

**Enrolled**  
**House Bill 2078**

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Construction Contractors Board)

CHAPTER .....

AN ACT

Relating to construction claims; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** (1) There is created the Task Force on Construction Claims consisting of nine members appointed as follows:

(a) The administrative officer of the Construction Contractors Board shall appoint three members:

(A) One of whom must be a contractor licensed under ORS chapter 701 who specializes in the construction of single-family residences;

(B) One of whom must be a general contractor licensed under ORS chapter 701 who specializes in the construction of commercial multifamily structures; and

(C) One of whom must be a general contractor licensed under ORS chapter 701 who specializes in the construction of commercial structures.

(b) The Director of the State Department of Energy shall appoint one member as a representative of the State Department of Energy.

(c) The Director of the Department of Consumer and Business Services shall appoint five members:

(A) One of whom must be a member of the Residential Structures Board;

(B) One of whom must be a person with expertise in residential construction design;

(C) One of whom must be an insurance agent or other person with expertise in the insurance industry who is not affiliated with the construction industry;

(D) One of whom must be a representative of an insurance industry carrier offering insurance of a type required by ORS 701.105; and

(E) One of whom must be a representative of the public.

(2) The task force shall study the relationship between construction claims and construction industry practices, construction defects, consumer protection and state-mandated requirements for contractors. The study shall be designed to produce:

(a) An evaluation of construction claims in Oregon, including but not limited to the causes and extent of construction defects, the availability and affordability of contractor liability insurance and the need for maintaining or increasing consumer protection.

(b) Recommendations regarding construction practice changes to reduce construction claims, such as changes to education, quality control and building code requirements.

(3) In addition to the study results described in subsection (2) of this section, the task force may design the study to produce one or more of the following:

(a) A review of any construction claim reduction actions taken in other states or countries.

(b) Recommendations regarding Oregon construction claims, including but not limited to recommendations concerning construction defects, consumer protection and state-mandated requirements for contractors.

(c) A cost-benefit or other analysis to determine whether current consumer protection laws, building codes and contractor insurance requirements regarding construction claims are adequate and any recommendations for changing those laws, codes or requirements.

(d) Recommendations regarding changes to the inspection of construction materials and construction methods that may reduce the number of construction claims.

(e) Recommendations regarding possible restrictions on construction materials or methods that may reduce the number of construction claims.

(f) A review of the impact of construction warranty use on the filing of construction claims and recommendations regarding construction warranties.

(4) The Director of the Department of Consumer and Business Services shall provide for a professional qualified expert to study options regarding actuarially sound insurance reforms, alternatives and pricing, including loss control discounts or the designation of a single private insurer to provide the construction contractor insurance coverage required under ORS 701.105. The task force shall include any recommendations of the professional qualified expert in the study materials developed by the task force and may include the recommendations in the recommendations for legislation reported by the task force under subsection (11) of this section.

(5) A majority of the members of the task force constitutes a quorum for the transaction of business.

(6) Official action by the task force requires the approval of a majority of the members of the task force.

(7) The task force shall elect one of its members to serve as chairperson.

(8) If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective.

(9) The task force shall meet at times and places specified by the call of the chairperson or of a majority of the members of the task force.

(10) The task force may adopt rules necessary for the operation of the task force.

(11) The task force shall submit a report, and may include recommendations for legislation, regarding construction claims to the Seventy-fourth Legislative Assembly no later than January 31, 2007.

(12) The Construction Contractors Board and the Department of Consumer and Business Services shall provide staff support to the task force pursuant to the interagency agreement described in subsection (15) of this section.

(13) Members of the task force are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for expenses shall be paid out of funds made available to the Department of Consumer and Business Services for that purpose under the interagency agreement described in subsection (15) of this section.

(14) All agencies of state government, as defined in ORS 174.111, are directed to assist the task force in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the task force consider necessary to perform their duties.

(15) The Construction Contractors Board and the Department of Consumer and Business Services shall enter into an interagency agreement to coordinate expenditures and staff support to carry out the duties of the task force.

**SECTION 2.** Section 1 of this 2005 Act is repealed on January 1, 2008.

**SECTION 3.** This 2005 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect on its passage.

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**Passed by House February 2, 2005**

**Received by Governor:**

**Repassed by House July 15, 2005**

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**Approved:**

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Chief Clerk of House

.....M,....., 2005

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Speaker of House

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Governor

**Passed by Senate July 12, 2005**

**Filed in Office of Secretary of State:**

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President of Senate

.....M,....., 2005

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Secretary of State