

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Construction Contractors Board
Agency and Division

OAR 812
Administrative Rules Chapter Number

Correct cite reference, amend course fee, continuing education credits

Rule Caption: (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of: Amendments to OAR 812

Statutory Authority: ORS 183.310 to 183.500, 670.310, 701.126, 701.235, 701.515, 701.992 & 701.995

Other Authority:

Stats. Implemented: ORS 87.093, 279C.590, 701.005, 701.026, 701.042, 701.046, 701.073, 701.091, 701.098, 701.106, 701.109, 701.126, 701.227, 701.305, 701.315, 701.330, 701.345, 701.480, 701.485, 701.510, 701.515, 701.992 & 701.995

Need for the Rule(s): (Explain how the rule is intended to meet the need).

- 812-005-0800 is amended to correct a cite reference.
- 812-021-0016 amended to modify the rule to reduce the cost of agency provided Residential Continuing Education (RCE) from \$33-\$35 to \$15 per hour. This will bring the cost of CCB provided RCE in accordance with the 2011-13 policy option package (PO) 915-102, which was recently voted out of the General Government Subcommittee. The agency will begin offering the courses to contractors on April 25, 2011 and needs to amend the rule that set the amount the agency will charge.
- 812-021-0019 is amended to not grant credit for non-traditional education (here, activities more like experience) is not the best policy for implementing CCB's residential continuing education program. The rule was initially adopted to provide that contractors could earn elective hours by participating as an officer of a construction trade association, officer of a professional association, or as a member of a contractor licensing board. CCB believes that it should limit education credits to actual education – not experience alternatives at this time.

Documents Relied Upon, and where they are available: ORS 701 and OAR 812. Documents are on the agency website at www.oregon.gov/ccb or a paper copy is available upon request.

Fiscal and Economic Impact:

The rule changes have no known fiscal or economic impact on state agencies, units of local government or the public. The rule changes do not increase the reporting, recordkeeping or other administrative activities for businesses. The rule changes will not increase costs of compliance for businesses. The rule changes will not increase the cost of a new single-family dwelling. Except for OAR 812-021-0016, in which the rule amendment will reduce the cost of continuing education courses CCB provides by \$20 per course hour.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):
The rule changes have no known fiscal impact on state agencies, units of local government or the public.
2. Cost of compliance effect on small business (ORS 183.336):
 - a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:
Theses rule amendments do not have an impact on small businesses except OAR 812-021-0016, which will reduce the cost of continuing education courses CCB provides by \$20 per course hour.
 - b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:
Theses rule amendments do not impact reporting, recordkeeping or other administrative activities required for compliance except OAR 812-021-0016, which will reduce the cost of continuing education courses CCB provides by \$20 per course hour.
 - c. Equipment, supplies, labor and increased administration required for compliance:
No impact.

How were small businesses involved in the development of this rule?

The agency works with its Board to develop administrative rules. Six of the current nine Board members are business owners.

Administrative Rule Advisory Committee consulted? No

If not, why?: The agency uses its Board which is made up of six contractors; one elected public official, and two public members who review and approve agency's administrative rules. Some of the Board members are members of industry associations who discuss proposed rules with their associations.

Authorized Signer	Catherine Dixon	April 28, 2011
	Printed Name	Date
Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310.		ARC 925-2007

HOUSING COST IMPACT STATEMENT

FOR ESTIMATING THE EFFECT OF A PROPOSED RULE OR ORDINANCE ON THE COST OF DEVELOPING
A *TYPICAL 1,200 SQ FT DETACHED SINGLE FAMILY DWELLING ON A 6,000 SQ FT PARCEL OF LAND.
(ORS 183.534)

FOR ADMINISTRATIVE RULES

AGENCY NAME: Construction Contractors Board
ADDRESS: 700 Summer St. NE Ste 300
CITY/STATE: Salem OR 97309
PHONE: (503) 378-4621

PERMANENT:

HEARING DATE: June 14, 2011

TEMPORARY:

EFFECTIVE DATE:

BELOW PLEASE PROVIDE A DESCRIPTION OF THE ESTIMATED SAVINGS OR ADDITIONAL COSTS THAT WILL RESULT FROM THIS PROPOSED CHANGE.

