

HB 3860 -1 STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

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Meeting Dates: 3/24

WHAT THE MEASURE DOES:

The measure 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 or to collect or retain more than 50 percent of original contract price before substantial completion of remodel or repair.

Detailed Summary:

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 or to collect or retain more than 50 percent of original contract price before substantial completion of remodel or repair.

Permits major residential contractor to collect and retain not more than 50 percent of price increase, if property owner agrees in writing to contract changes that result in net increase in original contract of \$20,000 or more. 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. Specifies items that must be included in contract If major residential contractor requires progress payments.

Permits major residential contractor to retain properly collected amounts after contract price decrease and to obtain payment for completed construction work from a property owner that unreasonably withholds approval and acceptance.

If a major residential contractor believes that a property owner has unreasonably withheld approval and acceptance of properly completed construction work, the major residential contractor may file a request with the Construction Contractors Board (CCB) for mediation of the dispute. The major residential contractor may initiate an action or suit or pursue other available remedies to collect the balance of the moneys due under a contract only if: The property owner refuses a board offer to mediate the dispute; or CCB declares after reasonable effort that the board cannot resolve the dispute by mediation

Provides authority for CCB to adopt necessary rules.

Defines "major residential contractor" means a residential contractor that is a general contractor; and a company that offers securities registered with the United States Securities and Exchange Commission for sale to the general public.

Applies to contracts entered into on or after January 1, 2026.

Prohibits a business from installing, applying, repairing or maintaining, or offering to install, apply, repair or maintain, spray-on fireproofing material or a spray-on fireproofing system in an essential facility in this state unless the business has a current and valid certification from the CCB as a spray-on fireproofing contractor.

Requires CCB to certify a business as a spray-on fireproofing contractor if the business meets the statutory requirements and any rule CCB adopts. Requires an applicant for certification to have at least one individual who is an owner, manager or employee of the business obtain a certification from a program that CCB approves by rule. Specifies minimum elements of a program approved by CCB.

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Permits CCB to accept a certificate from out of state or from a nationally recognized organization of spray-on fireproofing experts or practitioners. Permits CCB to adopt rules to govern the administration of the board's certification program. Specifies rules related to the administration of the certification program that CCB may adopt.

Requires CCB maintain and make available and accessible on CCB's website, or provide in response to a request, a list or searchable database of businesses that the board has certified.

Takes effect on 91st day following adjournment sine die.

Fiscal impact: Statement not yet issued

Revenue impact: Statement not yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the measure.

Removes certification requirement for a business installing, applying, repairing or maintaining or offering to install, apply, repair or maintain, spray-on fireproofing material or a spray-on fireproofing system in an essential facility.

Prohibits major residential contractor from entering into contract to remodel or repair owner-occupied one- or two-family residential structure, collect or retain more than 10 percent of original contract price before substantial completion of remodel or repair, if the major residential contractor provides financial service to the owner as part of the remodeling or repair.

Defines "financial services;" "major residential contractor;" and "substantial completion."

If major residential contractor's costs of materials, supplies, and payments to subcontractors for remodel or repair exceed 10 percent of total contract price, and the contract provides for performing the remodel or repair in phases, the major residential contractor may require property owner to make progress payments to cover costs of materials, supplies, and payments to subcontractors. Specifies items that must be included in contract If major residential contractor requires progress payments.

The obligation of the property owner to make progress payment is contingent on the contractor's adherence to the schedule described in the contract between owner and contractor and the owner's acceptance completed work.

Permits major residential contractor to retain properly collected amounts after contract price decrease and to obtain payment for completed construction work from a property owner that unreasonably withholds approval and acceptance.

Provides authority for CCB to adopt necessary rules.

BACKGROUND:

Oregon law requires any person who 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.

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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.

House Bill 3860 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 or to collect or retain more than 50 percent of original contract price before substantial completion of remodel or repair.

PRELIMINARY