



CONSTRUCTION CONTRACTORS BULLETIN BOARD

HELPING TO PREVENT AND RESOLVE PROBLEMS IN THE CONSTRUCTION INDUSTRY

APRIL/MAY 2005

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**Oregon Construction
Contractors Board**

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Linda Teet

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Shelly Wiles

Bill Would Transfer Tree Service Regulation to LCB

A bill (HB 2097) before the legislature sponsored by the Landscape Contractors Board (LCB) would gradually transfer licensing authority of tree service (arborist) businesses from CCB to LCB effective January 1, 2006. The bill must pass both houses of the legislature and be signed by the Governor to become law.

Landscape industry representatives testified that the transfer made sense in order to consolidate the two "Green Industries" under a single regulatory authority (LCB).

LCB Administrator Mike Snyder testified that the bill would allow businesses currently licensed with the CCB to continue performing tree service work until their CCB license expired. Upon expiration of their CCB license, tree service businesses would

be required to obtain a landscaping business license from the LCB.

Individuals seeking an arborist license would need to:

- Pay an arborist license fee set by LCB.
- Only perform work while employed by, or licensed as, a properly licensed landscaping business.
- Demonstrate competency in arboriculture by either possessing an LCB-approved certification in arboriculture; or having at least 3 to 5 years practical experience in arboriculture and passing a competency test prepared by LCB.

Questions about the proposed law should be directed to the LCB at 503-986-6561.

Update on CCB Proposed Bills

Editor's note: the following information was current at time this newsletter was printed. Things change rapidly during a legislative session. For the most current information on contractor-related bills, visit the Oregon legislature's web site, www.leg.state.or.us.

For the 2005 Legislative session, the Construction Contractors Board (CCB) proposed ten pieces of legislation to streamline and clarify construction contractor-related laws. The following is a brief status report on each bill.

HB 2200 Streamline CCB Application, Education and Testing Requirements: This

would reorganize the current statute to reduce confusion and improve clarity. It would clarify that each CCB licensee must have a responsible managing individual (RMI) associated with the license that has either taken the required education course or passed the test or has been 'grandfathered' in. **Status: assigned to House Business, Labor and Consumer Affairs Committee. No hearing scheduled at this time.**

HB 2076 Streamline Contractor Exemption to Home Inspector Law: Currently, contractors who were licensed between

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January 1991 and August 1997 and who did home inspections are exempt from certification requirements. This law change would remove the exemption. It would allow contractors who were previously exempt for certification requirements to become certified without having to take the home inspector certification test, but would require them to comply with the home inspector standards of practice and behavior and to meet home inspector continuing education requirements. **Status: assigned to House Business, Labor and Consumer Affairs Committee. No action will likely be taken.**

HB 2075 Clarify CCB's Authority to Set Standards of Practice for Home Inspectors: This would clarify that CCB has a statutory mandate to establish by rule minimum standards of practice and behavior for certified home inspectors. Currently the board believes it has this authority, but it is not

Construction Contractors Bulletin Board, Issue #61

This newsletter, an official publication of the Oregon Construction Contractors Board, gives Oregon contractors information on laws, policies and activities of the CCB and better business practices.

CCB mission:

The CCB protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution and law enforcement.

Board members:

*Jim Fairchild, Dallas
 **Walt Gamble, West Linn
 Chuck Crump, Salem
 Tom Skaar, Portland
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 Dennis Schad, Coos Bay
 Gwen Elster, Redmond
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specifically stated in current statute. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2074 Define "Two-year period" for Inactive Status: Current CCB practice is to allow licensees to place their license in inactive status once each two-year license period. This legislative concept would clarify that. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2073 Employee Claim Fee Waiver: This would authorize the CCB to waive the \$50 claim fee for employee claims if the board finds that a majority of claimants are unable to pay the fee. Employee claims involve claimants seeking wages owed to them by a current or former employer. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2187 Streamline CCB Dispute Resolution Process and Allow Resolution of Large Commercial Claims: This concept would clarify language in the existing law. It would also allow the CCB to adjudicate large commercial claims. Currently, there are two procedures for filing a claim with the CCB, one that applies to disputes involving residential or small commercial structures and one that applies to disputes involving large commercial structures. Under the residential claim procedure, the claim can be processed by the CCB. Under the commercial claim procedure, claimant must file the claim in court and send a copy of the complaint to the CCB and the respondent's surety company. Having two different procedures is often confusing to claimants, respondents and surety companies. Many commercial claims could be processed by the CCB at less cost to the parties. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2072 Clarify Contested Case Hearing: This concept would remove ambiguity in current statute about the CCB's authority to treat contested case hearings in the same manner as it treats arbitration with respect to setting a limit when a party may remove the matter from CCB jurisdiction