PROVIDE A BRIEF EXPLANATION OF HOW THE COST OR SAVINGS ESTIMATE WAS DETERMINED.
IDENTIFY HOW CHANGE IMPACTS COSTS IN CATEGORIES SPECIFIED

Description of proposed change: (Please attach any draft or permanent rule or ordinance)

- 812-005-0800 is amended to correct a cite reference.
- 812-021-0016 is amended to revise the fee from \$35 per credit hour to \$15.
- 812-021-0019 is amended to grant credit for non-traditional education (here, activities more like experience) is not the best policy for implementing CCB's residential continuing education program.

Description of the need for, and objectives of the rule:

- 812-005-0800 is amended to correct a cite reference.
- 812-021-0016 amended to modify the rule to reduce the cost of agency provided Residential Continuing Education (RCE) from \$33-\$35 to \$15 per hour. This will bring the cost of CCB provided RCE in accordance with the 2011-13 policy option package (PO) 915-102, which was recently voted out of the General Government Subcommittee. The agency will begin offering the courses to contractors on April 25, 2011 and needs to amend the rule that set the amount the agency will charge.
- 812-021-0019 is amended to not grant credit for non-traditional education (here, activities more like experience) is not the best policy for implementing CCB's residential continuing education program. The rule was initially adopted to provide that contractors could earn elective hours by participating as an officer of a construction trade association, officer of a professional association, or as a member of a contractor licensing board. CCB believes that it should limit education credits to actual education – not experience alternatives at this time.

List of rules adopted or amended:

812-005-0800

812-021-0016

812-021-0019

Materials and labor costs increase or savings:

The rule amendments have no known impact on materials and labor costs.

Estimated administrative construction or other costs increase or savings:

The rule amendments have no measurable impact on administrative construction or other cost increases or savings. Except OAR 812-021-0016, the rule amendment will reduce the cost of continuing education courses CCB provides by \$20 per course hour.

Land costs increase or savings:

The rule amendments have no measurable impact on the cost of new home or a building lot.

Other costs increase or savings:

The proposed rules have no known fiscal impact on state agencies, units of local government or the public. Except OAR 812-021-0016, the rule amendment will reduce the cost of continuing education courses CCB provides by \$20 per course hour.

*Typical-Single story 3 bedrooms, 1 ½ bathrooms, attached garage (calculated separately) on land with good soil conditions with no unusual geological hazards.

