

HB 2800-3
(LC 390)
3/24/25 (ASD/ps)

Requested by HOUSE COMMITTEE ON LABOR AND WORKPLACE STANDARDS (at the request
of Department of Consumer and Business Services)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2800**

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**
6 **and 737.270 and this section:**

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

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

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

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

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

21 **“(6)(a) ‘Professional employer organization’ or ‘PEO’ means a per-**

son that enters into a PEO relationship with a client employer.

“(b) ‘Professional employer organization’ or ‘PEO’ does not mean a person that solely provides workers to a client on a temporary basis or a person that provides payroll processing or similar administrative services without assuming employer responsibilities for client workers.

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

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

“(b) As probationary new hires with a reasonable expectation of transitioning to permanent employment with the client, if the client uses a preestablished probationary period in its overall employment selection program.

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

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

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

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

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

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

“SECTION 3. ORS 656.850 is amended to read:

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

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

4 “(b) ‘Temporary basis’ means providing workers to a client for special sit-
5 uations such as to cover employee absences, employee leaves, professional skill
6 shortages, seasonal workloads and special assignments and projects with the
7 expectation that the position or positions will be terminated upon completion
8 of the special situation. Workers also are provided on a temporary basis if they
9 are provided as probationary new hires with a reasonable expectation of tran-
10 sitioning to permanent employment with the client and the client uses a pre-
11 established probationary period in its overall employment selection program.]

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

14 “(2) No person shall perform services as a worker leasing company in this
15 state without first having obtained a license therefor from the Director of the
16 Department of Consumer and Business Services. No person required by this
17 section to obtain a license shall fail to comply with this section or ORS
18 656.855, or any rule adopted pursuant thereto.]

19 “(3) When a worker leasing company provides workers to a client, the
20 worker leasing company shall satisfy the requirements of ORS 656.017 and
21 656.407 and provide workers’ compensation coverage for those workers and any
22 subject workers employed by the client unless during the term of the lease ar-
23 rangement the client has proof of coverage on file with the director that extends
24 coverage to subject workers employed by the client and any workers leased by
25 the client. If the client allows the coverage to expire and continues to employ
26 subject workers or has leased workers, the client shall be considered a non-
27 complying employer unless the worker leasing company has complied with
28 subsection (5) of this section.]

29 “(4) When a worker leasing company provides workers for a client, the
30 worker leasing company shall assure that the client provides adequate train-

1 ing, supervision and instruction for those workers to meet the requirements of
2 ORS chapter 654.]

3 “[5) When a worker leasing company provides subject workers to work for
4 a client and also provides workers’ compensation coverage for those workers,
5 the worker leasing company shall notify the director in writing. The notifica-
6 tion shall be given in such manner as the director may prescribe. A worker
7 leasing company may terminate its obligation to provide workers’ compensation
8 coverage for workers provided to a client by giving to the client and the di-
9 rector written notice of the termination. A notice of termination shall state the
10 effective date and hour of the termination, but the termination shall be effective
11 not less than 30 days after the notice is received by the director. Notice to the
12 client under this section shall be given by mail, addressed to the client at the
13 client’s last-known address. If the client is a partnership, notice may be given
14 to any of the partners. If the client is a corporation, notice may be given to any
15 agent or officer of the corporation upon whom legal process may be served.]

16 “(1)(a) **A person may not provide services as a professional employer**
17 **organization (PEO) in this state without first having obtained a license**
18 **from the Director of the Department of Consumer and Business Ser-**
19 **vices.**

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

23 “(2)(a) **When a PEO enters into a PEO relationship, the PEO shall**
24 **satisfy the requirements of ORS 656.017 and 656.407 and provide**
25 **workers’ compensation coverage for all of the client’s covered em-**
26 **ployees and direct hire employees unless, during the term of the PEO’s**
27 **agreement with the client, the client has proof of coverage on file with**
28 **the director.**

29 “(b) **If the client has proof of coverage on file with the director, the**
30 **client’s coverage shall extend to all of the client’s covered employees**

1 and direct hire employees.

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

6 “(3) When a PEO enters into a PEO relationship, the PEO shall
7 ensure that the client provides adequate training, supervision and in-
8 struction for the client’s covered employees to meet the requirements
9 of ORS chapter 654.

