

## HOUSE AMENDMENTS TO HOUSE BILL 2800

By COMMITTEE ON LABOR AND WORKPLACE STANDARDS

April 3

1 On page 1 of the printed bill, line 3, delete “227.320,”.

2 In line 4, delete “701.031,”.

3 Delete lines 8 through 28 and delete pages 2 and 3.

4 On page 4, delete lines 1 through 33 and insert:

5 **“SECTION 2. As used in ORS 656.018, 656.403, 656.702, 656.850, 656.855 and 737.270 and this**  
6 **section:**

7 **“(1) ‘Client worker’ means an individual who performs services for compensation for the**  
8 **client of a professional employer organization.**

9 **“(2) ‘Covered employee’ means a client worker for whom a PEO has assumed employer**  
10 **responsibilities under a PEO relationship.**

11 **“(3) ‘Direct hire employee’ means a client worker for whom a PEO has not assumed**  
12 **employer responsibilities under a PEO relationship.**

13 **“(4) ‘Multiple coordinated policy basis’ means an arrangement under which a separate**  
14 **policy for workers’ compensation coverage is issued to or on behalf of each client or group**  
15 **of affiliated clients of a PEO, which coordinates the premium obligations and stated policy**  
16 **communications with respect to the policy.**

17 **“(5) ‘PEO relationship’ means an agreement between a PEO and a client employer under**  
18 **which certain employer responsibilities for some or all of the client employer’s workers are**  
19 **allocated.**

20 **“(6)(a) ‘Professional employer organization’ or ‘PEO’ means a person that enters into a**  
21 **PEO relationship with a client employer.**

22 **“(b) ‘Professional employer organization’ or ‘PEO’ does not mean a person that solely**  
23 **provides workers to a client on a temporary basis or a person that provides payroll pro-**  
24 **cessing or similar administrative services without assuming employer responsibilities for**  
25 **client workers.**

26 **“(7) ‘Temporary basis’ means providing workers to a client:**

27 **“(a) For special situations, including but not limited to employee absences, employee**  
28 **leaves, professional skill shortages, seasonal workloads and special assignments and projects**  
29 **with the expectation that the position will be terminated when the special situation ends.**

30 **“(b) As probationary new hires with a reasonable expectation of transitioning to perma-**  
31 **nent employment with the client, if the client uses a preestablished probationary period in**  
32 **its overall employment selection program.**

33 **“(8) ‘Temporary service provider’ means a person that:**

34 **“(a) Regardless of the terminology the parties use to describe the relationship, enters**  
35 **into contracts with clients under which:**

1       “(A) The person provides workers to the client on a temporary basis;

2       “(B) The worker’s contract of employment is with the person rather than the person’s  
3 client; and

4       “(C) The person retains all employer responsibilities for the worker, except to the extent  
5 necessary to allow the person’s client to direct and control the services provided by the  
6 worker for the client; and

7       “(b) Customarily attempts to reassign the person’s workers to other clients when the  
8 workers finish each assignment, except for workers provided as described in subsection (7)(b)  
9 of this section.

10       “**SECTION 3.** ORS 656.850 is amended to read:

11       “656.850. [(1) As used in this section and ORS 656.018, 656.403, 656.855 and 737.270:]

12       “[(a) ‘Worker leasing company’ means a person who provides workers, by contract and for a fee,  
13 to work for a client but does not include a person who provides workers to a client on a temporary  
14 basis.]

15       “[(b) ‘Temporary basis’ means providing workers to a client for special situations such as to cover  
16 employee absences, employee leaves, professional skill shortages, seasonal workloads and special as-  
17 signments and projects with the expectation that the position or positions will be terminated upon  
18 completion of the special situation. Workers also are provided on a temporary basis if they are provided  
19 as probationary new hires with a reasonable expectation of transitioning to permanent employment with  
20 the client and the client uses a preestablished probationary period in its overall employment selection  
21 program.]

22       “[(c) ‘Temporary service provider’ means a person who provides workers, by contract and for a fee,  
23 to a client on a temporary basis.]

24       “[(2) No person shall perform services as a worker leasing company in this state without first  
25 having obtained a license therefor from the Director of the Department of Consumer and Business  
26 Services. No person required by this section to obtain a license shall fail to comply with this section  
27 or ORS 656.855, or any rule adopted pursuant thereto.]

28       “[(3) When a worker leasing company provides workers to a client, the worker leasing company  
29 shall satisfy the requirements of ORS 656.017 and 656.407 and provide workers’ compensation coverage  
30 for those workers and any subject workers employed by the client unless during the term of the lease  
31 arrangement the client has proof of coverage on file with the director that extends coverage to subject  
32 workers employed by the client and any workers leased by the client. If the client allows the coverage  
33 to expire and continues to employ subject workers or has leased workers, the client shall be considered  
34 a noncomplying employer unless the worker leasing company has complied with subsection (5) of this  
35 section.]

36       “[(4) When a worker leasing company provides workers for a client, the worker leasing company  
37 shall assure that the client provides adequate training, supervision and instruction for those workers  
38 to meet the requirements of ORS chapter 654.]

39       “[(5) When a worker leasing company provides subject workers to work for a client and also pro-  
40 vides workers’ compensation coverage for those workers, the worker leasing company shall notify the  
41 director in writing. The notification shall be given in such manner as the director may prescribe. A  
42 worker leasing company may terminate its obligation to provide workers’ compensation coverage for  
43 workers provided to a client by giving to the client and the director written notice of the termination.  
44 A notice of termination shall state the effective date and hour of the termination, but the termination  
45 shall be effective not less than 30 days after the notice is received by the director. Notice to the client

1 under this section shall be given by mail, addressed to the client at the client's last-known address. If  
2 the client is a partnership, notice may be given to any of the partners. If the client is a corporation,  
3 notice may be given to any agent or officer of the corporation upon whom legal process may be  
4 served.]