PREPARERS NAME: Catherine Dixon

EMAIL ADDRESS: catherine.a.dixon@state.or.us

Proposed Rules for June 14, 2011 Rulemaking Hearing

Proposed Rule	Explanation
<p>812-005-0800 Schedule of Penalties</p> <p>The agency may assess penalties, not to exceed the amounts shown in the following guidelines:</p> <p>(1) \$600 for advertising or submitting a bid to do work as a contractor in violation of ORS 701.026 and OAR 812-003-0120, which may be reduced to \$200 if the respondent becomes licensed or to \$50 if the advertisement or bid is withdrawn immediately upon notification from the agency that a violation has occurred and no work was accepted as a result of the advertisement or bid; and</p> <p>(2) \$700 per offense without possibility of reduction for advertising or submitting a bid to do work as a contractor in violation of ORS 701.026 and OAR 812-003-0120, when one or more previous violations have occurred, or when an inactive, lapsed, invalid, or misleading license number has been used; and</p> <p>(3) \$1,000 per offense for performing work as a contractor in violation of ORS 701.026 when the Board has no evidence that the person has worked previously without having a license and no consumer has suffered damages from the work, which may be reduced to \$700 if the respondent becomes licensed within a specified time; and</p> <p>(4) \$5,000 per offense for performing work as a contractor in violation of ORS 701.026, when an owner has filed a complaint for damages caused by performance of that work, which may be reduced to \$700 if the contractor becomes licensed within a specified time and settles or makes reasonable attempts to settle with the owner.</p> <p>(a) A “complaint for damages” as used in section (4) of this rule includes, but is not limited to:</p> <p>(A) A Construction Contractors Board Dispute Resolution Services (DRS) complaint; or</p> <p>(B) A letter to Construction Contractors Board indicating that a citizen has been damaged by the contractor; and</p> <p>(5) \$5,000 per offense for performing work as a contractor in violation of ORS 701.026, when one or more violations have occurred, or when an inactive, lapsed, invalid, or misleading license number has been used; and</p> <p>(6) \$500 per offense for failure to respond to the agency’s request for the list of subcontractors required in ORS 701.345; and</p> <p>(7) \$1,000 per offense for hiring a unlicensed subcontractor; and</p> <p>(8) For failing to provide an “Information Notice to Owners about Construction Liens” as provided in ORS 87.093, when no lien has been filed, \$200 for the first offense, \$400 for the second offense, \$600 for the third offense, \$1,000 for each subsequent offense. Any time a lien has been filed upon the improvement, \$1,000.</p> <p>(9) Failure to include license number in advertising or on contracts, in violation of OAR 812-003-0120: First offense \$100, second offense \$200, subsequent offenses \$400.</p> <p>(10) Failure to list with the Construction Contractors Board a business name under which business as a contractor is conducted in violation of OAR 812-003-0260: First offense \$50, second offense \$100, subsequent offenses \$200.</p> <p>(11) Failure to notify the Construction Contractors Board of a new or additional business name or personal surname (for sole proprietors) under which business as a contractor is conducted, in violation of OAR 812-003-0320: First offense warning, second offense \$50, subsequent offenses \$200.</p>	<p>Amended to correct cite reference. (CD)</p>

(12) Failing to use a written contract as required by ORS 701.305: \$500 for the first offense; \$1,000 for the second offense; and \$5,000 for subsequent offenses.

(13) Violation of OAR 812-012-0130(1), failure to provide a Consumer Notification form; \$100 first offense; \$500 second offense; \$1,000 third offense; and \$5,000 for subsequent offenses. Civil penalties shall not be reduced unless the agency determines from clear and convincing evidence that compelling circumstances require a suspension of a portion of the penalty in the interest of justice. In no event shall a civil penalty for this offense be reduced below \$100.

(14) Failure to conform to information provided on the application in violation of ORS 701.046(4), issuance of a \$5,000 civil penalty, and suspension of the license until the contractor provides the agency with proof of conformance with the application and the terms of the application.

(a) If the violator is a limited contractor or residential limited contractor working in violation of the conditions established pursuant to OAR 812-003-0130 or 812-003-0131, the licensee shall be permanently barred from licensure in the limited contractor category or residential limited contractor endorsement.

(b) If the violator is a licensed developer, residential developer or commercial developer working in violation of the conditions established pursuant to ORS 701.005(3), (6) or (13) or 701.042, the licensee shall be permanently barred from licensure in the licensed developer category or residential developer or commercial developer endorsement.

(15) Knowingly assisting an unlicensed contractor to act in violation of ORS chapter 701, \$1,000.

(16) Failure to comply with any part of ORS chapters 316, 656, or 657, 701.035, 701.046 or 701.091, as authorized by ORS 701.106, \$1,000 and suspension of the license until the contractor provides the agency with proof of compliance with the statute.

(17) Violating an order to stop work as authorized by ORS 701.225(3), \$1,000 per day.

(18) Working without a construction permit in violation of ORS 701.098, \$1,000 for the first offense; \$2,000 and suspension of CCB license for three (3) months for the second offense; \$5,000 and permanent revocation of CCB license for the third and subsequent offenses.

(19) Failure to comply with an investigatory order issued by the Board, \$500 and suspension of the license until the contractor complies with the order.

(20) Violation of ORS 701.098(1)(k) by engaging in conduct as a contractor that is dishonest or fraudulent and injurious to the welfare of the public: first offense, \$1,000, suspension of the license or both; second and subsequent offenses, \$5,000, per violation, revocation or suspension of the license until the fraudulent conduct is mitigated in a manner satisfactory to the agency or both.