10 “(4) If a PEO enters into a PEO relationship and the PEO is re-
11 sponsible for providing workers’ compensation coverage to the client
12 under subsection (2) of this section, the PEO shall:

13 “(a) If the PEO is a carrier-insured employer, notify the insurer in
14 writing. The insurer shall file proof of coverage with the director
15 within 30 days after workers’ compensation coverage of the client be-
16 comes effective.

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

19 “(5)(a) A PEO’s responsibility to provide workers’ compensation
20 coverage under subsection (2) of this section shall continue until the
21 earlier of the date on which:

22 “(A) The client obtains alternate coverage; or

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

24 “(b) For purposes of paragraph (a)(A) of this subsection, if a client
25 obtains alternate workers’ compensation coverage, the PEO’s respon-
26 sibility to provide coverage ends on:

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

29 “(B) The date on which another PEO becomes responsible for pro-
30 viding coverage to the client; or

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

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

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

5 **“(i) If the PEO is a carrier-insured employer, the client, the director**
6 **and the insurer. The insurer shall file notice of termination with the**
7 **director within 10 calendar days after the effective date of the termi-**
8 **nation or the date on which the insurer receives notice from the PEO,**
9 **whichever is later.**

10 **“(ii) If the PEO is a self-insured employer, the client and the di-**
11 **rector.**

12 **“(B) Unless a later date is specified, the termination shall become**
13 **effective at 12 midnight on the 30th day after the date on which the**
14 **notice is received by:**

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

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

17 **“(6) When a PEO satisfies its responsibility to provide workers’**
18 **compensation coverage to a client under subsection (2) of this section**
19 **by obtaining a workers’ compensation insurance policy, coverage of**
20 **the client under the policy shall continue until:**

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

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

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

26 **“(A) All clients with which the PEO has entered into a PEO re-**
27 **lationship;**

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

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

1 “(b) The director shall prescribe the interval and form of these re-
2 ports by rule.

3 “(8) The director may adopt any rules necessary for the implemen-
4 tation of this section, including but not limited to:

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

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

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

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

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

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

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

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

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

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

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

24 “737.270. (1) When a [*worker leasing company*] **professional employer**
25 **organization** required to be licensed by ORS 656.850 [*provides workers to*
26 *work for*] **enters into a PEO relationship with** a client and also provides
27 the workers’ compensation coverage for [*those workers*] **the client**, the in-
28 surance premium for the client’s exposure shall be based on the client’s own
29 experience rating, in the same manner as required for employers insuring
30 directly employed workers.

1 “(2) An insurer that provides workers’ compensation to a [*worker leasing*
2 *company*] **professional employer organization** shall maintain and report to
3 the licensed workers’ compensation rating organization of which the insurer
4 is a member separate statistical experience for each client of the [*worker*
5 *leasing company*] **professional employer organization** according to the
6 uniform statistical plan prescribed by the Director of the Department of
7 Consumer and Business Services according to ORS 737.225 (4).

8 “(3) To reimburse expenses incurred by the insurer in segregating client
9 experience, the insurer shall be permitted to charge the [*worker leasing*
10 *company*] **professional employer organization** a reasonable fee as deter-
11 mined by the director.

12 “(4) The [*worker leasing company*] **professional employer organization**
13 shall earn a separate experience rating for any administrative personnel the
14 [*company*] **professional employer organization directly** employs.

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

16 “743.521. (1)(a) A [*leasing company*] **professional employer organization**
17 may offer group health insurance to its [*leased workers*] **clients’ covered**
18 **employees.**

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

23 “(2) If a [*leasing company*] **professional employer organization** offers
24 group health insurance to [*its leased workers*] **any of its clients’ covered**
25 **employees**, the [*leasing company*] **professional employer organization**
26 shall offer group health insurance to all its [*leased workers*] **clients’ covered**
27 **employees** in the same manner.

