



## Commercial Construction License Reform

House Bill 3242, AGC's Commercial Construction License Reform bill, raises the standard of practice in the commercial construction industry through a series of changes in the licensing law.

### **Commercial Contractor Distinction:**

- Creates CCB license endorsements for all contractors. Creates new General Commercial Contractor and Specialty Commercial Contractor endorsements
- Each new commercial contractor endorsement has two levels. A Level I contractor and a Level II contractor (entry level contractor)
- There is no limit on the amount of work a Level I or Level II contractor can bid or perform
- There is no limit on the amount of time a contractor may be a Level II contractor

### **Increased Bonding Requirements:**

- General Commercial Contractor Level I – \$75,000
- Specialty Commercial Contractor Level I – \$50,000
- General and Specialty Commercial Contractors Level II – \$20,000

### **Higher Liability Insurance Requirements:**

- General Commercial Contractor Level I – \$2 million aggregate
- General Commercial Contractor Level II/Specialty Commercial Level I – \$1 million aggregate
- Specialty Commercial Contractor Level II – \$500,000 aggregate

### **New Experience Requirements:**

- General and Specialty Commercial Contractors Level I – eight years experience and/or education
- General and Specialty Commercial Contractors Level II – four years experience and/or education
- Experience must be as a construction worker, supervising employee or licensed contractor.
- Education, including graduating from an apprenticeship program, may substitute for a portion of the required experience.

### **New Continuing Education Standards:**

- General and Specialty Commercial Contractors Level I – 40 hours per company per year
- General and Specialty Commercial Contractors Level II – 16 hours per company per year
- Education to be completed amongst key employees on construction means and methods as well as business practices/ethics

### **New Construction Building Envelope Warranty:**

- Two year building envelope and penetration component warranty for new large commercial projects including annual inspections of the property.

### **New Commercial Construction Independent Contractor Workers' Compensation Requirements:**

- Commercial Independent Contractors will be required to provide personal election workers' compensation insurance as a condition of licensure.

# AGC Commercial Construction License Reform

House Bill 3242 also changed the definition of Residential, Small Commercial and Large Commercial Construction:

	<b>Residential</b>	<b>Small Commercial</b>	<b>Large Commercial</b>
<b>Old Law (prior to 7/1/08)</b>	A Single Family Home, Condominium Unit, Floating Home, Manufactured Home, or a multiunit residential building consisting of four units or less.	Construction or renovation of nonresidential buildings that are 4,000 sq. feet or less and 20 feet high from the interior floor to the interior ceiling.	Anything that is not residential or small commercial.
<b>Current Law (effective 7/1/08)</b>	<ul style="list-style-type: none"> <li>• Single Family Homes</li> <li>• Row Houses</li> <li>• Town Homes</li> <li>• Condominium units – including individual units in a large commercial structure</li> <li>• Apartment complexes – provided they are less than 4 stories high</li> <li>• Duplexes</li> <li>• Floating Homes</li> <li>• Manufactured Homes</li> <li>• Apartment condo conversions</li> <li>• Any other multifamily housing that is four stories or less above grade</li> <li>• Remodel or renovation of any structure listed above.</li> </ul>	<p>Construction or renovation of buildings that are 10,000 sq. feet or less and 20 feet high from the interior floor to the interior ceiling such as:</p> <ul style="list-style-type: none"> <li>○ Convenience stores</li> <li>○ Restaurants</li> <li>○ Small Retail stores</li> </ul> <p>Renovation/Remodel/Reconstruction or tenant improvements on a leasehold or rental unit that is 12,000 sq. feet or less within a large commercial structure such as:</p> <ul style="list-style-type: none"> <li>○ Small shops in a mall</li> <li>○ An office suite within a large office building</li> </ul> <p>Projects with a total contract value of \$250,000 or less on a nonresidential structure</p>	<p>Anything that is not residential or small commercial such as:</p> <ul style="list-style-type: none"> <li>• Schools</li> <li>• Highways</li> <li>• Mixed Use Development</li> <li>• Large office buildings</li> <li>• Industrial and Manufacturing Facilities</li> <li>• Large Commercial Retail (Grocery Stores, Target, Fred Meyer, etc.)</li> <li>• Condominium buildings that are taller than four stories. (Once completed, any remodel in individual units is residential construction.)</li> </ul>

A license with a **Residential** endorsement will allow the contractor to construct, remodel, repair, renovate and reconstruct all Residential and Small Commercial structures.

A license with a **Commercial** endorsement will allow the contractor to construct, remodel, repair, renovate and reconstruct all Small Commercial and Large Commercial Structures.



# Contractor “HEADS UP”

Volume 3, February 2009

## Commercial Contractors: Continuing Education Requirements

### NEW CONTINUING EDUCATION REQUIRED FOR YOUR NEXT RENEWAL

Once a contractor becomes endorsed as a commercial contractor, whether by a new application or a renewal, they should begin planning and taking continuing education. At the end of the 2-year license period, on their next renewal application, commercially endorsed contractors, will certify that they have completed the required amount of commercial continuing education (CCE).

