



OREGON CONSTRUCTION CONTRACTORS BOARD

Guide to becoming a licensed contractor



LICENSING CHECKLIST



Welcome to the Oregon Construction Contractors Board's Guide to Licensing. This guide provides basic information and a checklist to guide you through the process of licensing a construction contracting business.

How to get started

Many contractors start by working in construction. Some study construction and business management. Tradespeople like electricians and plumbers complete courses, serve an apprenticeship, and obtain a license from the Building Codes Division as well as the CCB.

Regardless of how you reached the decision to operate your own construction business, we want to help you through the CCB's licensing process.

Eligibility Requirements

- You must be at least 18 years old to be a contractor in Oregon
- Each license is issued to only one business
- To obtain a license as a commercial contractor, a business must have owners or employees with construction experience
- A person with unpaid construction debts or certain criminal convictions may not qualify to be licensed

1. **Decide which contractor's license (residential or commercial) and what endorsement type you need.** To do this, you'll need to know what type of work you'll perform, what structures you'll be working on and what your role will be on the job site. More information about this can be found on pages 4 - 9.

If you will work on pre-1978 homes, you will also need a special lead license. See page 13 for more information about lead licenses.

2. **Designate one or more individuals as the responsible managing individual (RMI), if required.**

Individual(s) complete 16-hour training Individual(s) take and pass test

3. **Set up a business.**

Select and create business (sole proprietorship, partnership, corporation, LLC)
 Select business name (check availability with OR Secretary of State - www.filinginoregon.com)
 Register business (except sole proprietorship or partnership) and/or business name with Oregon Secretary of State at filinginoregon.com)

4. **Obtain surety bond using exact entity name as registered with Secretary of State, or for sole proprietorships and partnerships must be in the full legal name.**

5. **Obtain liability insurance using exact entity name as registered with Secretary of State and with the CCB listed as certificate holder.**

6. **Determine if the business will have employees. If so,**

Obtain workers' compensation coverage and identification information
 Obtain federal employee identification number (EIN), if required
 Obtain state business identification number (BIN), if required

7. **Obtain other employer account numbers.** You may need state and federal tax numbers, for example. For information, contact the Oregon Department of Revenue or the Internal Revenue Service.

8. **Complete license application.**

Fill out appropriate parts of the application based on business type and other information.

9. **Submit your application.**

Submit application form with:

<input type="checkbox"/> Surety bond	<input type="checkbox"/> Certificate of insurance
<input type="checkbox"/> Copy of Test Score Report	<input type="checkbox"/> License fee



Setting up a Business

Before applying for a license, you need to set up your business. You may form a business in many different ways. For example, you may choose to simply operate on your own without a formal business structure. This is a sole proprietorship. Or, you may choose to operate with others based on an agreement between yourselves. This is a partnership. Or, you may want a more formal business structure such as a corporation or limited liability company (LLC).

There are pros and cons for each type of business structure. An excellent resource for starting a business – including selecting a business structure and registration requirements – is the Business Xpress website at <http://sos.oregon.gov/business/Pages/business-information-center.aspx>. Many business owners consult an attorney or accountant to help decide which business structure is best for them.

Note: If your company uses any name other than the full legal name of the sole proprietors, partners or business, you must register your assumed business name with the Secretary of State.

Based on CCB's data, construction contractors generally set up the following types of businesses:

- Corporation: 31% of licensed contractors
- Sole proprietorship: 24% of licensed contractors
- Limited liability company: 43% of licensed contractors

Responsible Managing Individual

Most endorsement types must have at least one Responsible Managing Individual (RMI). An RMI must be an owner of the business or an employee who exercises management or supervisory authority in the business. Most endorsements require that an RMI complete training and pass a test. (See charts.)

About the Training

For most licenses, an RMI must complete a 16-hour training course. You can take a course in person, online or in another format. The CCB approves providers who offer the training. You can find a provider on CCB's website.

About the Test

The test is based on the NASCLA Contractors Guide to Business, Law and Project Management (Oregon version). The CCB website lists the current edition.

Your RMI will get a test score immediately after completing the test. A passing score is 70 percent. If the RMI passes, your business may apply for a license. If the RMI fails, he or she may test again.

You must apply for a CCB license within 24 months of passing the test. Include a copy of your Test Score Report with your application.

Decide what type of work to perform

What Type of Structure Will You Be Working On?