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

29 “743.522. (1) As used in this section and ORS 743.521:

30 “(a) ‘Client employer’ means an employer [*to whom workers are provided*

1 *under contract and for a fee on a leased basis by a worker leasing company]*
2 **with which a professional employer organization required to be** licensed
3 **under ORS 656.850 has a PEO relationship.**

4 **“(b) ‘Covered employee’ has the meaning given that term in section**
5 **2 of this 2025 Act.**

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

7 “[~~(c)~~ ‘Leased worker’ means a worker provided by a worker leasing company
8 *licensed under ORS 656.850.*]

9 **“(d) ‘PEO relationship’ has the meaning given that term in section**
10 **2 of this 2025 Act.**

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

13 **“(2) Group health insurance may be offered to a resident of this state**
14 **under a group health insurance policy issued to a group other than one of**
15 **the groups described in ORS 731.098 if:**

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

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

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

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

22 **“(b) The premium for the policy is paid either from funds of a**
23 **policyholder, from funds contributed by a covered person or from both.**

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

25 **“653.412. As used in ORS 653.412 to 653.485, unless the context requires**
26 **otherwise:**

27 **“(1) ‘Chain’ means an establishment that is part of an affiliation of two**
28 **or more establishments within the United States, each of which is owned by**
29 **the same person or entity and operate under identical or substantially simi-**
30 **lar trade names or service marks, both as defined in ORS 647.005.**

1 “(2)(a) ‘Employee’ means an employee, as defined in ORS 652.310, who is
2 employed in a retail establishment, a hospitality establishment or a food
3 services establishment and is engaged in providing services relating to:

4 “(A) Retail trade, as that term is used in the 2012 North American In-
5 dustry Classification System under code 44-45;

6 “(B) Hotels and motels, as those terms are used in the 2012 North Amer-
7 ican Industry Classification System under code 721110, or casino hotels, as
8 that term is used in the 2012 North American Industry Classification System
9 under code 721120; or

10 “(C) Food services, as that term is used in the 2012 North American In-
11 dustry Classification System under code 722.

12 “(b) ‘Employee’ does not include:

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

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

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

19 “(3) ‘Employer’ means an employer, or a successor to an employer, de-
20 scribed in ORS 653.422 (1).

21 “(4) ‘Food services establishment’ means the fixed point of sale location
22 for establishments defined in the 2012 North American Industry Classifica-
23 tion System under code 722 as food services and drinking places.

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

27 “(6) ‘On-call shift’ means any time that an employer requires an employee
28 to be available to work or to contact the employer or wait to be contacted
29 by the employer for the purpose of determining whether the employee must
30 report to work. During the shift, on-call status applies regardless of whether

1 the employee is located on or off the employer's premises.

2 “(7) ‘Regular rate of pay’ means the regular hourly rate or hourly equiv-
3 alent that an employer must pay an employee for each hour the employee
4 works during a given work shift, including any shift differential pay. ‘Regu-
5 lar rate of pay’ does not include:

6 “(a) Tips;

7 “(b) Bonuses or other incentive payments;

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

9 “(d) Any additional compensation an employer is required to pay an em-
10 ployee under ORS 653.442 or 653.455.

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

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

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

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

25 “(12) ‘Work schedule’ means the hours, days and times, including regular
26 work shifts and on-call shifts, when an employee is required by an employer
27 to perform duties of employment for which the employee will receive com-
28 pensation.

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

1 “(14) ‘Workweek’ means a fixed period of time established by an employer
2 that reflects a regularly recurring period of 168 hours or seven consecutive
3 24-hour periods. A workweek may begin on any day of the week and any hour
4 of the day and need not coincide with a calendar week. The beginning of a
5 workweek may be changed if the change is intended to be permanent.

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

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

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

12 “671.525. (1) An applicant for a landscape contracting business license
13 must qualify as an independent contractor, under ORS 670.600, to be licensed
14 with the State Landscape Contractors Board.

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

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

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

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

24 “(b) The exempt class is composed of all sole proprietorships, partner-
25 ships, corporations and limited liability companies:

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

27 **“(B) Whose workers are covered employees for whom a professional**
28 **employer organization is responsible for providing workers’ compen-**
29 **sation coverage under ORS 656.850.**

30 “(3) All partnerships, corporations and limited liability companies apply-

ing for a landscape contracting business license must have a federal tax identification number.

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

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

Delete lines 39 through 45 and delete page 11.

