



Oregon

Tina Kotek, Governor

Landscape Contractors Board

2111 Front St NE Ste 2-101

Salem, OR 97301-0738

Phone: (503) 967-6291

Fax: (503) 967-6298

Website: www.oregon.gov/lcb

Email: lcb.info@lcb.oregon.gov

SB 864: LCB Bond Increase Request

The Landscape Contractors Board (LCB) is a semi-independent state agency that protects consumers by regulating landscape construction work. Oregon law requires all landscape contracting businesses operating on residential and commercial properties in Oregon to be licensed with the LCB. The Board accepts complaints against licensed landscape contracting businesses and typically responds with informal on-site investigations and mediation. The LCB provides dispute resolution assistance when complaints are received.

Problems to be Addressed

This concept focuses on consumer protection. The LCB has seen an increasing number of cases where landscape contracting businesses have multiple claims filed against them for negligent or improper work, or breach of contract due to incomplete projects. In these cases, the bond must be split between multiple consumers, resulting in minimal compensation for each individual.

The LCB is also seeing an increase in claims where landscape contracting businesses have insufficient bonds for their contracted jobs. Currently, there are four bond amounts (\$3,000, \$10,000, \$15,000, and \$20,000) based on the size of jobs companies contract or bid.

The bond is the LCB's most valuable consumer protection tool.

Proposed Solution

This bill proposes changing the bond structure in ORS 671.690 to require:

- A \$20,000 bond for any work up to and including \$100,000
- A \$50,000 bond for any work over \$100,000

Cost of Proposed Solution

We consulted several underwriters regarding our current bonding structure, including Contractors Bonding and Insurance Company, Jet Insurance Co., Pacific Surety, Bond Exchange, Bonds Direct, and LaPort Insurance. Our research found that the average cost difference for a company to purchase the lowest LCB bond amount (\$3,000) and the highest (\$20,000) was approximately \$100 per year.

While bond costs largely depend on credit scores, current LCB bonds are considered low risk since they don't exceed \$20,000. Bonds higher than \$20,000 may be priced based on: credit history, financial information, years in business, and history of previous claims.

We were unable to obtain fixed quotes for the proposed \$50,000 bond, as pricing would depend on individual licensees' creditworthiness.

Contact: Annie von Domitz, Administrator, 503-967-6291 x224, annie.vondomitz@lcb.oregon.gov

