A-Engrossed House Bill 2097

Ordered by the House March 24 Including House Amendments dated March 24

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Consolidates licensing of persons practicing arboriculture under State Landscape Contractors Board. Eliminates residential-only contractor authority to perform work involving trees, tree limbs and stumps. Provides that person who does not meet education and experience requirements for arborist or landscape contractor license may obtain license by passing required examination on first attempt and complying with other specified requirements. Expands board authority to suspend, refuse to issue or refuse to renew license. Expands requirement that landscaping business provide evidence of insurance coverage. Deletes references to landscape contractor from insurance and financial responsibility provisions and from restrictions on exempt businesses.

1	A	BILL	FOR.	AN	ACT

- Relating to landscaping; creating new provisions; and amending ORS 447.060, 671.520, 671.530, 671.540, 671.555, 671.560, 671.565, 671.570, 671.572, 671.575, 671.580, 671.590, 671.603, 671.610, 671.650, 671.660, 671.703, 671.707, 671.710, 671.955 and 701.005.
- Be It Enacted by the People of the State of Oregon:
- SECTION 1. Sections 2 to 5 of this 2005 Act are added to and made a part of ORS 671.510 to 671.710.
- <u>SECTION 2.</u> (1) An applicant for an arborist license shall pay the fee established by the State Landscape Contractors Board under ORS 671.650 and must:
- (a) Pass an examination approved by the board and, except as provided in subsection (2) of this section:
- (A) Have three or more years of practical experience in arboriculture obtained within 10 years prior to the license application date;
- (B) Have two or more years of practical experience in arboriculture and a two-year degree in arboriculture or a related field; or
- (C) Have one or more years of practical experience in arboriculture and a four-year degree in arboriculture or a related field; or
- (b) Obtain certification from an organization recognized by the board by rule as having certification requirements sufficient to ensure the competency of the person to perform arboriculture.
- (2) A person who does not meet the requirements for experience and education described under subsection (1)(a) of this section may take the examination to qualify for an arborist license. If the person passes the examination on the first attempt and pays the fee established by the board under ORS 671.650, the person may obtain an arborist license without

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- meeting the requirements for experience and education described under subsection (1)(a) of 1 2 this section. If the person fails the examination on the first attempt, the person may not retake the examination unless the person waits at least one year after the first attempt and meets the requirements for experience and education described under subsection (1)(a) of 4 5 this section.
 - SECTION 3. (1) As used in this section:
 - (a) "Landscaping business debt" means an amount owed under:
 - (A) A final order or arbitration award issued by the State Landscape Contractors Board for a claim filed under ORS 671.703; or
 - (B) A judgment or civil penalty arising from landscaping business activities in any state.
- 11 (b) "Landscaping business license" means a license issued within the United States to 12 engage in a landscaping business.
 - (c) "Officer" means any of the following persons:
- (A) A president, vice president, secretary, treasurer or director of a corporation. 14
- 15 (B) A general partner in a limited partnership.
 - (C) A manager in a manager-managed limited liability company.
- (D) A member of a member-managed limited liability company. 17
- 18 (E) A trustee.

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- (F) A person qualifying as an officer under board rules. The definition of officer adopted by board rule may include persons not listed in this paragraph who may exercise substantial control over a business.
- (d) "Owner" means a sole proprietor of, general partner in or holder of a controlling interest in a business, or a person defined as an owner by board rule.
- (2) The board shall adopt rules defining an owner for purposes of subsection (1) of this section. The rules may not define an owner in a manner that includes an investor who has no right to manage a business, including but not limited to:
 - (a) A person who is solely a minority shareholder in a corporation;
- (b) A member of a manager-managed limited liability company; or
- (c) A limited partner in a limited partnership who does not participate in the control of the business of the limited partnership.
 - (3) The board may suspend or refuse to issue a landscaping business license if:
- (a) The business owes a landscaping business debt or has had a landscaping business li-32 cense revoked;
 - (b) An owner or officer of the landscaping business owes a landscaping business debt or has had a landscaping business license revoked; or
 - (c) An owner or officer of the landscaping business was an owner or officer of another business at the time the other business incurred a landscaping business debt that is owing or at the time of an event that resulted in the revocation of the other business's landscaping business license.
 - (4) The board may hold the suspension or refusal of a license under subsection (3) of this section in abeyance if the person owing a landscaping business debt is adhering to a boardapproved plan for restitution of the amount owed.
 - SECTION 4. In addition to any other remedy available, if the State Landscape Contractors Board believes that a person has engaged in, is engaging in or is about to engage in any act, practice or transaction that violates ORS 671.510 to 671.710, the board may direct the

Attorney General to apply to the court for an injunction to restrain the person from engaging in the act, practice or transaction.

SECTION 5. Except as the State Landscape Contractors Board may otherwise provide under ORS 182.462 (5), the board shall deposit moneys received as fees or civil penalties into the account created by the board pursuant to ORS 182.470.

SECTION 5a. A person who does not qualify as described under ORS 671.570 (1)(a) or (b) may take the examination to qualify for a landscape contractor's license. If the person passes the examination on the first attempt and complies with the employment and fee requirements in ORS 671.570, the person may obtain a landscape contractor's license without qualifying as described under ORS 671.570 (1)(a) or (b). If the person fails the examination on the first attempt, the person may not retake the examination unless the person waits at least one year after the first attempt and qualifies as described under ORS 671.570 (1)(a) or (b).