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

“SECTION 14. ORS 671.540 is amended to read:

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

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

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

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

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

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

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

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

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

4 “(f) Any owner of property, or employee of an owner of property, who
5 contracts for landscaping work on the property to be performed by a person
6 licensed under ORS 671.560. The exception provided by this paragraph does
7 not apply to a person who, in pursuit of an independent business, performs
8 or contracts for the performance of landscaping work with the intent of of-
9 fering for sale before, upon or after completion of the landscaping work the
10 property upon which the landscaping work is performed.

11 “(g) Any landscaping work performed by a person on property that the
12 person owns or in which the person has a legal interest. The exception
13 provided by this paragraph does not apply to a person who, in pursuit of an
14 independent business, performs or contracts for the performance of land-
15 scaping work with the intent of offering for sale before, upon or after com-
16 pletion of the landscaping work the property on which the landscaping work
17 is performed.

18 “(h) A residential general contractor licensed under ORS chapter 701 who
19 performs landscaping work if the total value of the landscaping is less than
20 \$2,500 per residential dwelling and the landscaping work is performed on
21 residential property for which the contractor is under contract for the con-
22 struction of a new dwelling. The exception provided by this paragraph does
23 not apply to the performance of irrigation work by a residential general
24 contractor. The State Landscape Contractors Board shall revise the amount
25 specified in this paragraph every five years, beginning in 2003, based on
26 changes in the Consumer Price Index for All Urban Consumers, West Region
27 (All Items), as published by the Bureau of Labor Statistics of the United
28 States Department of Labor.

29 “(i) A residential general contractor licensed under ORS chapter 701 who
30 performs landscaping work on residential property that is directly related to

1 local building code requirements or occupancy ordinances including, but not
2 limited to, the placement of street trees. The exception provided by this
3 paragraph does not apply to the performance of irrigation work by a resi-
4 dential general contractor.

5 “(j) A person engaged in making plans or drawings for the selection,
6 placement or use of plants or other site features, unless the plans or
7 drawings are for the purpose of providing construction details and specifi-
8 cations.

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

12 “(L) A person providing recommendations or written specifications for
13 soil amendments or planting media if the recommendations or specifications
14 are solely for the purpose of plant installation.

15 “(m) A plumbing contractor licensed under ORS 447.010 to 447.156 when
16 engaged in superintending installation work on piping for an irrigation sys-
17 tem designed by a landscape contracting business or by a person registered
18 under ORS 671.310 to 671.459.

19 “(n) A plumbing contractor licensed under ORS 447.010 to 447.156 when
20 engaged in superintending repair or maintenance work on piping for an ir-
21 rigation system.

22 “(o) A journeyman plumber licensed under ORS chapter 693 when per-
23 forming an installation for a plumbing contractor described in paragraph (m)
24 of this subsection or performing repair or maintenance work on piping for
25 an irrigation system.

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

29 “(q) An employee of a licensed landscape contracting business when per-
30 forming work for the business under the direct supervision of a licensed

1 landscape construction professional.

2 “(r) *[An employee of a worker leasing company]* **A covered employee of**
3 **the client of a professional employer organization or an employee of**
4 **a temporary service provider, *[both]* as defined in *[ORS 656.850]* section 2**
5 **of this 2025 Act**, when performing work for a licensed landscape contracting
6 business under the direct supervision of a licensed landscape construction
7 professional.

8 “(2) ORS 671.530 (2), (4) and (5) apply to a person described under sub-
9 section (1) of this section.”.

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

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

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

13 “701.005. As used in this chapter:

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

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

17 “(a) Commercial general contractor level 1;

18 “(b) Commercial specialty contractor level 1;

19 “(c) Commercial general contractor level 2;

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

21 “(e) Commercial developer.

22 “(3) ‘Commercial developer’ means a developer of property that is zoned
23 for or intended for use compatible with a small commercial or large com-
24 mercial structure.

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

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

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

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

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

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

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

12 “(b) A person that purchases or owns property and constructs or for
13 compensation arranges for the construction of one or more residential
14 structures or small commercial structures with the intent of selling the
15 structures.

16 “(c) A school district, as defined in ORS 332.002, that permits students to
17 construct a residential structure or small commercial structure as an edu-
18 cational experience to learn building techniques and sells the completed
19 structure.

