails to pay the order in order to protect consumers. A property owner can file a CCB complaint against a contractor for breach of contract or improper work. If the CCB orders a contractor to pay money to the complainant, the contractor must pay as ordered. If the contractor does not do so, the bonding company will pay the money owed, up to the amount of the bond. An original Construction Contractors Board residential or commercial bond is required. The type depends on the contractor's endorsement. Contractors who are endorsed to do both residential and commercial work must have both a residential and a commercial surety bond. Currently, residential bonds range from \$10,000 to \$20,000 and commercial bonds range between \$20,000 and \$75,000.

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