5 **“(1)(a) A person may not provide services as a professional employer organization (PEO)  
6 in this state without first having obtained a license from the Director of the Department of  
7 Consumer and Business Services.**

8 **“(b) No person required to obtain a license under this section shall fail to comply with  
9 this section or ORS 656.855 or any rule adopted pursuant to such sections.**

10 **“(2)(a) When a PEO enters into a PEO relationship, the PEO shall satisfy the require-  
11 ments of ORS 656.017 and 656.407 and provide workers' compensation coverage for all of the  
12 client's covered employees and direct hire employees unless, during the term of the PEO's  
13 agreement with the client, the client has proof of coverage on file with the director.**

14 **“(b) If the client has proof of coverage on file with the director, the client's coverage  
15 shall extend to all of the client's covered employees and direct hire employees.**

16 **“(c) If the client allows the coverage to expire and continues to employ covered employ-  
17 ees or direct hire employees, the client shall be considered a noncomplying employer unless  
18 the PEO has complied with subsection (4) of this section.**

19 **“(3) When a PEO enters into a PEO relationship, the PEO shall ensure that the client  
20 provides adequate training, supervision and instruction for the client's covered employees to  
21 meet the requirements of ORS chapter 654.**

22 **“(4) If a PEO enters into a PEO relationship and the PEO is responsible for providing  
23 workers' compensation coverage to the client under subsection (2) of this section, the PEO  
24 shall:**

25 **“(a) If the PEO is a carrier-insured employer, notify the insurer in writing. The insurer  
26 shall file proof of coverage with the director within 30 days after workers' compensation  
27 coverage of the client becomes effective.**

28 **“(b) If the PEO is a self-insured employer, notify the director in writing.**

29 **“(5)(a) A PEO's responsibility to provide workers' compensation coverage under sub-  
30 section (2) of this section shall continue until the earlier of the date on which:**

31 **“(A) The client obtains alternate coverage; or**

32 **“(B) The PEO terminates its responsibility to provide coverage.**

33 **“(b) For purposes of paragraph (a)(A) of this subsection, if a client obtains alternate  
34 workers' compensation coverage, the PEO's responsibility to provide coverage ends on:**

35 **“(A) The effective date of a policy for which an insurer makes a proof of coverage filing  
36 on behalf of the employer;**

37 **“(B) The date on which another PEO becomes responsible for providing coverage to the  
38 client; or**

39 **“(C) The date on which the client becomes a self-insured employer.**

40 **“(c) For purposes of paragraph (a)(B) of this subsection:**

41 **“(A) A PEO may terminate its responsibility to provide coverage by giving written notice  
42 of the termination to:**

43 **“(i) If the PEO is a carrier-insured employer, the client, the director and the insurer.  
44 The insurer shall file notice of termination with the director within 10 calendar days after  
45 the effective date of the termination or the date on which the insurer receives notice from**

1 the PEO, whichever is later.

2 “(ii) If the PEO is a self-insured employer, the client and the director.

3 “(B) Unless a later date is specified, the termination shall become effective at 12 mid-  
4 night on the 30th day after the date on which the notice is received by:

5 “(i) An authorized representative of the insurer; or

6 “(ii) If the PEO is a self-insured employer, the director.

7 “(6) When a PEO satisfies its responsibility to provide workers’ compensation coverage  
8 to a client under subsection (2) of this section by obtaining a workers’ compensation insur-  
9 ance policy, coverage of the client under the policy shall continue until:

10 “(a) The PEO’s coverage under the policy ends under ORS 656.419 (4); or

11 “(b) The PEO’s responsibility to provide workers’ compensation coverage ends under  
12 subsection (5) of this section.

13 “(7)(a) A PEO shall submit reports to the director that list:

14 “(A) All clients with which the PEO has entered into a PEO relationship;

15 “(B) Each client to which the PEO provides workers’ compensation coverage; and

16 “(C) The date on which the coverage begins.

17 “(b) The director shall prescribe the interval and form of these reports by rule.

18 “(8) The director may adopt any rules necessary for the implementation of this section,  
19 including but not limited to:

20 “(a) Prescribing the form and content of notices required under this section, including  
21 requiring electronic transmission and filing; and

22 “(b) Requiring insurers that provide coverage to PEOs to do so on a multiple coordinated  
23 policy or other basis.

24 “(9)(a) Notice to the client under this section shall be given by mail, addressed to the  
25 client at the client’s last-known address.

26 “(b) If the client is a partnership, notice may be given to any of the partners.

27 “(c) If the client is a corporation, notice may be given to any agent or officer of the  
28 corporation upon whom legal process may be served.

29 “(d) If the client is a limited liability company, notice may be given to any manager.

30 “(e) If the client is a member-managed limited liability company, notice may be given to  
31 any member.”.

32 On page 6, line 5, delete “coemploys workers” and insert “has entered into a PEO  
33 relationship”.

34 On page 7, delete lines 23 through 45 and delete pages 8 and 9.

35 On page 10, delete lines 1 through 23 and insert:

36 “**SECTION 8.** ORS 737.270 is amended to read:

37 “737.270. (1) When a [*worker leasing company*] **professional employer organization** required to  
38 be licensed by ORS 656.850 [*provides workers to work for*] **enters into a PEO relationship with** a  
39 client and also provides the workers’ compensation coverage for [*those workers*] **the client**, the in-  
40 surance premium for the client’s exposure shall be based on the client’s own experience rating, in  
41 the same manner as required for employers insuring directly employed workers.

42 “(2) An insurer that provides workers’ compensation to a [*worker leasing company*] **professional**  
43 **employer organization** shall maintain and report to the licensed workers’ compensation rating or-  
44 ganization of which the insurer is a member separate statistical experience for each client of the  
45 [*worker leasing company*] **professional employer organization** according to the uniform statistical

1 plan prescribed by the Director of the Department of Consumer and Business Services according to  
2 ORS 737.225 (4).

3 “(3) To reimburse expenses incurred by the insurer in segregating client experience, the insurer  
4 shall be permitted to charge the [worker leasing company] **professional employer organization** a  
5 reasonable fee as determined by the director.

6 “(4) The [worker leasing company] **professional employer organization** shall earn a separate  
7 experience rating for any administrative personnel the [company] **professional employer organ-  
8 ization directly** employs.

9 “**SECTION 9.** ORS 743.521 is amended to read:

10 “743.521. (1)(a) A [leasing company] **professional employer organization** may offer group  
11 health insurance to its [leased workers] **clients’ covered employees**.

12 “(b) If the [leasing company] **professional employer organization** does not offer group health  
13 insurance to its [leased workers] **clients’ covered employees**, the client employer may offer group  
14 health insurance to the [leased workers] **covered employees**.

15 “(2) If a [leasing company] **professional employer organization** offers group health insurance  
16 to [its leased workers] **any of its clients’ covered employees**, the [leasing company] **professional  
17 employer organization** shall offer group health insurance to all its [leased workers] **clients’ cov-  
18 ered employees** in the same manner.

19 “**SECTION 10.** ORS 743.522 is amended to read:

20 “743.522. (1) As used in this section and ORS 743.521:

21 “(a) ‘Client employer’ means an employer [to whom workers are provided under contract and for  
22 a fee on a leased basis by a worker leasing company] **with which a professional employer organ-  
23 ization required to be** licensed under ORS 656.850 **has a PEO relationship**.

24 “(b) ‘Covered employee’ has the meaning given that term in section 2 of this 2025 Act.

25 “[b)] (c) ‘Employee’ may include a retired employee.

26 “[c) ‘Leased worker’ means a worker provided by a worker leasing company licensed under ORS  
27 656.850.]

28 “(d) ‘PEO relationship’ has the meaning given that term in section 2 of this 2025 Act.