(21) Engaging in conduct as a contractor that is dishonest or fraudulent and injurious to the welfare of the public by:

(a) Not paying prevailing wage on a public works job; or

(b) Violating the federal Davis-Bacon Act; or

(c) Failing to pay minimum wages or overtime wages as required under state and federal law; or

(d) Failing to comply with the payroll certification requirements of ORS 279C.845; or

(e) Failing to comply with the posting requirements of ORS 279C.840:

\$1,000 and suspension of the license until the money required as wages for employees is paid in full and the contractor is in compliance with the appropriate state and federal laws.

(22) Violation of ORS 701.098(1)(k) by engaging in conduct as a contractor that is dishonest or fraudulent and injurious to the welfare of the public, as described in subparagraphs (19) or (20), where more than two violations have occurred: \$5,000 and revocation of the license.

(23) When, as set forth in ORS [~~701.098(1)(g)~~] **701.098(1)(h)**, the number of licensed contractors working together on the same task on the same job site, where one of the contractors is licensed exempt under ORS 701.035(2)(b), exceeded two sole proprietors, one partnership, or one limited liability company, penalties shall be imposed on each of the persons to whom the contract is awarded and each of the persons who award the contract, as follows: \$1,000 for the first offense, \$2,000 for the second offense, six month suspension of the license for the third offense, and three-year revocation of license for a fourth offense.

(24) Performing home inspections without being an Oregon certified home inspector in violation of OAR 812-008-0030(1): \$5,000.

(25) Using the title Oregon certified home inspector in advertising, bidding or otherwise holding out as a home inspector in violation of OAR 812-008-0030(3): \$5,000.

(26) Failure to conform to the Standards of Practice in violation of OAR 812-008-0202 through 812-008-0214: \$750 per offense.

(27) Failure to conform to the Standards of Behavior in OAR 812-008-0201(2)-(8): \$750 per offense.

(28) Offering to undertake, bidding to undertake or undertaking repairs on a structure inspected by an owner or employee of the business entity within 12 months following the inspection in violation of ORS 701.355: \$5,000 per offense.

(29) Failure to include certification number in all written reports, bids, contracts, and an individual's business cards in violation of OAR 812-008-0201(4): \$400 per offense.

(30) Violation of work practice standards for lead-based paint (LBP) activity pursuant to OAR 812-007-0140 or 812-007-0240 first offense, \$1,000; second offense, \$3,000; and third offense, \$5,000 plus suspension of license for up to one year. The civil penalty is payable to the Construction Contractors Board LBP Activities Fund as provided in ORS 701.995 and OAR 812-007-0025.

(31) Violation of work practice standards for LBP renovation pursuant to OAR 812-007-0340 or violation of recordkeeping and reporting requirements pursuant to OAR 333-070-0110: first offense, \$1,000; second offense, \$3,000; and third offense, \$5,000 and suspension of the certified LBP renovation contractor license for up to one year. The civil penalty is payable to the Construction Contractors Board LBP Activities Fund as provided in ORS 701.995 and OAR 812-007-0025.

(32) Violation of OAR 812-007-0100, 812-007-0200 or 812-007-0300: first offense, \$1,000; second offense, \$3,000; and third offense, \$5,000. The civil penalty is payable to the Construction Contractors Board Lead-Based Paint (LBP) Activities Fund as provided in ORS 701.995 and OAR 812-007-0025.

(33) Violation of ORS 279C.590:

(a) Imposition of a civil penalty on the contractor of up to ten percent of the amount of the subcontract bid submitted by the complaining subcontractor to the contractor or \$15,000, whichever is less; and

(b) Imposition of a civil penalty on the contractor of up to \$1,000; and

(c) Placement of the contractor on a list of contractors not eligible to bid on public contracts established to ORS 701.227(4), for a period of up to six months for a second offense if the offense occurs within three years of the first offense.

(d) Placement of the contractor on a list of contractors not eligible to bid on public contracts established to ORS 701.227(4), for a period of up to one year for a third or

subsequent offense if the offense occurs within three years of the first offense.

