

**HB 4144 A STAFF MEASURE SUMMARY****Carrier:** Sen. Taylor**Senate Committee On Workforce****Action Date:** 02/22/18**Action:** Do pass the A-Eng bill.**Vote:** 5-0-0-0**Yeas:** 5 - Gelser, Hansell, Knopp, Monnes Anderson, Taylor**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Debra Maryanov, LPRO Analyst**WHAT THE MEASURE DOES:**

Waives licensing fees for certain construction contractors, plumbing contractors, and electrical contractors; eliminates training requirement for certain construction contractors; and allows sole proprietor construction contracting businesses to receive financial support in certain circumstances. Specifically, waives fee and eliminates training requirement for applicant with at least eight years of specified experience when applying for residential general or residential specialty contractor license. Waives licensing fee for plumbing contractors and electrical contractors who are licensed under this Act. Specifies that issuance of licenses under this Act does not apply to renewals or to applicants who would otherwise be denied or disqualified under current statute. Specifies that issuance of license under this Act authorizes licensee to offer services only through a sole proprietorship owned by the licensee. Allows construction contracting business owned or managed by an individual licensed under this Act to receive entrepreneurial development loan from Business Oregon if the contractor operates outside of the Willamette Valley and agrees that 20 percent of contractor's work will be on qualified projects. Allows construction contracting business owned or managed by an individual licensed under this Act to apply for financial support from the Higher Education Coordinating Commission (HECC) if the contractor operates outside of the Willamette Valley; agrees that 20 percent of the contractor's work will be on qualified projects; the financial support will be used to recruit, train or retain workers; and the contractor meets other requirements imposed by the Commission. Requires Construction Contractors Board (CCB) and Department of Consumer and Business Services (DCBS) to report to legislative committee by October 1, 2020, regarding licenses issued under this Act. Requires Business Oregon and the HECC to report to legislative committee by October 1, 2020, regarding loans and financial support provided under this Act. Repeals all provisions on January 2, 2022.

**ISSUES DISCUSSED:**

- Shortage of construction contractors and subcontractors in Oregon, especially in rural areas
- Link between shortage of construction contractors and shortage of affordable housing

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Between 2008 and 2013, Oregon's construction industry experienced a substantial decline in the number of individuals entering the workforce. Although construction employment has risen steadily since then, it is commonly expressed that the numbers are insufficient to meet consumer demand, particularly in rural areas and for the construction of affordable housing. Governor Brown requested the introduction of this measure to make it easier for individuals in the construction industry to become licensed, obtain funding to start a sole proprietorship construction contracting business, and ultimately to expand the industry workforce and availability of affordable housing.

An individual who operates a construction contracting business involving improvements to real property must be licensed by the Construction Contractors Board (CCB). A Residential General Contractor (RGC) may supervise, arrange

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for, or perform an unlimited number of unrelated building trades involving any residential or small commercial structure or project. A Residential Specialty Contractor (RSC) may perform work involving one or two unrelated building trades for residential or small commercial projects. Obtaining a CCB license requires an applicant to complete at least 16 hours of training on law and business practices from an approved education provider, pass the Oregon exam, and pay appropriate licensing fees. The CCB has set the fee at \$250 for residential general or speciality contractor licenses.

In order to become an electrical contractor or a plumbing contractor, many start by working in construction; some study construction and business management. In addition to a license from the CCB, an electrical contractor or a plumber contractor also requires a license from the Building Codes Division. The Department of Consumer and Business Services (DCBS) has set the plumbing contractor license fee at \$375 and the electrical contractor license fee at \$150.

House Bill 4144-A waives the fee and training requirement for a qualified RGC and RSC applicant with at least eight years of training whose construction contractor services will be provided through a sole proprietorship owned by the licensee. The measure does not change the requirement that applicants must pass a written examination. The measure waives the fee for a plumbing contractor or electrical contractor license for those who obtained a RGC or RSC license under this Act. The measure also expands access to small business loans to newly licensed contractors under this Act who agree to operate the business solely in parts of this state located outside the Willamette Valley and to perform work on housing for low- and moderate-income households. These same contractors are also eligible for grant funding if they agree to use the financial support for worker recruitment, training, or retention.