For current information on the Oregon legislature, visit www.leg.state.or.us

tion by filing in court. Currently, parties in a CCB arbitration have 30 days to request that the claim be filed in court instead of going through arbitration, but the statute is unclear on whether there is a 30-day limit for parties in a contested case hearing to make the same request. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2071 Streamline Bond Payment Process for Large Commercial Claims: This would require claimants to file a statement of claim with the CCB when they attempt to access a CCB licensee's surety bond due to a judgment they have received concerning a contract dispute on a large commercial structure. This will facilitate and hasten payment. **Status: Passed the House. Referred to Senate Business and Economic Development Committee.**

HB 2078 Streamline Pre-Claim Notice Requirement: This would authorize the CCB to waive the pre-claim notice requirement by rule when it is clear that the contractor has already received notice of a dispute. Currently, the law requires claimants to send a pre-claim notice to the respondent's address of record, even if they already gave a notice to the respondent in another manner. **Status: Assigned to House Business, Labor and Consumer Affairs Committee. No hearing scheduled at this time.**

HB 2077 Prompt Pay: This concept corrects a conflict in current statute that prevents the agency from effectively disciplining contractors. Currently, ORS 701.227 contains a conflict that prevents the CCB from placing contractors on the prompt pay violation list. **Status: Assigned to House Business, Labor and Consumer Affairs Committee. No action will likely be taken.**

Questions or comments regarding any of these bills may be directed to the CCB. Write to CCB, PO Box 14140, Salem, OR 97309-5052.

Permits Protect Oregon Homes and Businesses

Government and building industry join to promote awareness

By Joanie Stevens-Schwenger, Tri-County Service Center Manager and Permits Protect Campaign Coordinator

State and local government (including the CCB), industry, trade and real estate associations are partnering to educate Oregon homeowners about using permits and licensed contractors to protect the safety and value of their biggest investment - their homes.

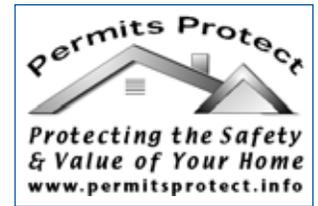
The partnership's goal is to remind people that it's in their own best interest to get permits for home construction or remodeling jobs, and to use licensed contractors.

"Permits Protect" is a public information campaign, sponsored by this coalition of partners, aimed at homeowners and would-be remodelers. Through radio ads, print advertising, brochures, fliers, tradeshow presence, a web site, and personal appearances, Permits Protect Partners are working to create a customer demand for legal remodeling work, and asking Oregon contractors to help spread the word.

Homeowners need to know that anyone they hire to do construction work for them must be licensed and bonded—and if the contractor is an electrician or a plumber, they must also have specialty licenses. Doing remodeling work correctly helps ensure Oregonians' safety from the pitfalls of bad construction—collapse, fire, flooding, bad ventilation and the like. It also saves homeowners time and money when the work is done right the first time.

"For most people, their home is their most important investment. We see too many cases where Oregonians have jeopardized the safety and value of their homes by neglecting to get proper building permits or by using unlicensed contractors for construction projects," said Mark Long, Administrator of the Oregon Building Codes Division.