SECTION 6. ORS 447.060 is amended to read:

15 447.060. (1) [Nothing in] ORS 447.010 to 447.156 [and 447.992 prevents] do not prevent a person from:

- (a) Engaging in plumbing work when not so engaged for hire.
- (b) Using the services of regular employees in performing plumbing work for the benefit of property owned, leased or operated by [such] **the** employer.
- (c) Using the services of an employee or contractor of a utility company, energy service provider or water supplier to install an approved low-flow showerhead or faucet aerator in existing plumbing fixtures. The devices installed under this paragraph are exempt from the certification, permit and inspection requirements of this chapter and ORS chapter 693.
- (2) For purposes of subsection (1) of this section, a "regular employee" means a person who is subject to the provisions of ORS 316.162 to 316.219 and who has completed a withholding exemptions certificate required by the provisions of ORS 316.162 to 316.219.
- (3) A [licensee under ORS 671.560 (2)] landscaping business licensed under ORS 671.560 is not required to be registered under ORS 447.010 to 447.156 [and 447.992] to install backflow prevention devices for irrigation systems and ornamental water features if the installer is licensed as required by ORS 671.615 and is an owner or employee of the landscaping business. The [exemptions] registration exemption established under this subsection [do] does not exempt the [person] landscaping business from the inspection and permit requirements of this chapter.
- (4) This section applies to any person, including but not limited to, individuals, corporations, associations, firms, partnerships, joint stock companies, public and municipal corporations, political subdivisions, this state, [and any agencies thereof, and] the federal government and [any agencies thereof] state or federal agencies.

SECTION 7. ORS 671.520 is amended to read:

671.520. As used in ORS 671.510 to 671.710, unless the context requires otherwise:

- [(1) "Board" means the State Landscape Contractors Board.]
- (1) "Arborist":
- (a) Means a person who for compensation or with the intent to be compensated performs or supervises activities requiring the art, ability, experience, knowledge, science and skill to remove, prune, brace, guy, cable or transplant trees, plant replacement trees, remove or guy tree limbs or remove tree stumps.
 - (b) Does not mean:

(A) A person engaged in the commercial harvesting of forest products;

- (B) A contractor licensed under ORS 701.055 who performs or supervises activities described in paragraph (a) of this subsection while removing trees or clearing land, in preparation for construction; or
- (C) A person who is not subject to licensing under ORS 701.055 who performs or supervises activities described in paragraph (a) of this subsection while removing trees or clearing land, in preparation for infrastructure development.
- (2) "Landscape contractor" means any person who for compensation or with the intent to be compensated [arranges, undertakes, offers or contracts to undertake, or submits a bid to perform] performs or supervises activities requiring the art, ability, experience, knowledge, science and skill to:
- (a) Plan [and] **or** install lawns, shrubs, vines, trees and other decorative vegetation [including the preparation of];
 - (b) Prepare property on which [the] vegetation is to be installed[, and the construction of];
- (c) Construct ornamental water features and drainage and irrigation systems for decorative vegetation[;]; or
- [(b)] (d) Plan [and] or install fences, decks, arbors, driveways, walkways and retaining walls.[; or]
- [(c) Do any part or any combination of any activity described in paragraphs (a) and (b) of this subsection.]
- [(3) "Landscaping business" means any business that offers or provides, for compensation or with the intent to be compensated, the services of a landscape contractor.]
- [(4) "Licensee" means a person or business who is licensed under ORS 671.510 to 671.710 as a landscape contractor.]
- (3) "Landscaping business" means a business that for compensation or with the intent to be compensated arranges for or submits a bid or otherwise offers or contracts to provide the services of an arborist or landscape contractor.
- (4) "Licensee" means a person that is licensed under ORS 671.510 to 671.710 as an arborist, landscape contractor or landscaping business.
- (5) "Nursery stock" means nursery stock as defined by ORS 571.005 and as further defined by the **State Landscape Contractors** Board after public hearing.
- (6) "Ornamental water features" means fountains, ponds, waterfalls, man-made streams and other decorative water-related constructions as identified by **the** board **by** rule.
 - SECTION 8. ORS 671.530 is amended to read:
- 671.530. (1) A person may not operate as a landscape contractor in this state without a valid landscape [contractor's] contractor license issued [pursuant to] under ORS 671.560.
- (2) A person may not represent in any manner that the person is a landscape contractor unless the person has a valid landscape [contractor's] contractor license issued [pursuant to] under ORS 671.560. The prohibition in this subsection includes, but is not limited to:
- (a) Using the title of landscape contractor, landscape gardener or landscaper or any other title using a form of the word "landscape" that indicates or tends to indicate that the person is a landscape contractor; and
- (b) Using any [title,] sign, card or device that indicates or tends to indicate that the person is a landscape contractor.
 - (3) A person may not operate as an arborist in this state without a valid arborist license

issued under ORS 671.560.

- (4) A person may not represent in any manner that the person is an arborist unless the person has a valid arborist license issued under ORS 671.560. The prohibition in this subsection includes, but is not limited to:
- (a) Using the title of arborist or any other title that indicates or tends to indicate that the person is an arborist; and
- (b) Using any sign, card or device that indicates or tends to indicate that the person is an arborist.
- [(3)] (5) A person may not operate as a landscaping business in this state unless the person has a valid landscaping business license issued [pursuant to] under ORS 671.560.
- [(4)] (6) A person may not advertise or represent in any manner that the person is a [landscape] landscaping business unless the person has a valid landscaping business license issued [pursuant to] under ORS 671.560. The prohibition in this subsection includes, but is not limited to:
- (a) Using the title of landscape business or landscaping business or any other title that indicates or tends to indicate that the person is a landscaping business; and
- (b) Using any [title,] sign, card or device that indicates or tends to indicate that the person is a landscaping business.
- [(5)] (7) A landscape maintenance business may use a form of the word "landscape" in the title of the business only if the title clearly indicates the maintenance nature of the business. For purposes of this subsection, the term "landscape gardening" does not indicate the maintenance nature of a landscape maintenance business.
- [(6)] (8) A landscape contractor is authorized to perform landscaping work only while in the employ of a landscaping business licensed and bonded as required by ORS 671.510 to 671.710. An arborist is authorized to perform arboriculture only while in the employ of a landscaping business licensed and bonded as required by ORS 671.510 to 671.710. If the arborist or landscape contractor is the sole proprietor, the arborist or landscape contractor must also obtain a license as a landscaping business.