- If you only intend to work on residential structures and small commercial structures, complete the **Application Form for Residential License**
- If you only intend to work on small commercial structures and large commercial structures, complete the **Application Form for Commercial License**
- If you intend to work on all three types of structures, complete the Application Form for **Residential and Commercial License**

Structure Types

Type of structure	Description	Examples
Residential structure	<ul style="list-style-type: none"> A site-built home A structure that contains one or more dwelling units and is four stories or less above grade A condominium, rental residential unit or other residential dwelling unit that is part of a larger structure, if the property interest in the unit is separate from the property interest in the larger structure A modular home constructed off-site A manufactured dwelling A floating home 	<ul style="list-style-type: none"> Single-family residence Apartment complex or condos 4 stories or less Individual units in a high-rise building
Small commercial structure	<ul style="list-style-type: none"> A non-residential structure 10,000 square feet or less and is not more than 20 feet high OR A non-residential unit that is part of a larger structure, if the unit has 12,000 square feet or less and is not more than 20 feet high OR A non-residential structure of any size for which the entire contract of all construction work to be performed on the structure is \$250,000 or less 	<ul style="list-style-type: none"> 7-11 stores Gas stations Fast food restaurants Tenant space in malls Under \$250,000 construction projects
Large commercial structure	Any structure that is not a residential structure or small commercial structure.	<ul style="list-style-type: none"> Apartment or condos buildings 5+ stories Hospitals Parking garages Shopping malls Mfg facilities

2. What is Your Role? Scope of Work?

- Are you going to oversee the entire job and arrange for subcontractors? If so, you will be a general contractor.
- Are you going to limit your operations to one or two specialty practices? If so, you will be a specialty contractor.
- Are you going to limit your work to contracts of less than \$5,000 and annual earnings of no more than \$40,000 in gross volume? If so, you will be a limited contractor.
- Do you own or have an interest in property and plan to arrange the jobs, hire licensed contractors but do none of the work? If so, you will be a developer.

The following lists job roles and their scope of work

Job Role	Scope of work	Limits or Exceptions
General contractor	May supervise, arrange for, or perform an unlimited number of unrelated building trades.	No limits.
Specialty contractor	May perform work involving only one or two unrelated building trades.	The building trades may change from job to job.
Limited contractor (residential only)	May supervise, arrange for, or perform any number of unrelated building trades involving ONLY residential or small commercial structures.	A residential limited contractor may not: <ul style="list-style-type: none"> Perform work exceeding \$40,000 in gross annual volume; or Enter into contracts to perform work in excess of \$5,000 per job site per year.
Developer	<ul style="list-style-type: none"> Own or have an interest in the property being developed Arrange for construction work or improvement of the property, with the intent to sell the property Act in association with one or more licensed general contractors who oversee all phases of construction on the property. 	A developer may not perform any actual construction work on the property.

Select the Appropriate License Endorsement

Once you figure out the structure type and job role/scope of work, select an endorsement(s) for your license. You may select one residential endorsement and/or one commercial endorsement for the same license. The following charts show each endorsement type together with bond, insurance and other information.

Residential Endorsements

Classification	Bond	Insurance	Other
Residential General Contractor (RGC)	\$25,000	\$500,000 per occurrence	Training and test required.
Residential Specialty Contractor (RSC)	\$20,000	\$300,000 per occurrence	Training and test required.
Residential Limited Contractor (RLC)	\$15,000	\$100,000 per occurrence	Training and test required.
Residential Developer (RD)	\$25,000	\$500,000 per occurrence	No training and test required.

Restricted Residential Endorsements

Classification	Bond	Insurance	Other
Home Services Contractor (HSC)	\$15,000	\$100,000 per occurrence	No training and test required. May ONLY operate business offering service, repair or replacement under a home services warranty.
Residential Locksmith Services Contractor (RLSC)	\$15,000	\$100,000 per occurrence	No training and test required. May ONLY operate a business offering locksmith services. Must have an owner or employee who is certified as a locksmith.

Home Inspector Services Contractor (HISC)	\$15,000	\$100,000 per occurrence	No training and test required. May ONLY operate a business offering home inspector services. Must have an owner or employee who is certified as a home inspector.
Home Energy Performance Score Contractor (HEPSC)	\$15,000	\$100,000 per occurrence	No training and test required. May ONLY operate a business issuing home energy performance scores. Must have an owner or employee certified as a home energy assessor.
Residential Restoration Contractors (RRC)	\$15,000	\$100,000 per occurrence	No training and test required. May ONLY operate a business providing restoration work.

Commercial Endorsements

Classification	Bond	Insurance	Other
Commercial General Contractor – Level 1 (CGC1)	\$80,000	\$2 million aggregate	8 years of construction experience; training and test required.
Commercial General Contractor – Level 2 (CGC2)	\$25,000	\$1 million aggregate	4 years of construction experience; training and test required.
Commercial Specialty Contractor – Level 1 (CSC1)	\$55,000	\$1 million aggregate	8 years of construction experience; training and test required.
Commercial Specialty Contractor – Level 2 (CSC2)	\$25,000	\$500,000 per occurrence	4 years of construction experience; training and test required.
Commercial Developer (CD)	\$25,000	\$500,000 per occurrence	No experience, training or test required.

