

February 9, 2022

To: Chair Holvey and Members of the House Committee on Business & Labor
From: Paloma Sparks, OBI
RE: OBI Testimony in Opposition to HB 4020

Chair Holvey and Members of the Committee:

Thank you for the opportunity to testify on this important issue for Oregon Business & Industry members. OBI is Oregon's most comprehensive business association representing over 1,600 businesses that employ over 250,000 people. We represent multiple sectors and serve as the state's Retail and Manufacturing Councils.

House Bill 4020 targets a very narrow and specific category of business – those that engage in construction services and are *publicly traded*. For my members, that is home improvement stores. And it is unclear what problem it would resolve. The Construction Contractor Board (CCB) identifies contractors that customers should be aware of and generally, those are unlicensed and fly-by-night operations. But this bill doesn't target those businesses. Instead, it targets the businesses you go to every weekend for your home improvement projects. These businesses aren't hard to track down if there are issues with services rendered.

CCB maintains a public record of all complaints filed against contractors over the last 10 years. One of the businesses HB 4020 targets did 55,000 jobs last year. And just two complaints were filed. Of all the complaints filed over the past 10 years, only one remains unresolved and that one was filed in late December 2021. Most complaints are resolved through mediation or the two parties working issues out. It seems to us that the system is working exactly as it is intended to work.

Other states that have passed similar laws have focused on stopping contractors who take customers money and then disappear. This bill does nothing to address that very real problem. I've included the "Buyer Beware" list from CCB to illustrate who the problem actors are. This bill turns legitimate businesses into collection agencies. Some customers may use this to game the system by only paying for the first half of a new kitchen and feign dissatisfaction to avoid payment. Only three states have similar laws, and those laws apply to ALL contractors. If Oregon passes this law, it will stand alone from every other state and fail to actually protect Oregon homeowners who have been taken advantage of by unscrupulous contractors.

California has taken a different approach, one that protects both consumers and contractors. Under that program, a contractor can apply for a blanket bond to be exempt from having to chase down payments. Customers can then make claims against that bond. This model ensures that a customer is made whole in the event there is a dispute. If the legislature intends to move forward with this bill, we urge you to include this as an option.

As currently written and in the proposed -1 amendment, this bill will only harm customers. Businesses will be reluctant to enter into large-scale projects. Many home improvement companies invest heavily to give consumers options for interest-free incentives for in-home

installations. Those will go away if this bill passes. As a service to our customers, businesses have invested in large home design installations in other states – they won't bring those services to Oregon if this bill passes. The costs of having to chase down payments that businesses are entitled to will result in added costs being passed on to Oregon homeowners.

If this bill is to move forward, it should address the contractors that are actually taking advantage of Oregon homeowners, those that take their money and disappear. That simply isn't the case with the companies targeted by this bill. This bill will do nothing to protect Oregonians from problem contractors, but it will punish legitimate businesses with well-established reputations. We urge you to reject this concept, or at the very least, align it with California and provide an option for a blanket bond.

Thank you for your consideration.