

January 25, 1993 Hearing Room D 8:30 a.m. Tapes 11 - 12

MEMBERS PRESENT: Rep. John Watt, Chair Rep. Lee Beyer Rep. Michael Payne Rep. Charles Starr Rep. Bob Tiernan

STAFF PRESENT: Marilyn Johnston, Committee Administrator Rick Gaupo, Committee Clerk

MEASURES CONSIDERED: Informational Meeting: Construction Contractors Board

HB 2026 - Establishes 30-day limit to file certain claims with Construction Contractors Board.

HB 2027 - Increases maximum civil penalty by Construction Contractors Board.

HB 2050 - Define membership of Construction Contractors Board.

WITNESSES: Ken Keudell, Construction Contractors Board Jim Stenbridge, Construction Contractors Board Rep. Luke. John Powell, Contractors Bonding and Insurance CO. Senator Cohen

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These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. [--- Unable To Translate Graphic ---]

TAPE, SIDE A

013 CHAIR WATT: calls the meeting to order at 8:30. Opens Informational Meeting.

015 Ken Keudell: Reads prepared testimony - Exhibit A

227 Rep. Tiernan: What are the annual fees of contractors?

237 Ken Keudel: Registration for a new contractor is \$100. For a residential contracotr is \$80 and renewal is \$75 and \$60 respectiviley.

247 Rep. Tiernan: Do you have many complaints about the cost required each year?

249 Ken Keudel: The bigist complaint is the cost of the bond, the workers comp insurance and libaility.

248 Rep. Tiernan: Cost of the bond?

250 Ken Keudel: the price \$150 for a \$5,000 and \$300 for a \$10,000 bond.

254 Rep. Tiernan: does it the contractor to attend the continuing education?

260 Ken Keudel: The cost is very reasonable, usually \$50 but up to \$100.

269 Rep. Tiernan: Do You have many Complaints?

270 Ken Keudel: The complaint is from people who have been registered for a long period of time and are now expected to take the classes. We are proposing further exemptions, such as any one registered 5 out of the last 6 years. More people are saying we are doing the right thing.

274 Rep. Tiernan: Is there a difference for part and full time contractors?

298 Ken Keudel: You can be considered limited contractor work less than 30,000 hours. Same registration fee but lower bond.

311 Rep. Tiernan: The providers of the class are non-state employees?

313 Ken Keudel: Yes.

314 Rep. Tiernan: What are the regulations that you enforce?

318 Ken Keudel: Primarily are you registered with the contractors board and if they are exempt or not exempt because they say they have no employees. If employees do exist then we would propose a civil penalty.

324 Rep. Tiernan: Does all your budget come from the fees you charge?

325 Ken Keudel: Yes.

347 Rep. Tiernan: What type of claims do you have?

350 Ken Keudel: These are homeowners claims.

354 Rep. Tiernan: If my floor started to buckle because of work of a contractor would that be a type of claim?

358 Ken Keudel: Yes, any thing from minor construction to remodeling, plus tree service contractors and inspectors.

368 Rep. Tiernan: Is it a claim against the bond?

370 Ken Keudel: The claim is against the contractor. And if the contractor is unable or unwilling to take care of it, the amount comes out of the

bond.

372 Rep. Tiernan: Then there is a binding arbitration between the parties?

374 Ken Keudel: If either party disagrees with the hearing officer, then they can appeal the decision. If we had an arbitrator then the

grounds for appeal would be much reduced.

400 Rep. Tiernan: We have small claims court in Oregon, why not disband the board.

403 Ken Keudel: There would be 3,000 claims that would not be heard. Also we do third party intervention. If both appear then we get 80%

satisfaction.

431 Rep. Tiernan: If we require a contractor to have a bond what is the necessity of having your organization to exist?

448 Ken Keudel: The people who resolve the claims are familiar with the problems and will. An independent contractor knows the law and can

present a fair settlement. Enforcement becomes easier if it is the board that enforces the penalties.