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

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

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

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

3 “(h) A person that arranges for, undertakes, offers to undertake or sub-
4 mits a bid for the performance of restoration work as defined in ORS 701.540.

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

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

14 “(b) ‘General contractor’ does not mean a specialty contractor or a resi-
15 dential limited contractor.

16 “(8)(a) ‘Home improvement’ means a renovation, remodel, repair or alter-
17 ation by a residential contractor to an existing owner-occupied:

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

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

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

23 “(D) Manufactured dwelling; or

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

25 “(b) ‘Home improvement’ does not include a renovation, remodel, repair
26 or alteration by a residential contractor:

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

29 “(B) That the residential contractor performed in the course of con-
30 structing a new residential structure.

1 “(9)(a) ‘Home inspector’ means a person who, for a fee, inspects and pro-
2 vides written reports on the overall physical condition of a residential
3 structure.

4 “(b) ‘Home inspector’ does not include persons certified under ORS chap-
5 ter 455 to inspect new, repaired or altered structures for compliance with the
6 state building code.

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

10 “(11) ‘Large commercial structure’ means a structure that is not a resi-
11 dential structure or small commercial structure.

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

13 “(a) A president, vice president, secretary, treasurer or director of a cor-
14 poration.

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

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

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

18 “(e) A trustee.

19 “(f) A person the board defines by rule as an officer. The definition of
20 officer adopted by board rule may include persons not listed in this sub-
21 section who may exercise substantial control over a business.

22 **“(13) ‘PEO relationship’ has the meaning given that term in section**
23 **2 of this 2025 Act.**

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

26 “[~~(13)~~] **(15)** ‘Residential contractor’ means a licensed contractor that holds
27 an endorsement as a:

28 “(a) Residential general contractor;

29 “(b) Residential specialty contractor;

30 “(c) Residential limited contractor;

1 “(d) Residential developer;

2 “(e) Residential locksmith services contractor;

3 “(f) Residential restoration contractor;

4 “(g) Home inspector services contractor;

5 “(h) Home services contractor; or

6 “(i) Home energy performance score contractor.

7 “[~~(14)~~] **(16)** ‘Residential developer’ means a developer of property that is
8 zoned for or intended for use compatible with a residential or small com-
9 mercial structure.

10 “[~~(15)(a)~~] **(17)(a)** ‘Residential structure’ means:

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

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

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

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

18 “(E) A manufactured dwelling;

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

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

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

23 “(A) Subject to paragraph (a)(C) of this subsection, a structure that con-
24 tains both residential and nonresidential units;

25 “(B) Transient lodging;

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

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

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

29 “(F) A youth care center operated by a county juvenile department under
30 administrative control of a juvenile court pursuant to ORS 420.855 to 420.885;

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

2 “(H) A nursing home;

3 “(I) A hospital; or

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

5 “[~~(16)~~] **(18)** ‘Responsible managing individual’ means an individual who:

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

7 “(b) Exercises management or supervisory authority, as defined by the
8 board by rule, over the construction activities of the business; and

9 “(c)(A) Successfully completed the training and testing required for li-
10 censing under ORS 701.122 within a period the board identifies by rule;

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

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

13 “[~~(17)~~] **(19)** ‘Small commercial structure’ means:

14 “(a) A nonresidential structure that has a ground area of 10,000 square
15 feet or less, including exterior walls, and a height of not more than 20 feet
16 from the top surface of the lowest flooring to the highest interior overhead
17 finish of the structure;

18 “(b) A nonresidential leasehold, rental unit or other unit that is part of
19 a larger structure, if the unit has a ground area of 12,000 square feet or less,
20 excluding exterior walls, and a height of not more than 20 feet from the top
21 surface of the lowest flooring to the highest interior overhead finish of the
22 unit;

23 “(c) A nonresidential structure of any size for which the contract price
24 of all construction contractor work to be performed on the structure as part
25 of a construction project does not total more than \$250,000; or

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

28 “[~~(18)~~] **(20)** ‘Specialty contractor’ means a contractor who performs work
29 on a structure, project, development or improvement and whose operations
30 as such do not fall within the definition of ‘general contractor.’ ‘Specialty

contractor' includes a person who performs work regulated under ORS 446.395.