29 “(e) ‘Professional employer organization’ has the meaning given that term in section 2  
30 of this 2025 Act.

31 “(2) Group health insurance may be offered to a resident of this state under a group health in-  
32 surance policy issued to a group other than one of the groups described in ORS 731.098 if:

33 “(a) The Director of the Department of Consumer and Business Services finds that:

34 “(A) The issuance of the policy is in the best interest of the public;

35 “(B) The issuance of the policy would result in economies of acquisition or administration; and

36 “(C) The benefits are reasonable in relation to the premiums charged; and

37 “(b) The premium for the policy is paid either from funds of a policyholder, from funds contrib-  
38 uted by a covered person or from both.

39 “**SECTION 11.** ORS 653.412 is amended to read:

40 “653.412. As used in ORS 653.412 to 653.485, unless the context requires otherwise:

41 “(1) ‘Chain’ means an establishment that is part of an affiliation of two or more establishments  
42 within the United States, each of which is owned by the same person or entity and operate under  
43 identical or substantially similar trade names or service marks, both as defined in ORS 647.005.

44 “(2)(a) ‘Employee’ means an employee, as defined in ORS 652.310, who is employed in a retail  
45 establishment, a hospitality establishment or a food services establishment and is engaged in pro-

1 viding services relating to:

2 “(A) Retail trade, as that term is used in the 2012 North American Industry Classification Sys-  
3 tem under code 44-45;

4 “(B) Hotels and motels, as those terms are used in the 2012 North American Industry Classi-  
5 fication System under code 721110, or casino hotels, as that term is used in the 2012 North American  
6 Industry Classification System under code 721120; or

7 “(C) Food services, as that term is used in the 2012 North American Industry Classification  
8 System under code 722.

9 “(b) ‘Employee’ does not include:

10 “(A) A salaried employee described in ORS 653.020 (3);

11 “(B) A [*worker supplied to an employer by a worker leasing company,*] **covered employee**, as  
12 defined in [*ORS 656.850*] **section 2 of this 2025 Act**; or

13 “(C) An employee of a business that provides services to or on behalf of an employer.

14 “(3) ‘Employer’ means an employer, or a successor to an employer, described in ORS 653.422 (1).

15 “(4) ‘Food services establishment’ means the fixed point of sale location for establishments de-  
16 fined in the 2012 North American Industry Classification System under code 722 as food services  
17 and drinking places.

18 “(5) ‘Hospitality establishment’ has the meaning provided in the 2012 North American Industry  
19 Classification System under code 721110 for hotels and motels and code 721120 for casino hotels.

20 “(6) ‘On-call shift’ means any time that an employer requires an employee to be available to  
21 work or to contact the employer or wait to be contacted by the employer for the purpose of deter-  
22 mining whether the employee must report to work. During the shift, on-call status applies regardless  
23 of whether the employee is located on or off the employer’s premises.

24 “(7) ‘Regular rate of pay’ means the regular hourly rate or hourly equivalent that an employer  
25 must pay an employee for each hour the employee works during a given work shift, including any  
26 shift differential pay. ‘Regular rate of pay’ does not include:

27 “(a) Tips;

28 “(b) Bonuses or other incentive payments;

29 “(c) Overtime, holiday pay or other premium rate; or

30 “(d) Any additional compensation an employer is required to pay an employee under ORS  
31 653.442 or 653.455.

32 “(8) ‘Retail establishment’ means the fixed point of sale location for an establishment defined in  
33 the 2012 North American Industry Classification System under codes 441110 to 453998 as a retail  
34 trade establishment.

35 “(9) ‘Shift differential pay’ means a pay differential meant to compensate an employee for work  
36 performed under differing conditions, such as for working at night. ‘Shift differential pay’ does not  
37 include any additional compensation an employer is required to pay an employee under ORS 653.442  
38 or 653.455.

39 “(10) ‘Successor’ means a business or enterprise that is substantially the same entity as the  
40 predecessor employer according to criteria adopted by the Bureau of Labor and Industries by rule  
41 and consistent with federal law.

42 “(11) ‘Time of hire’ means the period after an offer of employment and acceptance of the offer  
43 of employment and on or before the commencement of employment.

44 “(12) ‘Work schedule’ means the hours, days and times, including regular work shifts and on-call  
45 shifts, when an employee is required by an employer to perform duties of employment for which the

1 employee will receive compensation.

2 “(13) ‘Work shift’ means the specific and consecutive hours the employer requires the employee  
3 to work.

4 “(14) ‘Workweek’ means a fixed period of time established by an employer that reflects a regu-  
5 larly recurring period of 168 hours or seven consecutive 24-hour periods. A workweek may begin  
6 on any day of the week and any hour of the day and need not coincide with a calendar week. The  
7 beginning of a workweek may be changed if the change is intended to be permanent.

8 “(15) ‘Writing’ or ‘written’ means a printed or printable communication in physical or electronic  
9 format including a communication that is transmitted through electronic mail, text message or a  
10 computer system or is otherwise sent and stored electronically.

11 “(16) ‘Year’ means any fixed, consecutive 12-month period of time.

12 “**SECTION 12.** ORS 671.525 is amended to read:

13 “671.525. (1) An applicant for a landscape contracting business license must qualify as an inde-  
14 pendent contractor, under ORS 670.600, to be licensed with the State Landscape Contractors Board.

15 “(2) The board shall establish two classes of independent contractor licensees:

16 “(a) The nonexempt class is composed of the following entities:

17 “(A) Sole proprietorships, partnerships, corporations and limited liability companies with one or  
18 more employees; and

19 “(B) Partnerships, corporations and limited liability companies with more than two partners,  
20 corporate officers or members if any of the partners, officers or members are not part of the same  
21 family and related as parents, spouses, siblings, children, grandchildren, sons-in-law or daughters-  
22 in-law.

23 “(b) The exempt class is composed of all sole proprietorships, partnerships, corporations and  
24 limited liability companies:

25 “(A) That do not qualify as nonexempt[.]; **or**

26 “(B) **Whose workers are covered employees for whom a professional employer organiza-**  
27 **tion is responsible for providing workers’ compensation coverage under ORS 656.850.**

28 “(3) All partnerships, corporations and limited liability companies applying for a landscape  
29 contracting business license must have a federal tax identification number.

30 “(4) If a licensee who qualifies under subsection (2)(b) of this section hires one or more em-  
31 ployees, or falls into any of the categories set out in subsection (2)(a)(B) of this section, the licensee  
32 is subject to penalties under ORS 671.997 and must submit proof that the licensee qualifies under  
33 subsection (2)(a) of this section.

34 “(5) The decision of the board that a licensee is an independent contractor applies only when  
35 the licensee is performing work of the nature described in ORS 671.520 and 671.530.”.