(34) Violation of ORS 701.315, inclusion of provisions in a contract that preclude a homeowner from filing a breach of contract complaint with the Board: \$1,000 for the first offense, \$2,000 for the second offense, and \$5,000 for the third and subsequent offenses.

(35) Violation of ORS 701.345, failure to maintain the list of subcontractors: \$1,000 for the first offense; \$2,000 for the second offense, and \$5,000 for the third and subsequent offenses.

(36) Violation of 701.098(1)(e), knowingly providing false information to the Board: \$1,000 and suspension of the license for up to three months for the first offense; \$2,000 and suspension of the license for up to one year for the second offense; and \$5,000 and permanent revocation of license for the third offense.

(37) Failing to provide a written contract with the contractual terms provided by ORS 701.305 or OAR 812-012-0110: \$200 for the first offense; \$500 for the second offense; and \$1,000 for subsequent offenses.

(38) Working while the license is suspended if the licensee was required to provide an increased bond under ORS 701.068(5), 701.068(6), or OAR 812-003-0175: revocation.

(39) Working while the license is suspended for any violation of ORS 701.098(4)(a)(A) or ORS 701.098(4)(a)(B): \$5,000 for first offense, and revocation for second or subsequent offense.

(40) Working while the license is suspended for any reason except as otherwise provided for by this rule: revocation.

(41) Failure to comply with ORS 701.106(1)(a); \$1,000 for the first offense, \$5,000 for the second offense; \$5,000 and permanent revocation of CCB license for the third offense.

(42) Failure to deliver as required by ORS 701.109(2) a copy of a final judgment; \$200 first offense, \$400 second offense; \$600 for the third offense; \$1,000 for each subsequent offense.

(43) Failure to maintain insurance as required under ORS 701.073 or to provide proof of insurance as required under OAR 812-003-0200, where there is no claim of loss submitted to the insurance company: first offense, \$500; second offense, \$1,000; third and subsequent offenses, \$5,000.

(44) Failure to maintain insurance as required under ORS 701.073 or to provide proof of insurance as required under OAR 812-003-0200, where there is a claim of loss submitted to the insurance company: first offense, \$2,000; second and subsequent offenses, \$5,000.

(45) Undertaking, offering to undertake, or submitting a bid to work as a locksmith when an individual is not certified as a locksmith or otherwise exempt under ORS 701.490: first offense, \$1,000; second offense, \$3,000; third offense, \$5,000.

(46) Undertaking, offering to undertake, or submitting a bid to provide locksmith services when a business is not a licensed construction contractor or otherwise exempt under ORS 701.490: first offense, \$1,000; second offense, \$3,000; third offense, \$5,000.

(47) Using the title of locksmith, locksmith professional, commercial locksmith, lock installer or any title using a form of the word "locksmith" that indicates or tends to indicate that the individual is a locksmith, unless an individual is certified as a locksmith or otherwise exempt under ORS 701.490: first offense, \$1,000; second offense, \$3,000; third offense, \$5,000.

(48) Using the title of locksmith, locksmith professional, commercial locksmith, lock installer or any title using a form of the word "locksmith" that indicates or tends