“(19) ‘Worker leasing company’ means a person licensed under ORS 656.850 (2) to perform the service of providing nontemporary workers by contract and for a fee to work for a client.]

“(20) (21) ‘Zero-lot-line dwelling’ means a single-family dwelling unit constructed in a group of attached units in which:

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

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

“SECTION 18. ORS 701.010 is amended to read:

“701.010. The Construction Contractors Board may adopt rules to make licensure optional for persons who offer, bid or undertake to perform work peripheral to construction, as defined by administrative rule of the board. The following persons are exempt from licensure under this chapter:

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

“(2) A person who is constructing, altering, improving or repairing a structure located within the boundaries of any site or reservation under the jurisdiction of the federal government.

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

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

“(5) An owner who contracts for work to be performed by a licensed

1 contractor. This subsection does not apply to a person who, in the pursuit
2 of an independent business, constructs, remodels, repairs or for compensation
3 and with the intent to sell the structure, arranges to have constructed, re-
4 modeled or repaired a structure with the intent of offering the structure for
5 sale before, upon or after completion. It is prima facie evidence that there
6 was an intent of offering the structure for sale if the person who constructed,
7 remodeled or repaired the structure or arranged to have the structure con-
8 structed, remodeled or repaired does not occupy the structure after its com-
9 pletion.

10 “(6) An owner who contracts for one or more licensed contractors to
11 perform work wholly or partially within the same calendar year on not more
12 than three existing residential structures of the owner. This subsection does
13 not apply to an owner contracting for work that requires a building permit
14 unless the work that requires a permit is performed by, or under the direc-
15 tion of, a residential general contractor.

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

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

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

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

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

30 “(d) A sewage disposal system installer licensed by the Department of

1 Environmental Quality.

2 “(e) A landscape contracting business licensed under ORS 671.510 to
3 671.760.

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

6 “(g) An appraiser certified or licensed under ORS chapter 674 or an ap-
7 praiser assistant registered under ORS chapter 674 by the Appraiser Certi-
8 fication and Licensure Board.

9 “(9) A landscape contracting business operating within the scope of a li-
10 cense issued under ORS 671.510 to 671.760 that:

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

14 “(b) Subcontracts to a licensed plumbing contractor, or otherwise ar-
15 ranges for a licensed plumbing contractor to perform, the installation of an
16 irrigation system described in ORS 671.540 (1)(m) or the repair or mainte-
17 nance of an irrigation system.

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

20 “(11) A manufacturer of a manufactured home constructed under stan-
21 dards established by the federal government.

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

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

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

28 “(13) A surety company, commercial lending institution, holding company
29 for a commercial lending institution, subsidiary of a commercial lending in-
30 stitution or subsidiary of a holding company for a commercial lending insti-

1 tution that arranges for completion, repair or remodeling by one or more
2 licensed contractors of a structure in which the company, institution, hold-
3 ing company or subsidiary holds a legal or security interest. As used in this
4 subsection, ‘commercial lending institution’ means any bank, mortgage
5 banking company, trust company, savings bank, savings and loan association,
6 credit union, national banking association, federal savings and loan associ-
7 ation, insurance company or federal credit union maintaining an office in
8 this state.

9 “(14) A real estate licensee who engages in the management of rental real
10 estate as defined in ORS 696.010 or the employee of that licensee when per-
11 forming work on a structure that the real estate licensee manages under a
12 contract.

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

15 “(16) A qualified intermediary in a property exchange that qualifies under
16 section 1031 of the Internal Revenue Code as amended and in effect on Jan-
17 uary 1, 2004, if the qualified intermediary is not performing construction
18 activities.

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

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

27 “(19) A person performing work for purposes of agricultural drainage,
28 agricultural trenching or agricultural irrigation or involving the con-
29 struction of agricultural fences to control livestock.

30 “(20) A person performing work that is subject to ORS 527.610 to 527.770

1 on forestlands for which notice of operation has been filed under ORS
2 527.670.

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

4 “701.035. (1) An applicant must qualify as an independent contractor un-
5 der ORS 670.600 to be eligible for a license with the Construction Contrac-
6 tors Board.