36 Delete lines 39 through 45 and delete page 11.

37 On page 12, delete lines 1 through 16 and insert:

38 “**SECTION 14.** ORS 671.540 is amended to read:

39 “671.540. (1) Except as provided in subsection (2) of this section, ORS 671.510 to 671.760 and  
40 671.990 (2) do not apply to:

41 “(a) Any federal or state agency or any political subdivision performing landscaping work on  
42 public property.

43 “(b) Any landscape architect registered under ORS 671.310 to 671.459 and practicing as provided  
44 under ORS 671.310 to 671.459.

45 “(c) Landscaping work performed by a landscape maintenance business if:

1       “(A) The landscaping work is performed for a customer that in a calendar year receives prima-  
2 rily landscape maintenance services from the business;

3       “(B) The value of all labor, materials or other items supplied for landscaping work at a job site  
4 does not exceed \$500 in a calendar year; and

5       “(C) The landscaping work is of a casual, minor or inconsequential nature, as those terms are  
6 defined by the State Landscape Contractors Board by rule.

7       “(d) Installation of fences, decks, arbors, driveways, walkways or retaining walls if performed  
8 by a person or business licensed with the Construction Contractors Board.

9       “(e) Rough grading of plots and areas of land performed in conjunction with new or remodeling  
10 construction if performed by a person or business licensed with the Construction Contractors Board.

11       “(f) Any owner of property, or employee of an owner of property, who contracts for landscaping  
12 work on the property to be performed by a person licensed under ORS 671.560. The exception pro-  
13 vided by this paragraph does not apply to a person who, in pursuit of an independent business,  
14 performs or contracts for the performance of landscaping work with the intent of offering for sale  
15 before, upon or after completion of the landscaping work the property upon which the landscaping  
16 work is performed.

17       “(g) Any landscaping work performed by a person on property that the person owns or in which  
18 the person has a legal interest. The exception provided by this paragraph does not apply to a per-  
19 son who, in pursuit of an independent business, performs or contracts for the performance of land-  
20 scaping work with the intent of offering for sale before, upon or after completion of the landscaping  
21 work the property on which the landscaping work is performed.

22       “(h) A residential general contractor licensed under ORS chapter 701 who performs landscaping  
23 work if the total value of the landscaping is less than \$2,500 per residential dwelling and the land-  
24 scaping work is performed on residential property for which the contractor is under contract for the  
25 construction of a new dwelling. The exception provided by this paragraph does not apply to the  
26 performance of irrigation work by a residential general contractor. The State Landscape Contrac-  
27 tors Board shall revise the amount specified in this paragraph every five years, beginning in 2003,  
28 based on changes in the Consumer Price Index for All Urban Consumers, West Region (All Items),  
29 as published by the Bureau of Labor Statistics of the United States Department of Labor.

30       “(i) A residential general contractor licensed under ORS chapter 701 who performs landscaping  
31 work on residential property that is directly related to local building code requirements or occu-  
32 pancy ordinances including, but not limited to, the placement of street trees. The exception provided  
33 by this paragraph does not apply to the performance of irrigation work by a residential general  
34 contractor.

35       “(j) A person engaged in making plans or drawings for the selection, placement or use of plants  
36 or other site features, unless the plans or drawings are for the purpose of providing construction  
37 details and specifications.

38       “(k) Use by a person other than a landscape construction professional of the title ‘landscape  
39 designer’ when engaged in making plans or drawings described in paragraph (j) of this subsection.

40       “(L) A person providing recommendations or written specifications for soil amendments or  
41 planting media if the recommendations or specifications are solely for the purpose of plant installa-  
42 tion.

43       “(m) A plumbing contractor licensed under ORS 447.010 to 447.156 when engaged in superin-  
44 tending installation work on piping for an irrigation system designed by a landscape contracting  
45 business or by a person registered under ORS 671.310 to 671.459.



1 “(n) A plumbing contractor licensed under ORS 447.010 to 447.156 when engaged in superin-  
2 tending repair or maintenance work on piping for an irrigation system.

3 “(o) A journeyman plumber licensed under ORS chapter 693 when performing an installation for  
4 a plumbing contractor described in paragraph (m) of this subsection or performing repair or main-  
5 tenance work on piping for an irrigation system.

6 “(p) An employee, as defined in ORS 657.015, of a residential general contractor licensed under  
7 ORS chapter 701 when performing work that the contractor may perform under paragraph (h) or (i)  
8 of this subsection.

9 “(q) An employee of a licensed landscape contracting business when performing work for the  
10 business under the direct supervision of a licensed landscape construction professional.

11 “(r) [*An employee of a worker leasing company*] **A covered employee of the client of a pro-**  
12 **fessional employer organization or an employee of a temporary service provider, [both] as defined**  
13 **in [ORS 656.850] section 2 of this 2025 Act**, when performing work for a licensed landscape con-  
14 tracting business under the direct supervision of a licensed landscape construction professional.

15 “(2) ORS 671.530 (2), (4) and (5) apply to a person described under subsection (1) of this  
16 section.”.

17 On page 13, delete lines 23 through 45 and delete pages 14 through 22.

18 On page 23, delete lines 1 through 29 and insert:

19 “**SECTION 17.** ORS 701.005 is amended to read:

20 “701.005. As used in this chapter:

21 “(1) ‘Board’ means the Construction Contractors Board.

22 “(2) ‘Commercial contractor’ means a licensed contractor that holds an endorsement as a:

23 “(a) Commercial general contractor level 1;

24 “(b) Commercial specialty contractor level 1;

25 “(c) Commercial general contractor level 2;

26 “(d) Commercial specialty contractor level 2; or

27 “(e) Commercial developer.

28 “(3) ‘Commercial developer’ means a developer of property that is zoned for or intended for use  
29 compatible with a small commercial or large commercial structure.

30 “(4) ‘Construction debt’ means an amount owed:

31 “(a) Under an order or arbitration award issued by the board that has become final by operation  
32 of law;

33 “(b) Under a judgment, arbitration award or civil penalty that has become final by operation  
34 of law arising from construction activities within the United States;

35 “(c) Under a judgment or civil penalty that has become final by operation of law arising from  
36 a failure to comply with ORS 656.017; or

37 “(d) To employees of a construction contracting business for unpaid wages.

38 “(5) ‘Contractor’ means any of the following:

39 “(a) A person that, for compensation or with the intent to sell, arranges or undertakes or offers  
40 to undertake or submits a bid to construct, alter, repair, add to, subtract from, improve, inspect,  
41 move, wreck or demolish, for another, a building, highway, road, railroad, excavation or other  
42 structure, project, development or improvement attached to real estate, or to do any part thereof.

43 “(b) A person that purchases or owns property and constructs or for compensation arranges for  
44 the construction of one or more residential structures or small commercial structures with the in-  
45 tent of selling the structures.