<p>to indicate that the business providing locksmith services, unless a business (a) is a licensed construction contractor and (b) is owned by or employs a certified locksmith or is otherwise exempt under ORS 701.490: first offense, \$1,000; second offense, \$3,000; third offense, \$5,000.</p> <p>(49) Violating any applicable provision of the rules in division 30, including violating any standard of professional conduct other than OAR 812-030-0300(4): first offense, \$1,000; second offense, \$3,000; third offense, \$5,000 and revocation of the certificate.</p> <p>(50) Violating OAR 812-030-0300(4): first offense, \$200; second offense, \$500; third offense, \$1,000.</p> <p>Stat. Auth.: ORS 183.310 to 183.500, 670.310, 701.235, 701.515, 701.992 & 701.995</p> <p>Stats. Implemented: ORS 87.093, 279C.590, 701.005, 701.026, 701.042, 701.046, 701.073, 701.091, 701.098, 701.106, 701.109, 701.227, 701.305, 701.315, 701.330, 701.345, 701.480, 701.485, 701.510, 701.515, 701.992 & 701.995 (4/82, 10/82, 1/83, 3/83, 10/83, 3/84, 5/84, 3/85, 4/85, 1/87, 3/87, 1/88, 2/88, 6/88, 1/89, 11/89, 2/90, 3/90, 4/90, 5/90, 6/90, 7/90, 10/90, 11/90, 3/91, 9/91, 1/92, 2/92, 4/92, 6/92, 5/93, 12/93, 1/95, 9/95, 10/95, 8/96, 10/98), temp. 11/99, 5/00, 6/00, temp. 11/00, 4/01, 12/01, temp. 3/02, 3/02, 6/02, 9/02, 12/03, 6/04, 12/04, 12/05, 1/06, 6/06, 12/06, 6/07, 2/08, 6/08, 9/08, 11/08, 1/09 (eff. 2/1/09), 5/09, 2/10, 4/10, temp. 7/10, 2/11 eff. 3/1/11)</p>	
<p>812-021-0016 Fees for Agency Courses – Continuing Education for Residential Contractors</p> <p>(1) The agency [will] may charge a fee of [\$35] \$15 per course hour for the following courses:</p> <p>(a) [BEST] Building Exterior Shell (BEST), offered by the agency as provided in OAR 812-021-0015(3)(a)(A).</p> <p>(b) [Education on laws, regulations, and business practices] Construction Laws, Regulations, and Business Practices, offered by the agency as provided in OAR 812-021-0015(3)(a)(C) and 812-021-0015(4)(a)(B).</p> <p>{(2) If a person purchases three or more one hour courses from CCB in a single transaction, CCB will charge a fee of \$33 per course hour.}</p> <p>[(3)] (2) In addition to the fee for the course, CCB may charge for processing, shipping and handling course materials made available other than online.</p> <p>Stat. Auth.: ORS 670.310, 701.126 & 701.235 Stats. Implemented: ORS 701.126 (8/10 eff. 9/1/10, temp 4/28/11)</p>	<p>Amended to modify the rule to reduce the cost of agency provided Residential Continuing Education (RCE) from \$33-\$35 to \$15 per hour. This will bring the cost of CCB provided RCE in accordance with the 2011-13 policy option package (PO) 915-102, which was recently voted out of the General Government Subcommittee. (GF)</p> <p><i>Note: Currently a temporary rule</i></p>
<p>812-021-0019 Elective Hours – Continuing Education for Residential Contractors</p> <p>(1) Elective hours may be earned by attending construction or construction business related offerings provided by any of the following:</p> <p>(a) Post-secondary institutions such as colleges or universities;</p> <p>(b) Trade schools;</p> <p>(c) Trade associations;</p> <p>(d) Professional societies;</p> <p>(e) Private companies;</p> <p>(f) Public agencies;</p> <p>(g) Business associations;</p> <p>(h) Contractor-provided in-house training programs;</p>	<p>Amend: Granting credit for non-traditional education (here, activities more like experience) is not the best policy for implementing CCB’s residential continuing education program. (GF)</p>

<p>(i) Non-profit organizations; or</p> <p>(j) Manufacturers or businesses in the construction industry.</p> <p>(2) Elective hours may be earned by attending trainings or demonstrations offered by building component manufacturers on product use, capabilities, or installation.</p> <p>(3) Elective hours may be earned by attending education classes required to maintain another construction industry license, such as a certified home inspector or a registered professional engineer.</p> <p>[(4) Elective hours may be earned by participating as an officer of a construction trade or professional association or as a member of a contractor licensing board. Credit for continuing education earned under this subsection is limited to two (2) hours per license period.]</p> <p>[(5) (4)] Elective hours may be earned by completing core classes not otherwise completed for core credit.</p> <p>Stat. Auth.: ORS 670.310, 701.126 & 701.235</p> <p>Stats. Implemented: ORS 701.126</p> <p>(6/09)</p>	
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