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

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

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

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

12 “(ii) That [*utilize one or more workers supplied by a worker leasing com-*
13 *pany*] **have a PEO relationship.**

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

19 “(b) The exempt class is composed of all sole proprietorships, partner-
20 ships, corporations and limited liability companies that do not qualify as
21 nonexempt.

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

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

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

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

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

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

10 “701.098. (1) The Construction Contractors Board may revoke, suspend,
11 condition or refuse to issue or reissue a license and may assess a civil pen-
12 alty as provided in ORS 701.992 if the board determines after notice and op-
13 portunity for hearing that a licensee or applicant:

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

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

16 “(c) Entered into a settlement agreement with another person under ORS
17 701.145 but failed to comply with the terms of the settlement agreement.

18 “(d) Is a business entity or is the owner, director, officer or partner of a
19 business entity or of a reorganized business entity, as defined in ORS 305.330,
20 that was subject to a revocation or suspension of a license, or subject to a
21 civil or criminal penalty, imposed under this chapter or ORS chapter 447,
22 455, 460 or 693, or under the laws of another state, and the revocation, sus-
23 pension or civil or criminal penalty was related to the licensee’s or
24 applicant’s engaging in construction.

25 “(e) Submitted an application to the board that, at the time the board
26 issued or renewed the license or denied the application, was incomplete in
27 any material respect or included a statement that was incorrect or mislead-
28 ing in light of the circumstances in which the licensee or applicant made the
29 statement.

30 “(f) Knowingly assisted an unlicensed person to act in violation of this

1 chapter.

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

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

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

8 “(j) Worked without a construction permit where a permit is required and
9 the work resulted in a complaint being filed with the board under ORS
10 701.139. For purposes of this paragraph, ‘construction permit’ includes a
11 building permit, electrical permit, mechanical permit or plumbing permit.

12 “(k) Worked together with another contractor on the same task on the
13 same job site, where one of the contractors was classed as exempt under ORS
14 701.035 (2)(b) and the number of contractors working together exceeded the
15 following:

16 “(A) Two sole proprietors;

17 “(B) One partnership;

18 “(C) One corporation; or

19 “(D) One limited liability company.

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

23 “(A) Murder;

24 “(B) Assault in the first degree;

25 “(C) Kidnapping;

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

27 “(E) Sexual abuse;

28 “(F) Arson in the first degree;

29 “(G) Robbery in the first degree;

30 “(H) Theft in the first degree; or

1 “(I) Extortion.

2 “(m) Did not pay another person for supplying labor or materials con-
3 tracted for under a public improvement contract, plus the amount of interest
4 due, within 90 days after receiving payment from a contracting agency or,
5 if the licensee or applicant was a subcontractor, from a contractor.

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

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

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

11 “(q) [*Used one or more workers supplied by a worker leasing company*]
12 **Entered into a PEO relationship** while licensed as exempt under ORS
13 701.035.

14 “(2) The board may revoke, suspend, condition or refuse to issue or reis-
15 sue a license if the board determines after notice and opportunity for hearing
16 that a licensee or applicant is unfit for licensure based upon information
17 submitted to the board under ORS 701.046, submitted in a registration of
18 securities described in ORS 701.046 (2) or discovered by a board investigation
19 under ORS 701.225.

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

23 “(4)(a) The administrator of the board, in accordance with administrative
24 rules adopted by the board and after setting forth specific reasons for the
25 findings, may suspend or refuse to renew a license without hearing in any
26 case where the administrator finds a serious danger to the public welfare,
27 including but not limited to:

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

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

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

1 “(D) [*Using one or more workers supplied by a worker leasing company*]
2 **Entering into a PEO relationship** while classed as exempt under ORS
3 701.035;

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

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

6 “(G) Entering into a settlement agreement under ORS 701.145 and failing
7 to comply with the terms of the settlement agreement.

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

19 “(5)(a) In addition to all other remedies, if the board has reason to believe
20 that a person is engaging in an act, practice or transaction that violates this
21 chapter or a board rule, the board may issue an order directing the person
22 to cease the act or to take corrective action.

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

29 “(c) If the board receives a timely request for a hearing concerning an
30 order issued under this subsection, the board shall schedule the hearing no

1 later than 30 days after receiving the request. The board shall mail written
2 notice of the hearing to the person by first class mail with certificate of
3 mailing no later than seven days before the scheduled hearing date.