**WHO:** All **commercially endorsed contractors** that renew a commercial CCB license. Training can be taken by any “key” employee of the business. (See reverse side for more information.)

**WHAT:** CCE is now part of the requirements for continued licensing with the CCB.

**WHEN:** As of July 1, 2008, contractors who choose a commercial endorsement should begin taking the CCE now. You must have the training completed by the next time you renew your CCB license. (after July 1, 2010).

**HOW:** Determine how much and what training is needed for your business NOW, and begin taking the required training. (See reverse side for more information.)

**Maintain Records:**

You will be asked to declare that you have taken the training on your next CCB license renewal. You should keep proof of all continuing education taken by your “key” employees.

**What Training Qualifies:**

Most any construction or business related training topics can qualify. (See reverse side for more information.)

(over)

## REQUIRED TRAINING FOR COMMERCIAL CONTRACTORS

1. **Topics** may include construction means, methods, and business practices. Construction means and methods include training on topics like:
  - Installation methods
  - Product training
  - Best practices
  - Construction science
  - Or any other training that provides contractors with information on building better structures or operating a successful business
2. By law, the **providers** for commercial continuing education credit can be:
  - Community colleges, colleges, universities
  - Trade schools
  - Trade or business associations
  - Professional societies
  - Private companies
  - Public agencies
  - Product manufacturer training
  - In-house training
3. The CCE must be taken by **key employees** of the business. A “key employee” is an owner, or an employee who is one of the following:
  - Corporate officer
  - Manager
  - Superintendent
  - Foreperson
  - Lead person
  - Any other person who exercises management or supervisory authority over the construction activities of the business

CCE may be obtained by one key employee or by a combination of key employees. Use the number of key employees as of the first day of the current licensing period, then follow the chart below.

4. The total **number of hours** required depends on how many key employees the business has. The following CCE hours are required for each **two-year** licensing period:

<b>Commercial Contractor Level 1</b>	<b>5 or more Key Employees</b>	<b>80 Hours</b>
	<b>4 Key Employees</b>	<b>64 Hours</b>
	<b>3 Key Employees</b>	<b>48 Hours</b>
	<b>2 Key Employees</b>	<b>32 Hours</b>
	<b>1 Key Employees</b>	<b>16 Hours</b>
<b>Commercial Contractor Level 2</b>	<b>Any # of Key Employees</b>	<b>32 Hours</b>

5. CCE requirements **do not** apply to commercial developers, licensed electrical or plumbing contractors, or contractors licensed to work on boilers and pressure vessels. For more information, go to: [www.oregon.gov/CCB](http://www.oregon.gov/CCB)

## CCB LICENSING ENDORSEMENT CHART SEPTEMBER 2009

Endorsements	Experience	Prerequisite Ed/Test (RMI)	Bond	Insurance	Special Comments	Continuing Education Requirements
<b>RESIDENTIAL:</b>						
<b>General (RGC)</b>	(None)	16 hours & test	\$20,000	\$500,000 per occurrence	<ul style="list-style-type: none"> <li>• Unlimited trades</li> <li>• No dollar limit</li> </ul>	16 hours per 2 year license period • 8 hours in specific topic areas (Core) • 8 hours in construction/business area (Elective)
<b>Specialty (RSC)</b>	(None)	16 hours & test	\$15,000	\$300,000 per occurrence	<ul style="list-style-type: none"> <li>• 2 or fewer building trades <b>OR</b></li> <li>• 3 or more \$2,500 contract limit</li> </ul>	16 hours per 2 year license period • 8 hours in specific topic areas (Core) • 8 hours in construction/business area (Elective)
<b>Limited (RLC)</b>	(None)	16 hours & test	\$10,000	\$100,000 per occurrence	<ul style="list-style-type: none"> <li>• Unlimited trades</li> <li>• \$5,000 per job limit</li> <li>• \$40,000 sales per year limit</li> </ul>	8 hours in specific topic areas (Core) within 2 year license period
<b>Developer (RD)</b>	(None)	(None)	\$20,000	\$500,000 per occurrence	<ul style="list-style-type: none"> <li>• Owns the property</li> <li>• Hires general contractor to oversee and perform all work</li> </ul>	(None)
<b>COMMERCIAL:</b>						
<b>General-1 (CGC-1) (level 1)</b>	8 years	16 hours & test	\$75,000	\$2 million aggregate	<ul style="list-style-type: none"> <li>• Unlimited trades</li> <li>• Workers comp required</li> <li>• 2-year envelope warranty</li> </ul>	<ul style="list-style-type: none"> <li>• 4 or less key employees = # of key employees X 8 hrs.</li> <li>• 5 or more key employees = 40 hrs per year</li> </ul>
<b>General-2 (CGC-2) (level 2)</b>	4 years	16 hours & test	\$20,000	\$1 million aggregate	<ul style="list-style-type: none"> <li>• Unlimited trades</li> <li>• Workers comp. required</li> <li>• 2-year envelope warranty</li> </ul>	• Any # of key employees = 16 hrs. per year
<b>Specialty-1 (CSC-1) (level 1)</b>	8 years	16 hours & test	\$50,000	\$1 million aggregate	<ul style="list-style-type: none"> <li>• 2 or fewer building trades</li> <li>• Workers comp. required</li> </ul>	<ul style="list-style-type: none"> <li>• 4 or less key employees = # of key employees X 8 hrs.</li> <li>• 5 or more key employees = 40 hrs. per year</li> </ul>
<b>Specialty-2 (CSC-2) (level 2)</b>	4 years	16 hours & test	\$20,000	\$500,000 per occurrence	<ul style="list-style-type: none"> <li>• 2 or fewer building trades</li> <li>• Workers comp. required</li> </ul>	• Any # of key employees = 16 hrs. per year
<b>Developer (CD)</b>	(None)	(None)	\$20,000	\$500,000 per occurrence	<ul style="list-style-type: none"> <li>• Owns the property</li> <li>• Hires general contractor to oversee and perform all work</li> </ul>	(None)

