



**2007  
Legislative  
Summary**

**Building Codes Division**

**Department of Consumer and  
Business Services**

## INTRODUCTION

The 74<sup>th</sup> Legislative Assembly in the 2007 regular session was an active time for the Building Codes Division (BCD). The BCD tracked over 200 bills. There were 79 bills classified as priority 1, 2, or 3 bills that required staff time to analyze and/or prepare testimony to present before a legislative committee. All four of the bills introduced by the BCD became law (HB 2219, HB 2405, SB 192, and SB 193).

This publication is designed to summarize law changes that affect the BCD and the construction industry in general. Each bill has a description of the law change and the effective date.

If you have questions regarding specific law changes, you may contact the BCD's Legislative and Public Affairs section. The telephone number is (503) 373-1247 or email [chris.s.huntington@state.or.us](mailto:chris.s.huntington@state.or.us). The BCD Web site address is <http://www.cbs.state.or.us/external/bcd/>.

## BUDGET

### **HB 5014 – Department of Consumer and Business Services (DCBS) Budget**

The Building Codes Division budget was approved for \$32,957,563 for the 2007-2009 biennium. The legislature included \$4,614,315 within the total to fund Policy Package 191, the Statewide E-Permitting System. The BCD administers the state building code in seven program areas. The purposes and goals of the BCD are to apply the same construction standards in over 130 local jurisdictions; ensure

timely permit and inspection services; provide consultation; ensure that there is an appeals process; issue license and certifications; provide training and education; monitor local programs; enforcement; and build on the successes of the pilot e-permitting program. Additionally, the Division works with seven advisory boards and coordinates their actions in code development, code adoption, fees, service levels and enforcement issues. The Joint Ways & Means Committee approved BCD's Policy Package 191: Statewide E-Permitting System.

## STATEWIDE E-PERMITTING

### **House Bill 2405 – Statewide E-Permitting**

HB 2405 builds upon a program established by the 2003 legislature with SB 713. The 2003 bill allowed DCBS to develop a pilot program to provide electronic access to building codes information and services in Clackamas, Washington, and Multnomah Counties. The pilot allowed contractors to apply and pay for simple electrical, mechanical, and plumbing permits through a state-sponsored Web site. The 2005 legislature passed HB 3097, which expanded the pilot to other regions of the state. The pilot program was successful and is now known as Quick Permits.

The bill authorizes DCBS to establish a program to provide access to the full range of building department services for any location in the state, through a one-stop e-permitting Web site. The system will allow customers to apply, pay, and receive permits on-line, submit plans electronically for review and tracking, schedule, track, and receive inspection reports electronically, and coordinate the sharing of

information and data with jurisdictions' permitting systems. The program will be paid for by an industry supported surcharge (up to 5 percent) on construction permit fees. The bill was drafted to provide maximum flexibility with respect to the surcharge in order to implement and fund the program by imposing a 5% surcharge, but allowing DCBS to set a lower surcharge amount as necessary to support the program. DCBS forecasted a need for a 4% surcharge, over a ten-year implementation period. DCBS will adopt a 4% surcharge by rule, to be effective January 1, 2008. The program will be phased in over a 10-year period. The implementation will be in a phased approach, connecting 20 jurisdictions in years one and two; connecting 30 additional jurisdictions in years three and four; connecting 30 additional jurisdictions in years five and six; and connecting 52 additional jurisdictions in year seven through ten.

Effective May 2, 2007\*. Chapter 69, 2007 Regular Session Laws.

\*Four Percent permit surcharge becomes effective January 1, 2008.

## CONSISTENCY

### **House Bill 2219 – Licensing Consistency**

HB 2181(2005 Session) began the process of removing procedural and administrative licensing requirements from statute, and authorized the adoption of rules to administer

BCD licensing programs, including electrical, plumbing, boiler, elevator, and manufactured structures licenses. The intent was to provide a framework for consistent and streamlined licensing rules. Advisory boards and the division have worked to adopt rules. HB 2219

adds to changes that began with the implementation of HB2181 (2005). This bill further streamlines the license application process for various trade licenses administered by the BCD. This bill is designed to facilitate greater consistency and clarity in the licensing procedures of the division while making no change in actual license requirements. HB 2219 creates consistent application terminology for application fees and terms among license types. The bill adjusts statutory fees to reflect new terms for licensees (does not increase fees, merely adjusts the statutory fee to reflect an extended or shortened license term). The bill makes the boiler program consistent with other BCD Boards for continuing education requirements and removes the practical testing requirement from the State Plumbing Board examination to make the examination process similar to other BCD licensed trades exams. HB 2219 is essentially a clean-up bill that clarifies and removes certain statutory matters that were not dealt with by HB 2181(2005), which will allow full implementation of consistency and streamlining measures.

Effective January 1, 2008. Chapter 271, 2007 Regular Session Laws.

### **House Bill 2475 – Utility Energizing Exception**

Under current law an electrical installation must be inspected and authorized by an inspector before the power company can turn on the power to the installation. An exception exists under current law that allows an installation to be energized prior to an inspection if a licensed supervising electrician makes a written request for the installation to be energized. Generally this exception is used when there is a change in service, or when restoring electricity after a storm etc. Currently, there is not one standard process for electricians and utilities, as it varies from jurisdiction to jurisdiction. In some cases an individual may have to wait until the next business day to have her power re-connected after electrical work has been completed on her home, business, etc.