TAPE 12, SIDE A

058 Ken Keudel: The industry wants us to do more. We have not reached the point where we are doing too much enforcement.

069 Rep. Beyer: The contractors are asking for a level field?

074 Ken Keudel: Yes.

080 Rep. Beyer: Is this field increasing?

082 Ken Keudel: Yes. Explains registering process and why there are more contractors.

109 Rep. Beyer: Is any of your education aimed to ensure the new contractors know the codes.

111 Ken Keudel: Yes. There is the option to take a code class as one of their choices of class. Contractors are required to take 16 hours of

classes.

137 Rep. Beyer: What is the new rule?

141 Ken Keudel: Explains rule. Can not have independent exempt contractors working on the same project doing the same work.

169 Chair Watt: Who requested and supported the education bill?

181 Ken Keudel: Senator Duke. But it is an industry supported bill.

192 Chair Watt: Are you working with the county in terms of enforcement to register.

196 Ken Keudel: Counties will not issue a permit unless the contractors are registered with the board. The problem is that there are plenty of

jobs being done where there is no permit.

224 Chair Watt: The problem is that the contractors do not think they need the class.

228 Ken Keudel: That happens with veterans who have been out of system, i.e., those who come back out of retirement, those who come from another

state. However, the other classes are very good for veteran contractors. I am asking the board for further exemptions.

382 Chair Watt: Are you going to be able to present your results to Ways and Means.

384 Ken Keudel: Yes

390 Chair Watt: Ask questions regarding eight measures.

394 Ken Keudel: Explains budget for the eight measures.

TAPE 11, SIDE B

002 Chair Watt: What does the board now look like?

008 Ken Keudel: Explains the board's structure.

020 Rep. Tiernan: Is there a differential process to small claims court?

024 Ken Keudel: The homeowner must decide to either go to the board or the small claims court

035 Chair Watt: Opens hearing on HB 2026.

040 Administrator Johnston: Reads HB 2026 summary - Exhibit B

045 Chair Watt: Welcomes Jim Stembridge.

047 JS: Reads written testimony - Exhibit C

078 Chair Watt: Welcomes Senator Choen and Lester Brock

088 JC: I support this HB 2026. Raises questions of the bill's language such as occupancy and one year after completion.

110 Chair Watt: Ask Lester Brock what he sees as the problem with the language.

114 LB: The home owners would go straight to the contractors board and not to myself first.

134 Chair Watt: How would you like the language clarified? 140 LB: Need better definition of occupancy. The home buyer also must give a list of problems instead of just saying I have a problem. Occupancy should be the first of a list of items.

183 Chair Watt: Closes HB 2026 and opens HB 2027.

204 Administrator Johnston: Reads HB 2027 summary - Exhibit D.

211 Chair Watt: Welcomes back Jim Stenbridge

213 JS: Read written testimony - Exhibit E

235 Rep. Tiernan: Are you enforcing workers compensation?

267 JS: We only enforce it if they are violating the exempt clause.

... 270 Rep. Tiernan: Who does one file a complaint of Workers Comp  
to?

272 JS: To a Hearing officer, appeal to the contractors board,  
then the court of appeals.

310 Chair Watt: Welcomes Repetitive Luke

296 RL: Reads prepared testimony - Exhibit F

374 Chair Watt: By raising the civil penalties we are not putting  
into jeopardy the smaller contractors.

400 RL: The codes are very clear. People who are avoiding the  
law are doing it in full knowledge.

TAPE 12, SIDE B

002 Ch: Closes hearing on HB 2027 and opens HB 2050.

008 Administrator Johnston: Reads HB 2050 summary - Exhibit G

012 JS: Reads prepared testimony - Exhibit H

062 John Powell Reads page 3 line 18 of the bill. Objects to the  
removable of this line.

078 Chair Watt: Closes HB 2050 and adjourns meeting at 10:00 am.