SECTION 9. ORS 671.540 is amended to read:

- 671.540. [(1)] ORS 671.510 to 671.710 and 671.990 (2) do not apply to:
- [(a)] (1) Any federal or state agency or any political subdivision performing **arboriculture or** landscaping **work** on public property.
- [(b)] (2) Any landscape architect registered [pursuant to] under ORS 671.310 to 671.459 and practicing as provided [therein] under ORS 671.310 to 671.459.
 - [(c)] (3) Arboriculture or landscaping work performed by a landscape maintenance business if:
- [(A)] (a) The **arboriculture or landscaping** work is performed for a customer that in a calendar year receives primarily landscape maintenance services from the business;
- [(B)] (b) The total value of all labor, materials or other items supplied for arboriculture and landscaping work at a job site does not exceed \$500 in a calendar year; and
- [(C)] (c) The **arboriculture or** landscaping work is of a casual, minor or inconsequential nature, as [those terms are] defined by the State Landscape Contractors Board by rule.
- [(d)] (4) Installation of fences, decks, arbors, driveways, walkways or retaining walls [when] if performed by a person or business licensed with the Construction Contractors Board.
- [(e)] (5) Stump removal and grading of plots and areas of land, performed in conjunction with new or remodeling construction [when] if performed by a person or business licensed with the Construction Contractors Board.

- [(f)] (6) Any owner of property who contracts for **arboriculture or** landscaping work to be performed by a person licensed under ORS 671.560. [This paragraph] The **exception provided by** this **subsection** does not apply to a person who, in pursuit of an independent business, performs or contracts for the performance of **arboriculture or** landscaping work with the intent of offering for sale before, upon or after completion of the **arboriculture or** landscaping work[,] the property upon which the **arboriculture or** landscaping work is performed.
- [(g)] (7) Any **arboriculture or** landscaping work performed by a person on property that the person owns or in which the person has a legal interest. [This paragraph] The exception provided by this subsection does not apply to a person who, in pursuit of an independent business, performs or contracts for the performance of **arboriculture or** landscaping work with the intent of offering for sale before, upon or after completion of the **arboriculture or** landscaping work[,] the property on which the **arboriculture or** landscaping work is performed.
- [(h)] (8) A general contractor licensed under ORS chapter 701 who performs arboriculture or landscaping work, if the total value of the [landscaping] labor, materials and other items supplied for the arboriculture and landscaping work is less than \$2,500 per residential dwelling and the arboriculture or landscaping work is performed on residential property for which the contractor is under contract for the construction of a new dwelling. The State Landscape Contractors Board shall revise the amount specified in this [paragraph] subsection every five years, beginning in 2003, based on changes in the Portland-Salem, OR-WA Consumer Price Index for All Urban Consumers for All Items as published by the Bureau of Labor Statistics of the United States Department of Labor. [This paragraph] The exception provided by this subsection does not apply to a general contractor performing irrigation work unless the work is performed pursuant to a permit issued by the local building official.
- [(i)] (9) A general contractor licensed under ORS chapter 701 who performs **arboriculture or** landscaping work on residential property that is directly related to local building code requirements or occupancy ordinances including, but not limited to, the placement of street trees. [This paragraph] The exception provided by this subsection does not apply to a general contractor performing irrigation work unless the work is performed pursuant to a permit issued by the local building official.
- [(j)] (10) A person engaged in making conceptual plans or drawings for the selection, general placement or use of plants or other site features, unless the plans or drawings are for sites:
- [(A)] (a) That include natural drainage channels, streams, wetlands, marshes or other sensitive natural areas regulated by the local, state or federal government or that encroach on designated buffer zones for those areas; or
- [(B)] (b) Where slopes of 10 percent or greater comprise at least 25 percent of the total site area or directly contribute storm water to natural drainage channels, streams, wetlands, marshes or other sensitive natural areas regulated by the local, state or federal government.
- [(k)] (11) A person, other than a licensed landscape contractor, using the title "landscape designer" in connection with making conceptual plans or drawings for the selection, general placement or use of plants or other site features, provided the person clearly notes on all contracts for services, plans and drawings that the implementation of, or consultation about the implementation of, the plans or drawings may require the services of a professional authorized by law to perform the implementation or offer the consultation.
- [(2) As used in this section, "Portland-Salem, OR-WA Consumer Price Index" means the Portland-Salem, OR-WA Consumer Price Index for All Urban Consumers for All Items as published

by the Bureau of Labor Statistics of the United States Department of Labor.]

- (12) An employee of a licensed landscaping business when performing work for the business under the direct supervision of a licensed landscape contractor.
- (13) An employee of a worker leasing company or temporary service provider, both as defined in ORS 656.850, when performing work for a licensed landscaping business under the direct supervision of a licensed landscape contractor.