Note: Level 1 and Level 2 commercial contractors may perform the same work



Commercial Contractor Experience Requirements

The experience requirement refers to years of experience that one or more “key employees” must have. “Key employee” means an owner or employee who is a corporate officer, manager, superintendent, foreperson, lead person or any other person who exercise management or supervisory authority over the business’ construction activities.

Qualifying experience includes:

- Years worked as a licensed contractor, journeyman, foreperson or supervisor or as any other employee engaged in construction work for a licensed contractor.
- Completing an apprenticeship program may substitute for up to three years of experience.
- A bachelor’s degree in a construction-related field may substitute for up to three years of experience.
- A bachelor’s degree or master’s degree in business, finance or economics may substitute for up to two years of experience.
- An associate’s degree in construction or building management may substitute for up to one year of experience.

Employment Requirements

As you complete the CCB application, you will notice questions about employees. Generally, a contractor that has employees is nonexempt and must provide workers’ compensation insurance. A contractor that does not have employees is exempt and does not need workers’ compensation insurance.

There are some exceptions to this general rule:

- If a contractor applies for a commercial endorsement, the contractor must have “personal election” workers’ compensation insurance even if the contractor does not have employees. Contact your insurance agent or company about this product.
- If a contractor uses leased employees, the contractor must have workers’ compensation insurance. Generally, this means providing the CCB with the name and number of the licensed worker leasing company’s policy. Contact your leasing company for this information.

In addition to workers’ compensation insurance, a contractor with employees must also obtain employer account numbers. These numbers are used for payroll taxes. If you have employees, you will likely need to provide these numbers.

- The Oregon Business Identification Number (BIN). Obtain this number from the Oregon Department of Revenue.
- The federal Employer Identification Number (EIN). Obtain this number from the Internal Revenue Service (IRS).

Obtain and Submit Surety Bond

You must submit a surety bond with your completed application. The amount of the bond depends on the endorsement(s) you choose. (See tables.) If you apply for both a residential and a commercial endorsement, you must submit two surety bonds. The bond(s) is continuous until canceled.

Many insurance companies offer contractor bonds. The price varies depending on the bond amount and your credit rating. You can contact your insurance agent, consult online listings or refer to a phone directory to find a bonding company.

If you plan to work on public works projects with a total project cost of more than \$100,000, you must also obtain a public works bond.

Obtain and Submit Certificate of Insurance

You must submit a certificate of insurance with your completed application. The insurance must cover general liability, personal injury

and property damage. It must also include “products and completed operations coverage.” The amount of insurance must be at least the amount indicated for the selected endorsement. (See tables.) If you apply for both a residential and a commercial endorsement, you only need to submit one certificate of insurance – in the higher of the two amounts.

Many insurance companies offer contractor insurance. Insurance prices vary depending on the amount of insurance needed and other factors. Compare prices from different companies and make sure you understand what your policy covers and excludes. You can contact your insurance agent, consult online listings or refer to a phone directory to find an insurance company.

Submit Application Fee

The construction contractor application fee is authorized up to \$400 for a two-year license*. See the application for the current fee. You can pay by credit card, debit card, personal check or money order. The CCB does not accept cash.

Costs to Become Licensed

In addition to the costs to set up your business, there are also costs to obtain a contractor's license. You need sufficient cash to pay these expenses at the outset.

Item	Paid to	Cost
16-hour training	Training provider	Prices vary. Self study options may run as low as \$20 (students supply their own manual) \$500 for live classes.
Test	Testing vendor	\$60
Surety bond	Bonding company	Varies**
Insurance policy	Insurance company	Varies***
Application fee (2 years)	Construction Contractors Board	Up to \$400*
Register your business	Secretary of State	Consult with Secretary of State

* This amount is current as of summer 2021. Future fees may vary depending on changes to Oregon law. ** For a business with good credit, the bond might cost between 1% and 3% of the bond amount (e.g., at 2%, a \$15,000 bond will cost \$300). A business with poor credit might expect to pay between 5% and 15% of the bond amount. *** At least one company estimates contractor's insurance between \$380 and \$1,380.(These are annual premiums).



Lead license

Oregon enforces federal regulations for contractors working on housing or child-occupied facilities (daycare centers, for example) built before 1978. Under these requirements, only contractors that hold a special license can bid or work on pre-1978 homes that disturb lead paint.

Renovation means modifying any structure or part of a structure that disturbs more than:

- Six square feet of painted surface per room for interior work, or
- 20 square feet of painted surface for exterior work

This includes projects involving flooring, windows, gutters, siding, and painting. Window replacement is considered renovation.

To work legally on pre-1978 renovation projects that disturb lead paint you must:

- Complete a training class approved by the Oregon Health Authority
- Submit application for Lead-Based Paint Renovation License along with education certificate
- Obtain a special LBPR License from the CCB



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