The campaign's web site, www.PermitsProtect.info has useful information for homeowners, such as when they need permits, how to find a



licensed contractor, or check a contractor's license. The site also has a "Toolkit" (www.PermitsProtect.info/toolkit.html) for contractors, associations and local building departments that want to participate in the outreach campaign. Contractors can participate in the campaign by using Permits Protect material in their own outreach or advertising efforts. Logos, brochures, consumer tips and more are included in the toolkit.

Providing information on permitting shows that you care about your customers' safety, their home value, and that their repair and remodeling work is done legally.

For more information, email Joanie.M.Stevens-Schwenger@state.or.us or call 503-378-4133.

Tips for Marketing Your Business Through the Web

More and more consumers are using the internet to shop for products and services. According to the National Institute on Media and the Family, 71 percent of U.S. households use the internet on a regular basis. About 50 percent of internet users conduct research online before buying products or services.

Many Oregon construction businesses have a presence on the web. Some businesses have a listing in an online community or listing service. Online communities or listing services are sort of like an internet version of classified ads. People post listings or advertisements about their businesses on a host site, like Craig's List (www.craigslist.org).

Other businesses have simple web sites with text and/or pictures that visitors can view and some have dynamic web sites that

are interactive. Users click buttons, type information into a search field or fill out a form to obtain "customized" information.

The internet can be a great way to market your construction business, but like any other tool, it all depends on how you use it. Whether you are creating a basic listing for an online community or you are creating a full-blown dynamic web site, there are some simple things you can do to make sure your web presence is successful.

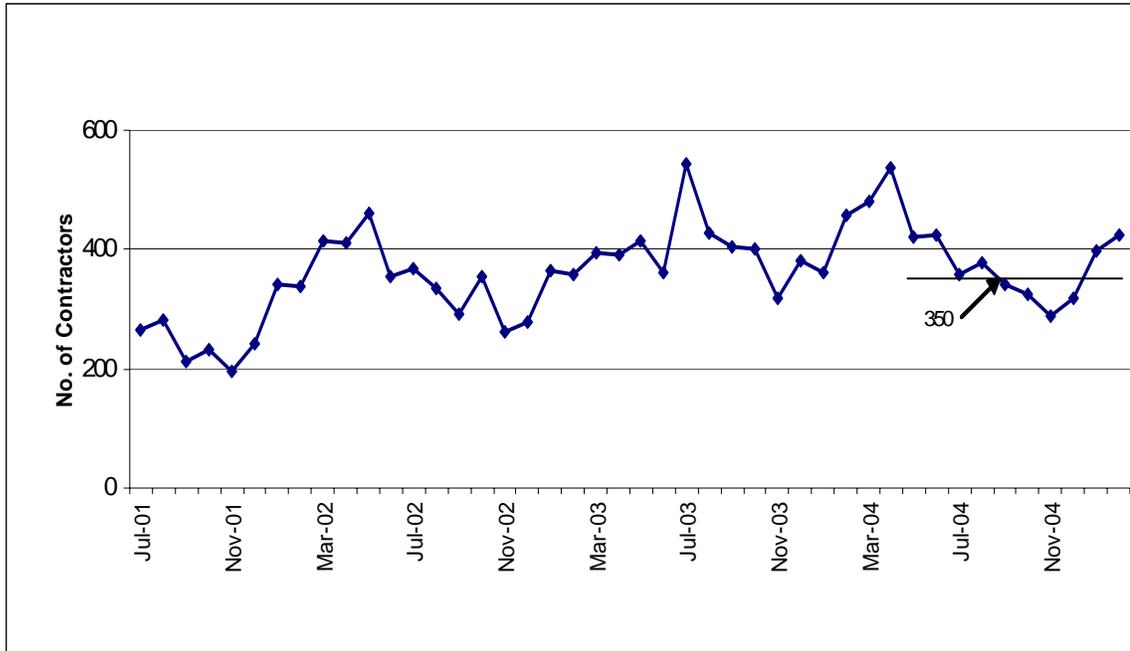
- Make sure your customers can contact you. List your phone number and email address prominently on the site. A surprising number of construction related web sites don't list a contact phone number and email address. How can customers contact you if they don't know how to reach you?
- Include your CCB number on the web site. You worked hard to get your license.