SECTION 10. ORS 671.555 is amended to read:

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- 671.555. (1) The State Landscape Contractors Board may investigate the activities of any person engaged in the landscaping business to determine compliance with ORS 671.510 to 671.710.
- (2) With the approval of the city or county, the board may conduct investigations with city or county inspectors, provided that the city or county is reimbursed by the board for the costs of [such] the investigations.
- (3) Any inspector authorized by the board to determine compliance with the provisions of ORS 671.510 to 671.710 is authorized to require any person who is engaged in any activity regulated by ORS 671.510 to 671.710 to demonstrate proof of compliance with the [registration] licensing requirements of ORS 671.510 to 671.710. If a person who is contracting directly with the owner of the property does not demonstrate proof of compliance with the [license] licensing requirements of ORS 671.510 to 671.710, the inspector shall give notice of noncompliance to the person. The notice of noncompliance shall be in writing, shall specifically state that the person is not in compliance with the [registration] licensing requirements of ORS 671.510 to 671.710 and shall provide that unless the person demonstrates proof of compliance within two days of the date of the notice, the inspector may by order stop all work then being done by the person. The notice of noncompliance shall be served upon the person and shall be served upon or delivered to the owner of each property upon which the person is then performing work under contract. If more than one person is the owner of [any such] a property, a copy of the notice need be given to only one of [such] the persons. If after receipt of the notice of noncompliance the person fails within the two-day period specified in the notice to demonstrate proof of compliance with the [registration] licensing requirements of ORS 671.510 to 671.710, the inspector is authorized to order the work stopped by notice in writing served on any persons engaged in the activity. Any person so notified shall stop [such] work that is subject to the notice until proof of compliance is demonstrated. However, the inspector may not order the work stopped until at least two days after the copies of the notice of noncompliance have been served upon or delivered to the owners.
- [(4) Notwithstanding subsection (3) of this section, the board may order work stopped immediately if the landscape contractor working on a worksite has never registered with the board or if the contractor cannot demonstrate that the contractor has been registered at any time within the two years immediately preceding work on the worksite.]
- (4) Notwithstanding subsection (3) of this section, the board may order work stopped immediately if the arborist or landscape contractor working on a work site has never been licensed by the board or if the arborist or landscape contractor cannot demonstrate that the arborist or landscape contractor has held a license within the two years immediately preceding work on the work site.
- (5) The board has the power to administer oaths, issue notices and subpoenas in the name of the board, compel the attendance of witnesses and the production of evidence, hold hearings and perform [such] other acts [as] that are reasonably necessary to carry out [its] duties of the board under ORS 671.510 to 671.710.

(6) If any person fails to comply with a subpoena issued under subsection (5) of this section or refuses to testify on matters on which the person may be lawfully interrogated, the board shall compel obedience in the manner provided in ORS 183.440.

SECTION 11. ORS 671.560 is amended to read:

- 671.560. (1) Except as provided in ORS 671.590, the State Landscape Contractors Board shall issue a landscape [contractor's] contractor license to an applicant who satisfies the requirements of ORS 671.570.
- (2) The board shall issue an arborist license to a person who satisfies the requirements of section 2 of this 2005 Act.
- [(2)] (3) The board shall issue a landscaping business license to an applicant who satisfies the requirements of the board.
- [(3)] (4) An applicant for a license under this section shall apply to the board upon a form furnished by the board and [give such information as] provide any information the board considers necessary.
- [(4) The board may issue a limited or specialty license if the applicant is required to have a land-scape contractor's license or business license but is not qualified or required to be licensed for all phases of landscape contracting.]
- (5) The board may issue a limited or specialty license to an applicant that is required to have an arborist, landscape contractor or landscaping business license but is not qualified or required to be licensed for all phases of arboriculture or landscape contracting.
- [(5)] (6) A landscaping business that qualifies for the exemption described in ORS 571.045 shall indicate on [its] the license application or license renewal application [under this section the reasons] of the business the basis under which the business qualifies for the exemption.

SECTION 12. ORS 671.565 is amended to read:

- 671.565. (1) Each person applying for a landscaping business license or for the reinstatement of a landscaping business license shall:
- (a) Pay to the State Landscape Contractors Board the [fees required by ORS 671.570 and 671.650 and:] applicable landscaping business license fee established by the board under ORS 671.650.
- [(1)] (b) Employ at least one person with [a landscape contractor's] an arborist license or landscape contractor license to supervise the landscaping operation of the business. [and shall]
 - (c) Submit the names of all employees who are licensed arborists or landscape contractors.
- [(2)] (d) File with the board [the surety bond required pursuant to] a form of security acceptable under ORS 671.690.
- [(3)] (e) [Throughout the license period, have in effect] File with the board a certificate of public liability, personal injury and property damage insurance covering the work of [that] the landscaping business [which] that is subject to ORS 671.510 to 671.710 for an amount not less than \$100,000. [The landscaping business shall provide satisfactory evidence to the board at the time of application and renewal that the insurance required by this section has been procured and is in effect.]
- [(4)] (f) Indicate, as set forth in ORS 670.600, the basis under which the applicant qualifies as an independent contractor.
- (2) At the time of application for a license, for renewal of a license in active status or for return of a license to active status, the landscaping business shall provide evidence satisfactory to the board that the public liability, personal injury and property damage insurance required by subsection (1)(e) of this section is in effect. During a license period, the landscaping business shall provide, to the extent required by the board, satisfactory evidence

1 of continued public liability, personal injury and property damage insurance coverage.

SECTION 12a. ORS 671.570 is amended to read:

- 671.570. Each person applying for a landscape contractor's license shall pay to the State Landscape Contractors Board the fee required by ORS 671.650 and:
 - (1) Pass an examination, which shall be offered at least once each six months by the board to determine the fitness of the applicant for licensing and, except as provided in section 5a of this 2005 Act, have:
 - (a) Within 10 years before the day the application for a license is made, at least:
 - (A) Twenty-four months of employment with a landscape contractor; or
 - (B) Twelve months of employment with a landscape contractor and one full year of training in an area related to landscaping at an accredited school or college; or
 - (b) Proven to the satisfaction of the board by test and experience that the applicant is qualified.
 - (2) Be employed by a landscaping business if performing landscaping work.
 - (3) Pay a nonrefundable examination fee.

SECTION 13. ORS 671.572 is amended to read:

671.572. Notwithstanding the provisions of ORS 671.570 or section 2 of this 2005 Act regarding experience and employment status, the State Landscape Contractors Board may adopt alternative standards for licensure with the board for a person who is already licensed as a contractor under ORS chapter 701.