1 “(c) A school district, as defined in ORS 332.002, that permits students to construct a residential  
2 structure or small commercial structure as an educational experience to learn building techniques  
3 and sells the completed structure.

4 “(d) A community college district, as defined in ORS 341.005, that permits students to construct  
5 a residential structure or small commercial structure as an educational experience to learn building  
6 techniques and sells the completed structure.

7 “(e) A person except a landscape contracting business, nurseryman, gardener or person engaged  
8 in the commercial harvest of forest products, that is engaged as an independent contractor to re-  
9 move trees, prune trees, remove tree limbs or stumps or to engage in tree or limb guying.

10 “(f) A business that supplies the services of a home inspector certified under ORS 701.445 or a  
11 cross-connection inspector and backflow assembly tester certified under ORS 448.279.

12 “(g) A person that for compensation arranges, undertakes, offers to undertake or submits a bid  
13 to clean or service chimneys.

14 “(h) A person that arranges for, undertakes, offers to undertake or submits a bid for the per-  
15 formance of restoration work as defined in ORS 701.540.

16 “(6) ‘Developer’ means a contractor that owns property or an interest in property and engages  
17 in the business of arranging for construction work or performing other activities associated with the  
18 improvement of real property, with the intent to sell the property.

19 “(7)(a) ‘General contractor’ means a contractor whose business operations require the use of  
20 more than two unrelated building trades or crafts that the contractor supervises or performs in  
21 whole or part, whenever the sum of all contracts on any single property, including materials and  
22 labor, exceeds an amount established by rule by the board.

23 “(b) ‘General contractor’ does not mean a specialty contractor or a residential limited contrac-  
24 tor.

25 “(8)(a) ‘Home improvement’ means a renovation, remodel, repair or alteration by a residential  
26 contractor to an existing owner-occupied:

27 “(A) Residence that is a site-built home;

28 “(B) Condominium, rental residential unit or other residential dwelling unit that is part of a  
29 larger structure, if the property interest in the unit is separate from the property interest in the  
30 larger structure;

31 “(C) Modular home constructed off-site;

32 “(D) Manufactured dwelling; or

33 “(E) Floating home, as defined in ORS 830.700.

34 “(b) ‘Home improvement’ does not include a renovation, remodel, repair or alteration by a resi-  
35 dential contractor:

36 “(A) To a structure that contains one or more dwelling units and is four stories or less above  
37 grade; or

38 “(B) That the residential contractor performed in the course of constructing a new residential  
39 structure.

40 “(9)(a) ‘Home inspector’ means a person who, for a fee, inspects and provides written reports  
41 on the overall physical condition of a residential structure.

42 “(b) ‘Home inspector’ does not include persons certified under ORS chapter 455 to inspect new,  
43 repaired or altered structures for compliance with the state building code.

44 “(10) ‘Key employee’ means an employee or owner of a contractor who is a corporate officer,  
45 manager, superintendent, foreperson or lead person or any other employee the board identifies by

1 rule.

2 “(11) ‘Large commercial structure’ means a structure that is not a residential structure or small  
3 commercial structure.

4 “(12) ‘Officer’ means any of the following persons:

5 “(a) A president, vice president, secretary, treasurer or director of a corporation.

6 “(b) A general partner in a limited partnership.

7 “(c) A manager in a manager-managed limited liability company.

8 “(d) A member of a member-managed limited liability company.

9 “(e) A trustee.

10 “(f) A person the board defines by rule as an officer. The definition of officer adopted by board  
11 rule may include persons not listed in this subsection who may exercise substantial control over a  
12 business.

13 “(13) ‘PEO relationship’ has the meaning given that term in section 2 of this 2025 Act.

14 “(14) ‘Professional employer organization’ has the meaning given that term in section 2  
15 of this 2025 Act.

16 “[13] (15) ‘Residential contractor’ means a licensed contractor that holds an endorsement as  
17 a:

18 “(a) Residential general contractor;

19 “(b) Residential specialty contractor;

20 “(c) Residential limited contractor;

21 “(d) Residential developer;

22 “(e) Residential locksmith services contractor;

23 “(f) Residential restoration contractor;

24 “(g) Home inspector services contractor;

25 “(h) Home services contractor; or

26 “(i) Home energy performance score contractor.

27 “[14] (16) ‘Residential developer’ means a developer of property that is zoned for or intended  
28 for use compatible with a residential or small commercial structure.

29 “[15](a) (17)(a) ‘Residential structure’ means:

30 “(A) A residence that is a site-built home;

31 “(B) A structure that contains one or more dwelling units and is four stories or less above  
32 grade;

33 “(C) A condominium, rental residential unit or other residential dwelling unit that is part of a  
34 larger structure, if the property interest in the unit is separate from the property interest in the  
35 larger structure;

36 “(D) A modular home constructed off-site;

37 “(E) A manufactured dwelling;

38 “(F) A floating home as defined in ORS 830.700; or

39 “(G) An appurtenance to a home, structure, unit or dwelling described in subparagraphs (A) to  
40 (F) of this paragraph.

41 “(b) ‘Residential structure’ does not mean:

42 “(A) Subject to paragraph (a)(C) of this subsection, a structure that contains both residential  
43 and nonresidential units;

44 “(B) Transient lodging;

45 “(C) A residential school or residence hall;

1 “(D) A state or local correctional facility;

2 “(E) A youth correction facility as defined in ORS 420.005;

3 “(F) A youth care center operated by a county juvenile department under administrative control

4 of a juvenile court pursuant to ORS 420.855 to 420.885;

5 “(G) A detention facility as defined in ORS 419A.004;

6 “(H) A nursing home;

7 “(I) A hospital; or

8 “(J) A place constructed primarily for recreational activities.

9 “[16] (18) ‘Responsible managing individual’ means an individual who:

10 “(a) Is an owner described in ORS 701.094 or an employee of the business;

11 “(b) Exercises management or supervisory authority, as defined by the board by rule, over the

12 construction activities of the business; and

13 “(c)(A) Successfully completed the training and testing required for licensing under ORS 701.122

14 within a period the board identifies by rule;

15 “(B) Demonstrated experience the board requires by rule; or

16 “(C) Complied with the licensing requirements of ORS 446.395.

17 “[17] (19) ‘Small commercial structure’ means:

18 “(a) A nonresidential structure that has a ground area of 10,000 square feet or less, including

19 exterior walls, and a height of not more than 20 feet from the top surface of the lowest flooring to

20 the highest interior overhead finish of the structure;

21 “(b) A nonresidential leasehold, rental unit or other unit that is part of a larger structure, if the

22 unit has a ground area of 12,000 square feet or less, excluding exterior walls, and a height of not

23 more than 20 feet from the top surface of the lowest flooring to the highest interior overhead finish

24 of the unit;

25 “(c) A nonresidential structure of any size for which the contract price of all construction con-

26 tractor work to be performed on the structure as part of a construction project does not total more

27 than \$250,000; or

28 “(d) An appurtenance to a structure or unit described in paragraphs (a) to (c) of this subsection.