Be proud of it. Make sure customers know that you are actively licensed.

- Give a brief description of your services. What type of construction do you specialize in? Do you do residential work or commercial work or both?
- Include pictures. Use color pictures that are clear and sharp. As they say, a picture can be worth a thousand words.
- Include testimonials. A short (two sentences) quote from a satisfied customer is a great selling point.
- Link to partners. Ask materials suppliers, subcontractors and trade associations to add a link to your web site from theirs. In return, add a link to their web site from yours. Links can help people find your web site and can be a great networking tool.

CCB By the Numbers: Current Licensing Statistics

Number of New Licenses Processed per Month
(Includes New Applications and Entity Changes)



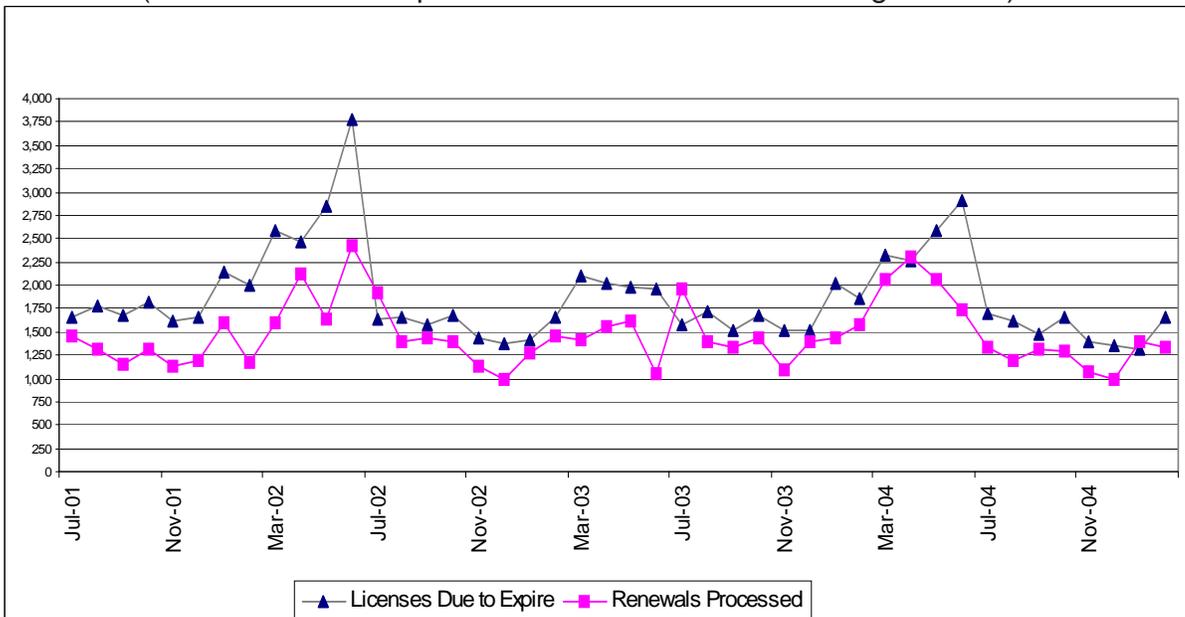
The chart to the left shows the number of new applications and entity change requests received by the Construction Contractors Board per month. The average for the current biennium (July 2003 through January 2005) is 398 per month.

Total Number of Active and Inactive CCB Licenses

June 2003	41,733
January 2005	42,132

Rate of Renewals

(Licenses Due to Expire vs. Licenses Renewed During a Month)



The chart to the left compares the number of CCB licenses renewed each month by the number of CCB licenses due to expire each month. The average rate of renewal for the current biennium (July 2003 through January 2005) is 84.4%.

Questions About Enforcement and Education Added to Survey

The CCB sends out a customer satisfaction survey to licensees when they first become licensed and/or when they renew their licenses. The CCB collects information from licensees to monitor the agency's performance. We use this information to improve our service and report our performance to the Board, Governor and Legislature.

Until recently, the survey just asked questions about the licensing process. Now the survey includes questions about the pre-licensure education and testing program and the enforcement program.