4 “(d) An order described in this subsection becomes final if the person does
5 not file a timely request for a hearing concerning the order or fails to appear
6 at the requested hearing as scheduled.

7 “(e) The issuance of a board order under this subsection is subject to ORS
8 183.413 to 183.497.

9 “(6) In addition to all other remedies, if the board determines that a per-
10 son has engaged in, or is engaging in, any act, practice or transaction that
11 violates the provisions of this chapter, the board may direct the Attorney
12 General or the district attorney of the county in which the act, practice or
13 transaction occurs, to apply to the court for an injunction restraining the
14 person from violating the provisions of this chapter. An injunction may not
15 issue for failure to maintain the list provided for in ORS 701.345, unless the
16 court determines that the failure is intentional.

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

19 “(8) If the board suspends or revokes the license of an individual con-
20 tractor or contractor business for a violation of subsection (1)(k) of this
21 section, the board may not restore or reissue the license unless the individ-
22 ual contractor or a responsible managing individual for the contractor busi-
23 ness has successfully completed the training and testing described in ORS
24 701.122.

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

26 “701.470. (1) As used in this section:

27 “(a)(A) ‘Construction flagger’ means an individual who, for compensation
28 or with the expectation of compensation, directs or controls the flow of mo-
29 tor vehicle traffic on a public roadway to prevent or reduce conflict between
30 the flow of traffic and construction activity on or near the roadway.

1 “(B) ‘Construction flagger’ does not mean an individual performing work
2 for the federal government, a public body as defined in ORS 174.109 or a
3 business regulated by the Public Utility Commission.

4 “(b) ‘Construction flagging contractor’ means a person who employs,
5 contracts with, or [*obtains through a worker leasing company*] **enters into**
6 **a PEO relationship with respect to**, one or more individuals to act as
7 construction flaggers.

8 “(2) Except as provided in this section, a person may not undertake, offer
9 to undertake or submit a bid to do work as a construction flagging contrac-
10 tor unless the person holds a construction flagging contractor license issued
11 by the Construction Contractors Board.

12 “(3) This section does not require a person to obtain a construction flag-
13 ging contractor license if the person holds a valid license and endorsement
14 as a:

15 “(a) Residential general contractor;

16 “(b) Commercial general contractor level 1;

17 “(c) Commercial specialty contractor level 1;

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

19 “(e) Commercial specialty contractor level 2.

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

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

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

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

26 “(5) A construction flagging contractor license authorizes a person to act
27 as a construction flagging contractor but does not authorize the person to
28 engage in any other activities that require a license issued under this chap-
29 ter.

30 “(6) Notwithstanding any other provision of this chapter, the board may

1 not:

2 “(a) Impose training or continuing education requirements for a con-
3 struction flagging contractor or a responsible managing individual for the
4 contractor.

5 “(b) Require a construction flagging contractor or the responsible man-
6 aging individual for the contractor to take a test measuring the knowledge
7 of the contractor or responsible managing individual regarding business
8 practices and laws affecting construction contractors.”.

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

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

11 **“SECTION 23. (1) Section 2 of this 2025 Act and the amendments to**
12 **ORS 653.412, 656.005, 656.018, 656.403, 656.702, 656.850, 656.855, 671.525,**
13 **671.527, 671.540, 671.562, 671.565, 701.005, 701.010, 701.035, 701.098, 701.470,**
14 **737.270, 743.521 and 743.522 by sections 3 to 22 of this 2025 Act become**
15 **operative on July 1, 2027.**

16 **“(2) The Director of the Department of Consumer and Business**
17 **Services may take any action before the operative date specified in**
18 **subsection (1) of this section that is necessary to enable the director**
19 **to implement, on and after the operative date specified in subsection**
20 **(1) of this section, the provisions of section 2 of this 2025 Act and the**
21 **amendments to ORS 653.412, 656.005, 656.018, 656.403, 656.702, 656.850,**
22 **656.855, 671.525, 671.527, 671.540, 671.562, 671.565, 701.005, 701.010, 701.035,**
23 **701.098, 701.470, 737.270, 743.521 and 743.522 by sections 3 to 22 of this**
24 **2025 Act.**

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