29 “[18] (20) ‘Specialty contractor’ means a contractor who performs work on a structure, project,

30 development or improvement and whose operations as such do not fall within the definition of

31 ‘general contractor.’ ‘Specialty contractor’ includes a person who performs work regulated under

32 ORS 446.395.

33 “[19] *‘Worker leasing company’ means a person licensed under ORS 656.850 (2) to perform the*

34 *service of providing nontemporary workers by contract and for a fee to work for a client.]*

35 “[20] (21) ‘Zero-lot-line dwelling’ means a single-family dwelling unit constructed in a group of

36 attached units in which:

37 “(a) Each attached unit extends from foundation to roof with open space on two sides; and

38 “(b) Each dwelling unit is separated by a property line.

39 “**SECTION 18.** ORS 701.010 is amended to read:

40 “701.010. The Construction Contractors Board may adopt rules to make licensure optional for

41 persons who offer, bid or undertake to perform work peripheral to construction, as defined by ad-

42 ministrative rule of the board. The following persons are exempt from licensure under this chapter:

43 “(1) A person who is constructing, altering, improving or repairing personal property.

44 “(2) A person who is constructing, altering, improving or repairing a structure located within

45 the boundaries of any site or reservation under the jurisdiction of the federal government.

1       “(3) A person who furnishes materials, supplies, equipment or finished product and does not  
2 fabricate them into, or consume them, in the performance of the work of a contractor.

3       “(4) A person working on one structure or project, under one or more contracts, when the ag-  
4 gregate price of all of that person’s contracts for labor, materials and all other items is less than  
5 \$1,000 and such work is of a casual, minor or inconsequential nature. This subsection does not apply  
6 to a person who advertises or puts out any sign or card or other device that might indicate to the  
7 public that the person is a contractor.

8       “(5) An owner who contracts for work to be performed by a licensed contractor. This subsection  
9 does not apply to a person who, in the pursuit of an independent business, constructs, remodels,  
10 repairs or for compensation and with the intent to sell the structure, arranges to have constructed,  
11 remodeled or repaired a structure with the intent of offering the structure for sale before, upon or  
12 after completion. It is prima facie evidence that there was an intent of offering the structure for sale  
13 if the person who constructed, remodeled or repaired the structure or arranged to have the struc-  
14 ture constructed, remodeled or repaired does not occupy the structure after its completion.

15       “(6) An owner who contracts for one or more licensed contractors to perform work wholly or  
16 partially within the same calendar year on not more than three existing residential structures of the  
17 owner. This subsection does not apply to an owner contracting for work that requires a building  
18 permit unless the work that requires a permit is performed by, or under the direction of, a residen-  
19 tial general contractor.

20       “(7) A person performing work on a property that person owns or performing work as the  
21 owner’s employee, whether the property is occupied by the owner or not, or a person performing  
22 work on that person’s residence, whether or not that person owns the residence. This subsection  
23 does not apply to a person performing work on a structure owned by that person or the owner’s  
24 employee, if the work is performed in the pursuit of an independent business with the intent of of-  
25 fering the structure for sale before, upon or after completion.

26       “(8) A person licensed or registered in one of the following trades or professions when operating  
27 within the scope of that license or registration:

28       “(a) An architect registered by the State Board of Architect Examiners.

29       “(b) A professional engineer registered by the State Board of Examiners for Engineering and  
30 Land Surveying.

31       “(c) A water well contractor licensed by the Water Resources Department.

32       “(d) A sewage disposal system installer licensed by the Department of Environmental Quality.

33       “(e) A landscape contracting business licensed under ORS 671.510 to 671.760.

34       “(f) A pesticide operator licensed under ORS 634.116 who does not conduct inspections for wood  
35 destroying organisms for the transfer of real estate.

36       “(g) An appraiser certified or licensed under ORS chapter 674 or an appraiser assistant regis-  
37 tered under ORS chapter 674 by the Appraiser Certification and Licensure Board.

38       “(9) A landscape contracting business operating within the scope of a license issued under ORS  
39 671.510 to 671.760 that:

40       “(a) Constructs fences, decks, arbors, patios, landscape edging, driveways, walkways or retaining  
41 walls and meets the applicable bonding requirements under ORS 671.690; or

42       “(b) Subcontracts to a licensed plumbing contractor, or otherwise arranges for a licensed  
43 plumbing contractor to perform, the installation of an irrigation system described in ORS 671.540  
44 (1)(m) or the repair or maintenance of an irrigation system.

45       “(10) A person who performs work subject to this chapter as an employee of a contractor.

1 “(11) A manufacturer of a manufactured home constructed under standards established by the  
2 federal government.

3 “(12) A person involved in the movement of:

4 “(a) Modular buildings or structures other than manufactured structures not in excess of 14 feet  
5 in width.

6 “(b) Structures not in excess of 16 feet in width when the structures are being moved by their  
7 owner if the owner is not a contractor required to be licensed under this chapter.

8 “(13) A surety company, commercial lending institution, holding company for a commercial  
9 lending institution, subsidiary of a commercial lending institution or subsidiary of a holding company  
10 for a commercial lending institution that arranges for completion, repair or remodeling by one or  
11 more licensed contractors of a structure in which the company, institution, holding company or  
12 subsidiary holds a legal or security interest. As used in this subsection, ‘commercial lending insti-  
13 tution’ means any bank, mortgage banking company, trust company, savings bank, savings and loan  
14 association, credit union, national banking association, federal savings and loan association, insur-  
15 ance company or federal credit union maintaining an office in this state.

16 “(14) A real estate licensee who engages in the management of rental real estate as defined in  
17 ORS 696.010 or the employee of that licensee when performing work on a structure that the real  
18 estate licensee manages under a contract.

19 “(15) Units of government other than those specified in ORS 701.005 (5)(c) and (d).

20 “(16) A qualified intermediary in a property exchange that qualifies under section 1031 of the  
21 Internal Revenue Code as amended and in effect on January 1, 2004, if the qualified intermediary  
22 is not performing construction activities.

23 “(17) A [*worker leasing company*] **professional employer organization** or temporary service  
24 provider, [*both as defined in ORS 656.850,*] **as defined in section 2 of this 2025 Act**, that supplies  
25 personnel to a licensed contractor for the performance of work under the direction and supervision  
26 of the contractor **or that has entered into a PEO relationship with the contractor.**

27 “(18) City or county inspectors acting under ORS 701.225 or inspectors described in ORS  
28 455.715.