SECTION 14. ORS 671.575 is amended to read:

- 671.575. (1) A landscaping business may not file a lien, file a claim with the State Landscape Contractors Board or bring or maintain in any court of this state a suit or action for compensation for the performance of any work or for the breach of any contract for work which is subject to ORS 671.510 to 671.710 and 671.955, unless the landscaping business was:
- (a) Licensed under ORS 671.510 to 671.710 and 671.955 at the time the landscaping business bid or entered into the contract for performance of the work; and
 - (b) Licensed continuously while performing the work for which compensation is sought.
- (2) If the court determines that the landscaping business was not aware of the requirement that the [contractor be registered] landscaping business be licensed, a court may choose not to apply subsection (1) of this section if the court finds that to do so would result in a substantial injustice to the unlicensed landscaping business.
- (3) If a landscaping business falsely swears to information provided under ORS 671.560 or 671.565 or knowingly violates the provisions of ORS 656.029, 670.600, 671.560 or 671.565, the land-scaping business may not file a lien, file a claim with the [State Landscape Contractors] board or bring or maintain in any court of this state a suit or action for compensation for the performance of any work or for the breach of any contract for work which is subject to ORS 671.510 to 671.710 and 671.955.

SECTION 15. ORS 671.580 is amended to read:

671.580. [A landscape contractor's] An arborist or landscape contractor license issued pursuant to ORS 671.560 is a personal privilege and is not transferable.

SECTION 16. ORS 671.590 is amended to read:

671.590. The State Landscape Contractors Board may license without examination any person who is [a] an arborist or landscape contractor licensed, certified or registered under the laws of another state, territory of the United States, the District of Columbia or another country where the requirements on the date the applicant was licensed, certified or registered as an arborist or

landscape contractor were substantially equal to the requirements for licensing [of landscape contractors] in this state on the date of application by the person.

SECTION 17. ORS 671.603 is amended to read:

671.603. (1) [A landscape contractor or person operating as a landscaping business shall notify the State Landscape Contractors Board of a change of address for the contractor or business that occurs while the contractor or business is licensed by the board or within one year after a license becomes inactive.] An arborist, a landscape contractor or a person operating as a landscaping business shall notify the State Landscape Contractors Board in writing of a change of address for the arborist, landscape contractor or landscaping business that occurs while the arborist, landscape contractor or landscaping business is a licensee or within one year after a license expires. The arborist, landscape contractor or person operating as a landscaping business shall ensure that the board receives written notice of the change of address no later than the 10th day after the change of address occurs.

(2) Initial notice of a contested case or arbitration directed by the board to the last-known address of record for [a] an arborist, landscape contractor or landscaping business is considered delivered to the arborist, landscape contractor or landscaping business when deposited in the United States mail and sent registered, certified or post office receipt secured. Any other communication directed by the board to the last-known address of record for [a] an arborist, landscape contractor or landscaping business is considered delivered to the arborist, landscape contractor or landscaping business when deposited in the United States mail, regular mail.

SECTION 18. ORS 671.610 is amended to read:

671.610. (1) In addition to any civil penalty assessed under ORS 671.955, the State Landscape Contractors Board may suspend, revoke or refuse to issue or renew the license of [any person that] an arborist, landscape contractor or landscaping business that does any of the following:

- (a) [Has obtained or attempted] **Obtains or attempts** to obtain a license under ORS 671.510 to 671.710 by fraud or material misrepresentation.[;]
- (b) [Has made] **Makes** a material misrepresentation about the quality of any material or service the person provides.[;]
 - (c) [Has performed] **Performs** defective work.[;]
 - (d) [Has furnished] Furnishes defective materials.[;]
 - (e) [Has made] Makes misleading statements when advertising services or materials.[;]
 - (f) [Has violated] Violates a provision of ORS 671.510 to 671.710.[;]
- [(g) Has had the bond or deposit required by ORS 671.690 terminated, canceled or reduced or withdrawn; or]
- (g) Fails to have a replacement bond, letter of credit or deposit on file at the time of a termination, cancellation, reduction or withdrawal of the bond, letter of credit or deposit required by ORS 671.690.
- (h) Fails to maintain public liability, personal injury and property damage insurance as required by ORS 671.565 throughout a licensing period.
- [(h)] (i) [Has violated] Violates a voluntary compliance agreement entered into under ORS 646.605 to 646.652.
- [(2) The board may suspend the license of or refuse to license a person if the person, or the owner or holder of a direct or indirect interest in the person, is a business or the owner or holder of a direct or indirect interest in a business that:]
 - [(a) Owes any amount pursuant to a final order or arbitration award of the board;]

- [(b) Owes any amount pursuant to a court order or civil penalty arising from landscaping or construction business activities in this or any other state of the United States;]
 - [(c) Owes any amount to a surety company that has paid money from the surety bond of a land-scaping business; or]
 - [(d) Has had a license to operate as a landscaping business revoked by the landscape contractor licensing agency of any state.]
 - [(3) The board shall adopt rules defining the ownership or holding of a direct or indirect interest for purposes of subsection (2) of this section.]
 - [(4) The board may hold the suspension or refusal of a license under subsection (2) of this section in abeyance if the person is adhering to a board-approved plan for restitution of the amount owed.]
 - [(5) An individual who has been a sole proprietor, partner, limited liability company member, limited liability partnership member or corporate officer of a landscaping business the license of which has been suspended or revoked may be denied a license if the individual knowingly participated in the conduct that led to the suspension or revocation.]
 - [(6)] (2) A person whose license is revoked [or not renewed pursuant to] under this section is not eligible to apply for a license under ORS 671.510 to 671.710 until two years after the effective date of the revocation [or of the nonrenewal].
 - [(7) In addition to the remedies of license denial, suspension, revocation or refusal to renew a license, when it appears to the board that a person has engaged in, or is engaging in, any act, practice or transaction that violates the provisions of this chapter, the board may direct the Attorney General to apply to the court for an injunction restraining the person from violating the provisions of this chapter.]
 - [(8)(a) The board may suspend, revoke or refuse to reissue a license to a landscape contractor if the board determines, after notice and opportunity for a hearing, that the contractor was working with another landscape contractor or landscape contractors on the same task and work site where one of the contractors is registered exempt under ORS 671.525 (2)(b) and the total number of landscape contractors working on the task exceeded:]
 - (3) The board may suspend, revoke or refuse to reissue the license of a landscaping business, and may impose a civil penalty, all as provided under ORS 671.955 (4), if the board determines, after notice and opportunity for a hearing, that the landscaping business was working with other landscaping businesses on the same task and work site where one of the landscaping businesses is registered as an exempt independent contractor under ORS 671.525 (2)(b) and the total number of landscaping businesses working on the task exceeded:
 - [(A)] (a) Two sole proprietors;
 - [(B)] (b) One partnership;
- [(C)] (c) One corporation; or