Education Program Questions

1. *Did you take the required 16-hour education course and test?*
Yes or No. *If you answered yes, please answer the next question.*
2. *I found the required CCB education course provided me with information that has been useful.*
Strongly Agree Agree Disagree Strongly Disagree.
3. *What can we do to improve our education program?*

Enforcement Program Questions

In addition to contractor education programs, the CCB invests 20 percent of your license fee to stop violations of CCB regulations. The CCB imposes over \$1,000,000 of fines and suspends the license of over 10,000 CCB licensees per year because they have lost their bond or insurance coverage, violated Oregon law (i.e., unlicensed activity), or failed to pay a construction related debt.

The mission of the CCB Enforcement Program is: To provide an effective deterrent to illegal activity in the construction industry.

1. *Would you agree that the CCB Enforcement Program is an effective deterrent to illegal activity in the construction industry?*
Strongly Agree Agree Disagree Strongly Disagree.
2. *What can we do to improve our enforcement efforts?*

The CCB will use the information gathered from licensees' responses to evaluate and improve the education and enforcement programs. If you receive a CCB customer satisfaction survey in the mail, please fill it out and either mail it or fax it back to us.

The CCB highly values the input we receive from our licensees. It is essential in helping us continue to work towards improving our programs and services.

Your comments and suggestions are always welcome even if you haven't received a survey. Send your comments to -

Construction Contractors Board
PO Box 14140
Salem, OR 97309-5052

Fax: 503-373-2007
E-mail: ccb.info@state.or.us

Phoning or Faxing the CCB?

Remember to put your full name, phone number and CCB license number or file number on your fax. The CCB receives a surprising number of faxes that don't include contact information.

If you're calling the CCB and you have to leave a message, be sure to include contact information in your message.

We can't help you if we don't know how to reach you!

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- Keep text brief and to the point. Internet users are scanning for information. They don't like to read through pages and pages of text.
- Use colors that are easy to read. The text should contrast with the background. If you have a light background, use dark text. If you have a dark background, use light text. Try to limit your use of neon or bright colored text.
- Keep the background clean and uncluttered. Too many colors, too many pictures and lots of animation are distracting and make it hard for people to find useful information quickly. Also, the more animation, graphics and whiz bangs you add to your site, the longer it will take to load on a person's computer.
- Put the most important information on the top of the site. If you've buried important information too deep within your site, you could be losing out on more than half of your sales. According to market research done by the Garner Group, more than 50 percent of all web-related sales are lost because visitors can't find what they are looking for.

Need help creating a web presence? You can hire a consultant to help you develop your web site or you can learn to do it yourself by taking a class at your local community college. In addition, there are good books on web-based marketing and web site development available at your local library or bookstore.

Rule Hearing Update: Home Inspector Standards of Practice

In February, a hearing was held on proposed changes to the Home Inspector Standards of Practice and Behavior (OAR 812-008-0080). The proposed changes sought to streamline, clarify and enhance the current Standards of Practice and Behavior.

At the hearing, the Construction Contractors Board listened to testimony from several Oregon certified home inspectors and representatives from home inspector associations.

After listening to the testimony, the Board decided to continue the hearing at a later date to allow the CCB Home Inspector Advisory Committee to make some minor amendments to the proposed changes.

The Board will wait until HB 2075 passes both the House and Senate to finish the hearing and vote on the proposed changes to the Home Inspector Standards of Practice and Behavior. HB 2075 clarifies that the CCB has the statutory authority to adopt Home Inspector Standards of Practice and Behavior.

The Home Inspector Advisory Committee held a special meeting on March 18, 2005 to review the proposed changes to the standards and to suggest some minor amendments. With input from certified home inspectors and industry representatives, the committee drafted some amendments to submit to the Board. The committee will finalize the amendments at their May 20, 2005 meeting.

When the committee's suggested amendments are finalized and ready to submit to the Board, they will be posted on the CCB web site, www.ccb.state.or.us, click on "What's New."

The Board will finish the hearing on the standards at a future Board meeting. Check the CCB web site for an announcement.