29 “(19) A person performing work for purposes of agricultural drainage, agricultural trenching or  
30 agricultural irrigation or involving the construction of agricultural fences to control livestock.

31 “(20) A person performing work that is subject to ORS 527.610 to 527.770 on forestlands for  
32 which notice of operation has been filed under ORS 527.670.

33 “**SECTION 19.** ORS 701.035 is amended to read:

34 “701.035. (1) An applicant must qualify as an independent contractor under ORS 670.600 to be  
35 eligible for a license with the Construction Contractors Board.

36 “(2) The board shall establish two classes of independent contractor:

37 “(a) The nonexempt class is composed of the following entities:

38 “(A) Sole proprietorships, partnerships, corporations and limited liability companies:

39 “(i) With one or more employees; or

40 “(ii) That [*utilize one or more workers supplied by a worker leasing company*] **have a PEO re-**  
41 **lationship.**

42 “(B) Partnerships, corporations and limited liability companies with more than two partners,  
43 corporate officers or members, if any of the partners, corporate officers or members are not part of  
44 the same family and related as parents, spouses, sisters, brothers, daughters or sons, daughters-in-  
45 law or sons-in-law or grandchildren.

1 “(b) The exempt class is composed of all sole proprietorships, partnerships, corporations and  
2 limited liability companies that do not qualify as nonexempt.

3 “(3)(a) If a person who is licensed as exempt under subsection (2)(b) of this section hires one  
4 or more employees, [*utilizes one or more workers supplied by a worker leasing company*] **enters into**  
5 **a PEO relationship** or falls into any of the categories set out in subsection (2)(a)(B) of this section,  
6 the person is subject to penalties under ORS 701.992 for improper licensing.

7 “(b) If a person who is licensed as exempt under subsection (2)(b) of this section hires one or  
8 more employees, or [*utilizes one or more workers supplied by a worker leasing company*] **enters into**  
9 **a PEO relationship**, the person is also subject to licensing sanctions under ORS 701.098.

10 “(c) [*The*] **A person described in this subsection** must reapply to the board in the correct  
11 class.

12 “(4) The decision of the board that a person is an independent contractor applies only when the  
13 person is performing work of the nature described in ORS 701.021.

14 “(5) A person that is within the exempt class described in subsection (2)(b) of this section and  
15 is licensed as a commercial contractor shall procure and maintain workers’ compensation insurance  
16 as authorized by ORS 656.128.

17 “**SECTION 20.** ORS 701.098 is amended to read:

18 “701.098. (1) The Construction Contractors Board may revoke, suspend, condition or refuse to  
19 issue or reissue a license and may assess a civil penalty as provided in ORS 701.992 if the board  
20 determines after notice and opportunity for hearing that a licensee or applicant:

21 “(a) Violated a provision of this chapter.

22 “(b) Violated a rule or order of the board.

23 “(c) Entered into a settlement agreement with another person under ORS 701.145 but failed to  
24 comply with the terms of the settlement agreement.

25 “(d) Is a business entity or is the owner, director, officer or partner of a business entity or of  
26 a reorganized business entity, as defined in ORS 305.330, that was subject to a revocation or sus-  
27 pension of a license, or subject to a civil or criminal penalty, imposed under this chapter or ORS  
28 chapter 447, 455, 460 or 693, or under the laws of another state, and the revocation, suspension or  
29 civil or criminal penalty was related to the licensee’s or applicant’s engaging in construction.

30 “(e) Submitted an application to the board that, at the time the board issued or renewed the li-  
31 cense or denied the application, was incomplete in any material respect or included a statement that  
32 was incorrect or misleading in light of the circumstances in which the licensee or applicant made  
33 the statement.

34 “(f) Knowingly assisted an unlicensed person to act in violation of this chapter.

35 “(g) Knowingly assisted a licensed contractor to perform work for which the contractor is not  
36 properly endorsed.

37 “(h) Wrongfully failed to perform a contractual duty to pay money to a person and the failure  
38 caused the person to file a lien on a structure under ORS 87.001 to 87.093.

39 “(i) Knowingly provided false information to the board.

40 “(j) Worked without a construction permit where a permit is required and the work resulted in  
41 a complaint being filed with the board under ORS 701.139. For purposes of this paragraph, ‘con-  
42 struction permit’ includes a building permit, electrical permit, mechanical permit or plumbing per-  
43 mit.

44 “(k) Worked together with another contractor on the same task on the same job site, where one  
45 of the contractors was classed as exempt under ORS 701.035 (2)(b) and the number of contractors

1 working together exceeded the following:

2 “(A) Two sole proprietors;

3 “(B) One partnership;

4 “(C) One corporation; or

5 “(D) One limited liability company.

6 “(L) Was convicted, or an owner, director, officer or partner of the licensee or applicant was  
7 convicted, consistent with ORS 670.280, of one of the following crimes in this state or an equivalent  
8 crime in another state:

9 “(A) Murder;

10 “(B) Assault in the first degree;

11 “(C) Kidnapping;

12 “(D) Rape, sodomy or unlawful sexual penetration;

13 “(E) Sexual abuse;

14 “(F) Arson in the first degree;

15 “(G) Robbery in the first degree;

16 “(H) Theft in the first degree; or

17 “(I) Extortion.

18 “(m) Did not pay another person for supplying labor or materials contracted for under a public  
19 improvement contract, plus the amount of interest due, within 90 days after receiving payment from  
20 a contracting agency or, if the licensee or applicant was a subcontractor, from a contractor.

21 “(n) Repeatedly reported bad faith or false complaints of nonpayment against contractors or  
22 subcontractors.

23 “(o) Engaged in conduct as a contractor that was dishonest or fraudulent and that the board  
24 finds injurious to the welfare of the public.

25 “(p) Hired employees while licensed as exempt under ORS 701.035.

26 “(q) [*Used one or more workers supplied by a worker leasing company*] **Entered into a PEO**  
27 **relationship** while licensed as exempt under ORS 701.035.

28 “(2) The board may revoke, suspend, condition or refuse to issue or reissue a license if the board  
29 determines after notice and opportunity for hearing that a licensee or applicant is unfit for licensure  
30 based upon information submitted to the board under ORS 701.046, submitted in a registration of  
31 securities described in ORS 701.046 (2) or discovered by a board investigation under ORS 701.225.

32 “(3) The board may assess a civil penalty against any person as provided in ORS 701.992 if the  
33 board determines after notice and opportunity for hearing that the person violated ORS 701.021.