- [(D)] (d) One limited liability company.
- [(b) The board may assess a civil penalty as provided under ORS 671.955 (4) for a violation of paragraph (a) of this subsection.]
 - SECTION 19. ORS 671.650 is amended to read:
 - 671.650. (1) The State Landscape Contractors Board shall establish fees, including but not limited to annual [landscape contractor's] license fees [and annual landscaping business license fees] for arborists, landscape contractors and landscaping businesses.
 - (2) The license fee for an out-of-state landscaping business operating in Oregon must be the same as for an Oregon landscaping business.

SECTION 20. ORS 671.660 is amended to read:

- 671.660. (1) The fee for renewal of a license issued under ORS 671.510 to 671.710 shall be paid annually on or before the last day of the month of the anniversary of issuance.
- (2) A person who has been previously licensed under ORS 671.510 to 671.710 and whose license has expired [shall] **may** not be issued another license except upon written application to the State Landscape Contractors Board with the required annual fee. The board may require the person to also pay a penalty fee.
- (3) If a license lapses for two years or more, the individual or business must reapply as for initial issuance of the license.
- (4) When a **landscaping** business renews its license, the **landscaping** business must submit the names of all employees who are licensed **arborists or licensed** landscape contractors.
- (5) When a person renews [a landscape contractor's] an arborist or landscape contractor license, the person must submit the name of the employer if the person is currently performing arboriculture or landscaping work.

SECTION 21. ORS 671.703 is amended to read:

- 671.703. (1) If a person has a claim against a licensed landscaping business for negligent or improper work performed by the landscaping business, or for alleged breach of contract by the landscaping business, the person may file the claim with the State Landscape Contractors Board.
- (2) Upon receipt of a claim that qualifies under subsection (1) of this section, the board shall initiate an investigation. Upon completion of the investigation, if the board determines that facts exist supporting an order for payment, the board may order the landscaping business to pay the claim. A party to the claim may request a hearing on the order issued by the board.
- (3) Subject to subsection (6) of this section, if the resolution of a claim under this section requires a hearing, the board may require that the hearing be conducted as a binding arbitration under rules adopted by the board under subsection (5) of this section.
- (4) The board may use arbitration to resolve [a] an arboriculture or landscaping dispute between any parties who agree to follow the rules of the board, including parties to a dispute not described under subsection (1) of this section.
- (5) Except as provided in this subsection, rules adopted by the board to regulate arbitration under subsections (3) and (4) of this section must substantially conform with the provisions of ORS 36.600, 36.610 to 36.630, 36.635 (2), 36.640, 36.645 (2), 36.650 to 36.680, 36.685 (1) and 36.690 to 36.740. The rules may:
- (a) Require that a hearing under ORS 183.413 to 183.470 be conducted for issues for which a petition could be filed under ORS 36.615, 36.620, 36.625 and 36.640;
- (b) Limit orders and awards made by the arbitrator as necessary to comply with ORS 671.510 to 671.710;
- (c) Require that a request that an arbitrator modify or correct an award under ORS 36.690 be submitted in a form specified by the rule;
- (d) Require that a petition under ORS 36.705 (2) or 36.710 (1) be filed in a shorter period of time than provided by ORS 36.705 and 36.710; and
 - (e) Include any other provision necessary to conform the arbitration to ORS 671.510 to 671.710.
- (6) A party to a claim that is subject to a board order of binding arbitration under subsection (3) of this section may avoid the arbitration if the party requests to have the claim resolved through a contested case hearing or files a complaint in a court. A party making a request or filing a complaint under this subsection is subject to the following provisions:

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- (a) If the party requests to have a claim resolved through a contested case hearing, the party must, within the time specified in paragraph (c) of this subsection, deliver the request in writing to the board and to all parties entitled by board rule to receive a copy of the request.
- (b) If the party files a complaint in a court, the party must, within the time specified in paragraph (c) of this subsection, deliver a copy of the complaint to the board and to all parties entitled by the board rule to receive a copy of the complaint. If the party filing the complaint is the claimant, the claimant must allege all elements of the claim in the complaint. If the complaint is filed by the licensed landscaping business against whom a claim is alleged, the complaint may be a complaint for damages, a complaint for declaratory judgment or other complaint that allows the claimant to file a response alleging the elements of the claim. The claimant has the burden of proving the elements of the claim in any action described in this paragraph.
- (c) A party that is subject to paragraph (a) or (b) of this subsection must deliver a request or complaint to the board as described in paragraphs (a) and (b) of this subsection no later than the 30th day after the board sends notice that an arbitration hearing has been scheduled. Failure to timely deliver a request or complaint under this paragraph constitutes consent to the binding arbitration.
- (d) If a party makes a timely request under paragraph (a) of this subsection for a contested case hearing and another party timely files a complaint in compliance with paragraph (b) of this subsection, the filing of the complaint supersedes the request for a contested case hearing.
- (e) A party may not withdraw a request made in compliance with paragraph (a) of this subsection unless all parties agree to the withdrawal.
- (f) The provisions of paragraph (b) of this subsection are in addition to any other requirements imposed by law regarding the filing of a complaint.
- (7) An arbitration conducted under subsection (3) or (4) of this section must be held before an administrative law judge acting as arbitrator. The administrative law judge assigned to act as arbitrator of the case on behalf of the board must be from the Office of Administrative Hearings established under ORS 183.605. The assignment of an administrative law judge to act as arbitrator is subject to a request for a different arbitrator under ORS 183.645 or a rule adopted pursuant to ORS 183.645.
- (8) If a party to a claim under subsection (1) of this section requests a contested case hearing, the board shall schedule the hearing. If a party requests that the claim be resolved by a court, the board shall suspend further processing of the claim until the claim is resolved by an appropriate court.
- (9) If the claim is submitted for determination by a court, the board may require that the claimant provide status reports on the pending action. The board may dismiss or close a claim filed under subsection (1) of this section as established by rule of the board if the claimant fails to submit status reports on a pending action.
- (10) The board shall [issue a final order or arbitration award in a form that indicates the maximum amount payable] determine how much of the final order or arbitration award amount is recoverable from the deposit, bond or letter of credit. If the landscaping business does not pay the claim on or before the 30th day after receiving the [board order or award, the board shall order the claim paid out of] final order or arbitration award, subject to ORS 671.710 the board shall order payment of the amount determined by the board to be recoverable from the deposit, bond or letter of credit filed under ORS 671.690.
 - (11) The board may dismiss or close a claim as established by rule of the board if:

- (a) The claimant does not permit the person against whom the claim is filed to be present at any inspection made by the board; or
- (b) The board determines that the person against whom the claim is filed is capable of complying with recommendations made by the board relative to the claim, but the claimant does not permit the person to comply with the recommendations. The board may dismiss or close a claim under this paragraph only if the person was licensed at the time the work was first performed and is licensed at the time the board makes its recommendations.
- (12) The board may suspend processing a claim if the board determines that the nature or complexity of the claim is such that a court is the appropriate forum for the adjudication of the claim.

SECTION 22. ORS 671.707 is amended to read:

- 671.707. (1) If a final order of the State Landscape Contractors Board is not paid by the [registrant] landscaping business, the board shall notify the surety on the [registrant's] landscaping business's bond.
- (2) An order of the board that determines a claim under ORS 671.703 that becomes final by operation of law or on appeal and remains unpaid for 20 days after the order becomes final is an order in favor of the claimant against the [registrant] landscaping business and may be recorded with the county clerk in any county of this state.
- (3) Upon receipt, the clerk shall record the order in the County Clerk Lien Record. In addition to any other remedy provided by law, recording an order in the County Clerk Lien Record pursuant to this section has the effect provided for in ORS 205.125 and 205.126, and the order may be enforced as provided in ORS 205.125 and 205.126.

SECTION 23. ORS 671.710 is amended to read:

- 671.710. [(1) Determinations by the State Landscape Contractors Board or judgments against the surety bond or deposit of a landscape contractor shall be satisfied in the priority listed in paragraphs (a) to (d) of this subsection in any 90-day period. A 90-day period shall begin on the date the first claim is filed with the board. A subsequent 90-day period shall begin on the date the first claim is filed with the board after the close of each preceding 90-day period. Within a 90-day period:]
- (1) Determinations by the State Landscape Contractors Board or judgments against the surety bond, letter of credit or deposit of a landscaping business for claims filed during a 90-day period shall be satisfied in the priority listed in subsections (2) to (4) of this section. The payment of a claim filed during a 90-day period has priority over any claim filed during a subsequent 90-day period. A 90-day period begins on the date the first claim is filed with the board. A subsequent 90-day period begins on the date the first claim is filed with the board after the close of the preceding 90-day period.
- [(a)] (2) Determinations and judgments as a result of claims [against a landscape contractor] filed within a 90-day period against a landscaping business by owners of property upon which arboriculture or landscaping work was performed, or was contracted to perform, [shall] have payment priority to the full extent of the bond, letter of credit or deposit over all other claims filed within that 90-day period.
- [(b) If the total of all claims against a landscape contractor does not exhaust the bond or deposit, then amounts due as a result of all other claims filed within that 90-day period may be satisfied from the bond or deposit.]
- [(c) If the total of all claims against a landscape contractor exceeds the amount of the bond or deposit available for such claims, the bond or deposit shall be apportioned as the board determines,

1 subject to the priorities established under this section.]

- [(d) If the total of all claims against a landscape contractor does not exceed the amount of the bond or deposit available for such claims, all amounts due as a result of claims filed within the 90-day period shall have priority over all claims filed after the 90-day period until the amount of the bond or deposit available for such claims is exhausted.]
- (3) If the total of all claims against a landscaping business by owners of property under subsection (2) of this section does not exhaust the bond, letter of credit or deposit, amounts due as a result of all other claims filed within that 90-day period may be satisfied from the remainder of the bond, letter of credit or deposit.
- (4) If the total of all claims against a landscaping business within a 90-day period exceeds the amount of the bond, letter of credit or deposit available for payment of those claims, payment from the bond, letter of credit or deposit shall be apportioned as the board determines, subject to the claim payment priorities established under this section.
- [(2)] (5) The bond, **letter of credit** or deposit [shall] **may** not be used to satisfy claims filed more than one year following the date the work was completed.