Frequently Asked Questions About Business Entity Changes

The Construction Contractors Board Licensing Section staff get lots of questions from contractors about changing from one business entity to another. Here are the answers to the most frequently asked questions.

What is a business entity?

A business entity is a type of business ownership, such as sole proprietorships, partnerships, limited liability partnerships (LLP), joint ventures, corporations and limited liability companies (LLC).

What is a business entity change?

Any time the structure of your business changes, you must change your business entity. Two common examples are changing from a sole proprietorship to a corporation or changing from a corporation to an LLC. Because you cannot transfer your CCB license from one business entity to another, you must apply for a new license. This includes submitting a new license application, a new fee, new bond and new insurance for the new business entity.

If my business entity is a partnership and a partner dies or leaves the business, is that an entity change?

Yes. Any time a partner leaves the business by death or otherwise, that partnership ends and a new business entity must be formed.

Can I keep my same CCB number when I change business entities?

No. The CCB is required to issue a unique license number to each licensee. When you change business entities, you must acquire a new license.

Does that mean I have to take the education course and test again?

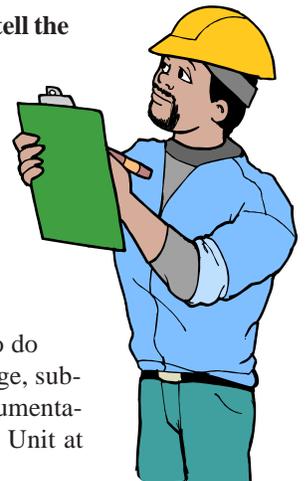
No. As long as the new business entity has a responsible managing individual (RMI) who took the education course and test **or** was an RMI for a business licensed with the CCB before July 1, 2000 **and** the business's license did not lapse for more than 24 months.

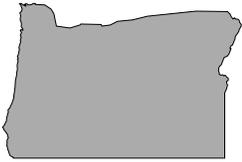
An RMI is either an owner of a sole proprietorship, partner, corporate officer, LLC member or trustee of a CCB-licensed business. The business may instead designate a full-time, permanent employee to be the RMI if none of the owners, partners, officers, members or trustees are actively involved in the Oregon construction operation. This RMI must supervise the Oregon operations and cannot be a designated RMI for any other construction business licensed in Oregon.

What happens if I change my business entity and I don't tell the CCB?

If you change your business entity, but do not report it to the CCB and do not apply for a new license, you put your business at risk of serious consequences. You are operating as an unlicensed contractor and subject to civil penalties of \$5,000 for every job you do while unlicensed, your bond and insurance are invalid and you are vulnerable to more serious legal and financial risks.

Before you make a business entity change, take the time to do some planning. When you're ready to make an entity change, submit a new license application and the proper supporting documentation. If you have questions, contact our Customer Service Unit at 503-378-4621.





News Briefs From Other State Agencies

DHS Lead-Based Paint Program Offers Free Lead-Safe Work Practices Training

The Oregon Department of Human Services (DHS) is offering free Lead-Safe Work Practices training and free or reduced cost certification training for workers, inspectors and risk assessors.

These trainings are made possible through funding from the Environmental Protection Agency (EPA). Participants successfully completing the lead safe work practices training session (8 hours) will receive a certificate of completion for Lead-Safe Work Practices consistent with HUD standards. Participants successfully completing the certification training sessions will be able to take the state certification exams in their discipline.

For class schedules and additional information visit www.ohd.hr.state.or.us/leadpaint/ or call 503-731-4012.

Department of State Lands Unclaimed Property Seminars Help Businesses File Unclaimed Property Reports

The Department of State Lands (DSL) is offering educational seminars this spring to help businesses and organizations prepare for filing unclaimed property reports in October.

To register, visit www.oregonstatelands.us and click on “Unclaimed Property Holder Seminars” or call 503-378-3809.

Choose between the morning and afternoon sessions (\$15 half-day) or attend the full seminar (\$25 full-day):

- Morning session—overview of unclaimed property for newcomers and those wanting a refresher.
- Afternoon session—in-depth discussion of due diligence, reporting and record keeping, self-audit, and policy and legislative changes, as well as break-out sessions for industry-specific topics.