# Definitions of Structure Types

TYPE OF CONTRACTOR	TYPE OF STRUCTURE	STATUTE DEFINITION	EXAMPLES	
Residential	<b>Residential Structure</b> <b>ORS 701.005</b>	<p><b>(14) "Residential structure":</b></p> <p><b>(a) Means:</b></p> <p>(A) A residence that is a site-built home;</p> <p>(B) A structure that contains one or more dwelling units and is four stories or less above grade;</p> <p>(C) 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;</p> <p>(D) A modular home constructed off-site;</p> <p>(E) A manufactured dwelling; or</p> <p>(F) A floating home as defined in ORS 830.700.</p> <p><b>(b) Does not mean:</b></p> <p>(A) Subject to paragraph (a)(C) of this subsection, a structure that contains both residential and nonresidential units;</p> <p>(B) Transient lodging;</p> <p>(C) A residential school or residence hall;</p> <p>(D) A state or local correctional facility other than a local facility for persons enrolled in work release programs maintained under ORS 144.460;</p> <p>(E) A youth correction facility as defined in ORS 420.005;</p> <p>(F) A youth care center operated by a county juvenile department under administrative control of a juvenile court pursuant to ORS 420.855 to 420.885;</p> <p>(G) A detention facility as defined in ORS 419A.004;</p> <p>(H) A nursing home;</p> <p>(I) A hospital; or</p> <p>(J) A place constructed primarily for recreational activities.</p> <p><b>(18) "Zero-lot-line dwelling"</b> means a single-family dwelling unit constructed in a group of attached units in which:</p> <p>(a) Each attached unit extends from foundation to roof with open space on two sides; and</p> <p>(b) Each dwelling unit is separated by a property line.</p>	<p><b>(14)(a) Means:</b></p> <ul style="list-style-type: none"> <li>• Single-family residence</li> <li>• Apartment Complex or Condos 4 stories or less.</li> <li>• Individual Units in a high rise building.</li> </ul> <p><b>(14)(b) Does not mean:</b></p> <ul style="list-style-type: none"> <li>• Motels/Hotels</li> <li>• Dormitories</li> <li>• Prisons/jails</li> <li>• Summer camps</li> <li>• Row houses</li> </ul>	
	Commercial	<b>Small Commercial Structure</b> <b>ORS 701.005</b>	<p><b>(16) "Small commercial structure" means:</b></p> <p>(a) A nonresidential structure that has a ground area of 10,000 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;</p> <p>(b) A nonresidential leasehold, rental unit or other unit that is part of a larger structure, if the unit has a ground area of 12,000 square feet or less, excluding 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 unit; or</p> <p>(c) A nonresidential structure of any size for which the contract price of all construction contractor work to be performed on the structure as part of a construction project does not total more than \$250,000.</p>	<p>(a):</p> <ul style="list-style-type: none"> <li>• 7-11 stores</li> <li>• Gas stations</li> <li>• Fast food restaurants</li> </ul> <p>(b):</p> <ul style="list-style-type: none"> <li>• Tenant space in malls</li> </ul> <p>(c):</p> <ul style="list-style-type: none"> <li>• Under \$250,000 construction projects</li> </ul>
		<b>Large Commercial Structure</b> <b>ORS 701.005</b>	<p><b>(10) "Large commercial structure"</b> means a structure that is not a residential structure or small commercial structure.</p>	<ul style="list-style-type: none"> <li>• Apartment Complex or Condos more than 4 stories</li> <li>• Hospitals</li> <li>• Parking Garages</li> <li>• Shopping Malls</li> <li>• Manufacturing Facilities</li> </ul>