SECTION 24. ORS 671.955 is amended to read:

- 671.955. (1) Except as provided in subsection (4) of this section, a person who violates any provision of ORS 671.510 to 671.710 or a rule adopted pursuant to subsection (5) of this section or ORS 670.310, 670.605 or 671.670 shall forfeit and pay to the State Landscape Contractors Board a civil penalty in an amount determined by the board of not more than \$2,000 for each offense. [Notwithstanding ORS 670.335, except as the board may otherwise provide under ORS 182.462 (5), the board shall deposit moneys received as fees or civil penalties into the account created by the board pursuant to ORS 182.470.]
 - (2) The board shall impose civil penalties under this section as provided in ORS 183.745.
- (3) The provisions of this section are in addition to and not in lieu of any other penalty or sanction provided by law.
- (4) If a landscaping business commits an act described under ORS 671.610 (3), the board shall impose penalties and sanctions [for violation of ORS 671.610 (8)] on both the [person to whom] landscaping business to which the contract is awarded and the [person who] landscaping business that awards the contract as follows:
 - (a) A civil penalty of not less than \$500 nor more than \$1,000 for [the] a first offense;
 - (b) A civil penalty of not less than \$1,000 nor more than \$2,000 for [the] a second offense;
- (c) Suspension of license or refusal to reissue license for six months for a third offense; [and]
 - (d) Revocation of license for three years for a fourth offense[.]; and
 - (e) Permanent revocation of the landscaping business license for a fifth offense.
- (5) The board shall provide by rule a process and criteria that must be met for restoration of a license that has been revoked.
- [(6) If at any time following restoration of a license revoked under subsection (4)(d) of this section, the person is again found to have violated ORS 671.610 (8), the board shall revoke the person's license permanently.]

SECTION 25. ORS 701.005 is amended to read:

- 701.005. As used in this chapter:
- (1) "Board" means the Construction Contractors Board.
- (2) "Contractor" means a person who, for compensation or with the intent to sell, arranges or

undertakes or offers to undertake or submits a bid to construct, alter, repair, add to, subtract from, improve, inspect, move, wreck or demolish, for another, any building, highway, road, railroad, excavation or other structure, project, development or improvement attached to real estate or to do any part thereof. "Contractor" includes general contractors, residential-only contractors and specialty contractors as defined in this section.

- (3) "General contractor" means a contractor whose business operations require the use of more than two unrelated building trades or crafts that the contractor supervises or performs in whole or part, whenever the sum of all contracts on any single property, including materials and labor, exceeds an amount established by rule by the board. "General contractor" does not include specialty contractors or limited contractors, as described in ORS 701.085.
- (4) "Home inspector" means a person who, for a fee, inspects and provides written reports on the overall physical condition of a residential structure and the appurtenances thereto. "Home inspector" does not include persons certified under ORS chapter 455 to inspect new, repaired or altered structures for compliance with the state building code.
- (5) "Inspector" means a contractor registered with the board who inspects or otherwise provides services to a property owner or other contractor but does not substantively add to or subtract from a structure. "Inspector" includes but is not limited to a home inspector certified or licensed under ORS 701.350, a lead-based paint inspector licensed under ORS 701.515 and a cross connection and backflow prevention device inspector certified under ORS 448.279. "Inspector" does not include city or county inspectors acting under ORS 701.225 or an inspector as defined in ORS 455.715.
- (6) "Large commercial structure" means a structure that is not a residential structure or small commercial structure.
- (7) "Licensed developer" means a contractor who owns property or an interest in property and arranges for construction work, if the contractor:
- (a) Engages in the business of arranging for construction work and performing other activities associated with the improvement of real property, with the intent to sell the property;
- (b) Acts in association with one or more licensed general contractors and the general contractor or combination of general contractors have sole responsibility for overseeing all phases of construction activity on the property; and
 - (c) Does not perform any construction work on the property.
- (8) "Residential-only contractor" means a general contractor or specialty contractor who performs work exclusively in connection with residential structures and small commercial structures, and the appurtenances thereto. "Residential-only contractor" includes, but is not limited to:
- (a) A person who purchases or owns property and constructs or for compensation arranges for the construction of one or more residential structures or small commercial structures with the intent of selling the structures;
- (b) A school district, as defined in ORS 332.002, that permits students to construct a residential structure or small commercial structure as an educational experience to learn building techniques and sells the completed structure; **or**
- (c) A community college district, as defined in ORS 341.005, that permits students to construct a residential structure or small commercial structure as an educational experience to learn building techniques and sells the completed structure. [; or]
- [(d) Any person except a landscape contractor, nurseryman, gardener or person engaged in the commercial harvest of forest products who is engaged as an independent contractor to remove trees, prune trees, remove tree limbs or stumps or to engage in tree or limb guying.]

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(9) "Residential structure" means a residence, including a site-built home, modular home con
structed off-site, floating home as defined in ORS 830.700, condominium unit, manufactured dwelling
or duplex, or a multiunit residential building consisting of four units or less that is not part of a
multistructure complex of buildings.

- (10) "Small commercial structure" means a nonresidential structure that has a ground area of 4,000 square feet or less, including exterior walls, and a height of not more than 20 feet from the top surface of the lowest flooring to the highest interior overhead finish of the structure.
- (11) "Specialty contractor" means a contractor who performs work on a structure, project, development or improvement and whose operations as such do not fall within the definition of "general contractor." "Specialty contractor" includes a person who performs work regulated under ORS chapter 446.

SECTION 26. Notwithstanding the amendments to ORS 671.530 and 701.005 by sections 8 and 25 of this 2005 Act, a person who holds a valid residential-only contractor license issued by the Construction Contractors Board may continue to remove, prune or guy trees, remove or guy tree limbs or remove stumps under authority of the residential-only contractor license until the earlier of:

- (1) The first renewal, revocation or termination date for the residential-only contractor license that occurs after the date the State Landscape Contractors Board begins issuing arborist licenses under ORS 671.560; or
- (2) June 30, 2008.