All participants receive a binder with presentation handouts, step-by-step instructions, forms, and references to free managing/reporting software.

All businesses and organizations are potential unclaimed property holders—especially those issuing a large number of refunds or credit memos, providing financial services or employing many individuals with high turnover.

Many businesses and organizations, however, don’t realize they are holding unclaimed property or that state law requires them to search for owners of property in amounts more than \$100 and deliver unclaimed assets to the Department of State Lands.

Unclaimed property is any asset held for an unreachable person or entity—such as payroll checks, deposits, savings and checking accounts, money orders and safe deposit box contents. Property is unclaimed if the holder cannot contact the owner within a certain period of time, usually three to five years.

Learn more about holder reporting requirements or access information and forms for filing your October report at www.oregonstatelands.us/upholders.htm or call (503) 378-3809.

See www.unclaimed.org for other states or obtain free software for creating reports accepted by all states at www.wagers.net/hrs.

Oregon Workplace Injury and Illness Rates Declined in 2003

The private sector workplace injury and illness rate in Oregon declined 6.7 percent in calendar year 2003. Oregonians were injured on the job or suffered work-related illnesses at a rate of 5.6 incidents per 100 full-time workers during the year, down from the 2002 rate of 6.0 incidents per 100 workers. “Oregon’s workers’ compensation costs were 42nd in the nation last year, and the

single biggest factor in keeping our costs low has been a steady reduction of injury and illness rates since the late 1980s,” said Cory Streisinger, director of the Oregon Department of Consumer and Business Services (DCBS). “Low injury and illness rates are a clear win both for workers and their employers.”

The incidence rate is drawn from safety records employers must keep and submit to the US Bureau of Labor Statistics when they are chosen to participate in the bureau’s annual Survey of Occupational Injuries and Illnesses. Although the incidence rate is a driving factor in workers’ compensation costs, the rate is based on all workplace injuries and illnesses recorded by the employers surveyed in a given year - not just those incidents that result in workers’ compensation claims. Rates for each year are typically reported near the close of the following year due to the time required to gather and analyze the data.

“Injury and illness rate reductions don’t happen by accident,” said Pete DeLuca, administrator of the DCBS Occupational Safety and Health Division (Oregon OSHA). “It takes sustained collaboration by employers, workers and government to make safety in the workplace an integral part of how we do business.”

For more information, visit the DCBS web site, www.oregon.gov/DCBS.

Q. Where can you find a list of all Oregon state agencies, Oregon laws and rules and links to the Oregon legislature?

**A. On the state’s web site
www.oregon.gov**

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Spanish/English Courses Available

“Construction English for Spanish-Speakers” is a 16 hour training program designed specifically for Spanish-speaking construction workers who are currently working or wish to work at construction sites. The workshop helps develop communication skills for on-the-job purposes.

“Spanish for Construction Workers” is a 16 hour training program designed to help participants develop their Spanish language skills by incorporating listening, reading, speaking and writing skills. No prior knowledge of Spanish is required.

For information about workshop prices, schedules and locations, visit www.specializedspanish.com.

What's the buzz?

News you can use from the CCBee



Alternative Form of Contractor Liability Insurance Now Available

Recently, “work in progress” or “M & C” contractor liability insurance policies were approved for sale in Oregon by the Department of Consumer and Business Services Insurance Division. There are a few different companies that are approved to sell work in progress type policies in Oregon, including Contractors Bonding and Insurance Company.

Work in progress is a type of contractor liability insurance that only provides coverage for injury or damage occurring during the course of construction. It does not provide any coverage for completed work. Work in progress will satisfy the statutorily mandated liability insurance requirement for CCB licensees.

For some contractors, work in progress may be an alternative to a standard contractor liability insurance policy. If you are considering a work in progress policy, contact your insurance agent to discuss whether it is the right type of policy for your business.

For more information about contractor liability insurance, visit the CCB web site and click on “Liability Insurance Assistance.”