34 “(4)(a) The administrator of the board, in accordance with administrative rules adopted by the  
35 board and after setting forth specific reasons for the findings, may suspend or refuse to renew a li-  
36 cense without hearing in any case where the administrator finds a serious danger to the public  
37 welfare, including but not limited to:

38 “(A) Lack of a surety bond required by ORS 701.068;

39 “(B) Lack of liability insurance required by ORS 701.073;

40 “(C) Hiring employees while classed as exempt under ORS 701.035;

41 “(D) [*Using one or more workers supplied by a worker leasing company*] **Entering into a PEO**  
42 **relationship** while classed as exempt under ORS 701.035;

43 “(E) Conduct as a construction contractor that is dishonest or fraudulent;

44 “(F) Failure to pay a construction debt; or

45 “(G) Entering into a settlement agreement under ORS 701.145 and failing to comply with the



1 terms of the settlement agreement.

2 “(b) If the licensee or applicant demands a hearing within 90 days after the date of notice to the  
3 licensee or applicant of the suspension or refusal to renew, then a hearing must be granted to the  
4 licensee or applicant as soon as practicable after the demand, and the administrator shall issue,  
5 pursuant to the hearing as required by ORS chapter 183, an order confirming, altering or revoking  
6 the administrator’s earlier order. Notwithstanding ORS 670.325, a hearing need not be held where  
7 the order of suspension or refusal to renew is accompanied by or is pursuant to a citation for vio-  
8 lation that is subject to judicial determination in any court of this state, and the order by its terms  
9 will terminate in case of final judgment in favor of the licensee or applicant.

10 “(5)(a) In addition to all other remedies, if the board has reason to believe that a person is en-  
11 gaging in an act, practice or transaction that violates this chapter or a board rule, the board may  
12 issue an order directing the person to cease the act or to take corrective action.

13 “(b) The board shall mail a copy of an order issued under this subsection to the person by first  
14 class mail with certificate of mailing. The board shall include with the order a notice informing the  
15 person of the right to request a hearing concerning the order. The notice shall inform the person  
16 that any hearing request must be received by the board no later than 21 days after the date the  
17 order was mailed by the board.

18 “(c) If the board receives a timely request for a hearing concerning an order issued under this  
19 subsection, the board shall schedule the hearing no later than 30 days after receiving the request.  
20 The board shall mail written notice of the hearing to the person by first class mail with certificate  
21 of mailing no later than seven days before the scheduled hearing date.

22 “(d) An order described in this subsection becomes final if the person does not file a timely re-  
23 quest for a hearing concerning the order or fails to appear at the requested hearing as scheduled.

24 “(e) The issuance of a board order under this subsection is subject to ORS 183.413 to 183.497.

25 “(6) In addition to all other remedies, if the board determines that a person has engaged in, or  
26 is engaging in, any act, practice or transaction that violates the provisions of this chapter, the board  
27 may direct the Attorney General or the district attorney of the county in which the act, practice  
28 or transaction occurs, to apply to the court for an injunction restraining the person from violating  
29 the provisions of this chapter. An injunction may not issue for failure to maintain the list provided  
30 for in ORS 701.345, unless the court determines that the failure is intentional.

31 “(7) A certified copy of the record of conviction is conclusive evidence of a conviction under  
32 subsection (1)(L) of this section.

33 “(8) If the board suspends or revokes the license of an individual contractor or contractor  
34 business for a violation of subsection (1)(k) of this section, the board may not restore or reissue the  
35 license unless the individual contractor or a responsible managing individual for the contractor  
36 business has successfully completed the training and testing described in ORS 701.122.

37 “**SECTION 21.** ORS 701.470 is amended to read:

38 “701.470. (1) As used in this section:

39 “(a)(A) ‘Construction flagger’ means an individual who, for compensation or with the expectation  
40 of compensation, directs or controls the flow of motor vehicle traffic on a public roadway to prevent  
41 or reduce conflict between the flow of traffic and construction activity on or near the roadway.

42 “(B) ‘Construction flagger’ does not mean an individual performing work for the federal gov-  
43 ernment, a public body as defined in ORS 174.109 or a business regulated by the Public Utility  
44 Commission.

45 “(b) ‘Construction flagging contractor’ means a person who employs, contracts with, or [obtains

1 *through a worker leasing company]* **enters into a PEO relationship with respect to**, one or more  
2 individuals to act as construction flaggers.

3 “(2) Except as provided in this section, a person may not undertake, offer to undertake or submit  
4 a bid to do work as a construction flagging contractor unless the person holds a construction flag-  
5 ging contractor license issued by the Construction Contractors Board.

6 “(3) This section does not require a person to obtain a construction flagging contractor license  
7 if the person holds a valid license and endorsement as a:

8 “(a) Residential general contractor;

9 “(b) Commercial general contractor level 1;

10 “(c) Commercial specialty contractor level 1;

11 “(d) Commercial general contractor level 2; or

12 “(e) Commercial specialty contractor level 2.

13 “(4) An applicant for a construction flagging contractor license must:

14 “(a) Submit an application in the manner described in ORS 701.046;

15 “(b) Obtain a surety bond under ORS 701.068 in the amount of \$25,000; and

16 “(c) Obtain general liability insurance under ORS 701.073 in an amount of not less than \$500,000.

17 “(5) A construction flagging contractor license authorizes a person to act as a construction  
18 flagging contractor but does not authorize the person to engage in any other activities that require  
19 a license issued under this chapter.

20 “(6) Notwithstanding any other provision of this chapter, the board may not:

21 “(a) Impose training or continuing education requirements for a construction flagging contractor  
22 or a responsible managing individual for the contractor.

23 “(b) Require a construction flagging contractor or the responsible managing individual for the  
24 contractor to take a test measuring the knowledge of the contractor or responsible managing indi-  
25 vidual regarding business practices and laws affecting construction contractors.”.

26 In line 30, delete “24” and insert “22”.

27 On page 27, delete lines 28 through 40 and insert:

28 “**SECTION 23. (1) Section 2 of this 2025 Act and the amendments to ORS 653.412, 656.005,**  
29 **656.018, 656.403, 656.702, 656.850, 656.855, 671.525, 671.527, 671.540, 671.562, 671.565, 701.005,**  
30 **701.010, 701.035, 701.098, 701.470, 737.270, 743.521 and 743.522 by sections 3 to 22 of this 2025**  
31 **Act become operative on July 1, 2027.**

32 “(2) **The Director of the Department of Consumer and Business Services may take any**  
33 **action before the operative date specified in subsection (1) of this section that is necessary**  
34 **to enable the director to implement, on and after the operative date specified in subsection**  
35 **(1) of this section, the provisions of section 2 of this 2025 Act and the amendments to ORS**  
36 **653.412, 656.005, 656.018, 656.403, 656.702, 656.850, 656.855, 671.525, 671.527, 671.540, 671.562,**  
37 **671.565, 701.005, 701.010, 701.035, 701.098, 701.470, 737.270, 743.521 and 743.522 by sections 3 to**  
38 **22 of this 2025 Act.**

39 “**SECTION 24. This 2025 Act takes effect on the 91st day after the date on which the 2025**  
40 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**”.