



May 9, 2023

TO: Members of the Senate Committee on Labor and Business

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 3385

Chair Taylor, Vice-Chair Bonham, members of the Senate Committee on Labor and Business. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 3385A. OBI opposes HB 3385 because the bill would create a broad regulatory scheme to address a problem that does not exist. Meanwhile, passing the bill ultimately would harm Oregon consumers.

HB 3385 targets an extremely narrow and specific category of business – those that engage in construction services and are *publicly traded*. For my members, that is home improvement stores. One of the businesses that this bill targets did 55,000 jobs in 2021, and only two complaints were filed. According to the most recent data, of all the complaints filed since 2012, only one remained unsolved and it was filed in late December 2021. Overwhelmingly, complaints are resolved through mediation or with the two parties working it out. That process is working.

In addition to that effective claims resolution process, the Construction Contractors Board (CCB) identifies contractors that consumers should be aware of. Generally, those are unlicensed and fly-by-night operations. Instead of targeting those businesses, this bill targets the businesses you go to on weekends for your home improvement projects. Those businesses are not hard to find if there are issues with the services they render.

Instead of turning your local home improvement store into a collection agency, as HB 3385 would, other states have passed similar laws that focus on stopping contractors who take their customers' money and then disappear. For example, California's law protects both contractors and consumers by allowing contractors to apply for a blanket bond to be exempt from having to chase down payments. Customers are then able to make claims against that bond. The other states with similar laws also apply those laws to the entire construction industry. If this committee intends to move forward with this bill, OBI urges you to consider those options.

As currently drafted, HB 3385 ultimately would harm customers. Fearing that some customers may use this to game the system by only paying for half of a new kitchen and feign dissatisfaction to avoid full payment, businesses would be reluctant to enter into large-scale projects. Currently, many home improvement companies invest heavily to give customers options for interest-free incentives for in-home installations. Those would cease to exist if this bill passes. As an added service to customers, businesses have invested in large home design installations in other states. They won't bring those services to Oregon if this bill passes. Finally, the costs of having to collect the debt businesses are owed would result in added costs being passed down to Oregon homeowners.

For those reasons, we urge you to reject HB 3385A, or at the very least, align it with California and provide an option for a blanket bond.

Thank you for your consideration.

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