This bill provides authority to the Department of Consumer and Business Services, working in conjunction with the electrical and elevator board, to adopt rules regulating the use of the “written request” exception to the prior inspection standard. This bill creates a framework for establishing a consistent approach, through rule, to administer the exception, which may include standards regulating the instances when the exception may be used and the process for use of the exception.

Effective January 1, 2008. Chapter 405, 2007 Regular Session Laws.

## **CONSTRUCTION INDUSTRY CHANGES**

### **HB 2107 – CCB Board Notification on Judgments**

This bill requires contractors licensed by the Construction Contractors Board (CCB) to inform the board of certain final judgments issued against them by a court in Oregon or another state. Final judgments that a contractor must disclose to the board are limited to breach of contract claims or negligence claims related to the construction of (or proposal to construct) a new residential structure. The contractor has 45 days from the time the judgment is recorded to

disclose its existence to the board. If a contractor is appealing the judgment or paid the judgment within 30 days of its issuance, then the contractor need not inform the board. CCB may take into account attempts by the contractor to satisfy the debt when evaluating possible disciplinary options against the contractor. Judgments that remain unpaid or not appealed 30 days after the effective date of the act are subject to the disclosure requirement.

Effective January 1, 2008. Chapter 540, 2007 Regular Session Laws.

## **HB 2111 – Responsible Managing Individuals**

Responsible managing individuals (RMIs) of construction businesses are required to pass related tests to prove competency in order for the business to be licensed. RMIs currently register with the Construction Contractors Board (CCB), but they are not required to actually exercise supervisory authority over the company with whom they are registered.

This bill requires an owner, or designee, of a contracting business who is the firm's responsible managing individual (i.e., the person that possesses experience as required by CCB rule, takes required training and sits for the required examination) to exercise management and supervisory authority over the business. The bill provides CCB with the authority to adopt rules defining management and supervisory authority over construction activities of a business.

Effective January 1, 2008. Chapter 113, 2007 Regular Session Laws.

## **HB 2498 – House “Flipping” Changes**

Currently, an individual who buys an existing residence for the purpose of remodeling and then reselling it is required to be licensed as a contractor with the CCB and are subject to the insurance and bonding requirements of the CCB. The law provides an exemption for owners who occupy the residence from the licensing requirement. House Bill 2498 changes the law to allow an individual to who is not an owner/occupier of a existing residence to remodel and resell up to three homes in one calendar year, without being licensed by the CCB. However, the bill requires the individual to hire a *general* contractor for any work that requires building permits.

Effective January 1, 2008. Chapter 639, 2007 Regular Session Laws.

## **HB 3242 – Contractor Licensing and Continuing Education**

This bill modifies contractor licensing laws in multiple ways: the bill creates categories and levels of endorsement for construction

contractors differing between residential and commercial work. The bill establishes new definitions for residential, small commercial and large commercial structures. To work on residential structures an individual must have one of four endorsements identified in the bill. In commercial construction a person may work on a small commercial structure if the individual holds one of nine endorsements identified in the bill. An individual may work on large commercial structures if the person holds one of five endorsements identified in the bill. HB 3242 establishes new bonding and insurance requirements for the different categories and levels of commercial and residential contractors and also requires those contractors to have responsible managing individuals. In many instances the bond and insurance requirements substantially exceed current requirements.

The bill requires commercial contractors to have key employees meeting experience or educational requirements and it creates new continuing education requirements. General and Specialty Commercial Contractors Level I must have a key employee or key employees with a combined total of eight years experience and/or education and 40 hours of continuing education per company per year. General and Specialty Commercial Contractors Level II must have a key employee or key employees with a combined total of 4 years experience and/or education and 16 hours of continuing education per company per year. 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 required experience. Continuing education requirements must be completed by key employees on construction means, methods business practices and ethics.

HB 3242 requires a Commercial General Contractor Level 1 and Commercial General Contractor Level 2, for large commercial structures, to provide a two-year warranty of building envelope and penetration components against defects in materials and workmanship, but not from damage resulting from improper maintenance.

The bill requires commercial and residential developers to obtain an endorsement, which in turn requires the developer to carry both a bond

and an insurance policy. This bill also requires “exempt” commercial contractors to procure and maintain workers’ compensation.

The bill also provides a mechanism for recording awards issued by the Construction Contractors Board with a county clerk and sets the order of priority for payment from the contractor’s bond. The bill finally creates additional enforcement mechanism for the Construction Contractors Board to enforce the new provisions.

Effective July 27, 2007. Chapter 836, 2007 Regular Session Laws.

### **SB 91 – CCB Board Notification on Business Changes**

The bill requires contractors licensed by the Construction Contractors Board (CCB) to notify the board of changes in name, identity or address of owners, officers, partners, responsible managing individuals and other persons controlling the contractor. The bill also includes a requirement that a CCB license application include the name of a trustee if the applicant is a trust.

Effective January 1, 2008. Chapter 478, 2007 Regular Session Laws.

## **CONSUMER PROTECTION**

### **HB 2112 – Barrier-Type Exterior Insulation and Finish Systems Prohibition**

This bill bans the use of “barrier-type exterior insulation and finish systems” – synthetic stucco products used on buildings that discourage water from draining away from inner walls, thus contributing to water damage. The bill narrowly defines the particular type of product that may not be used in the state, which allows for better draining products to continue to be sold in Oregon. The bill extends the prohibition on the use of barrier-type exterior insulation and finish systems to both residential and commercial applications. There are two exceptions to the general prohibition on the use of these systems: (1) repair or replacement of an existing system, and (2) applications that do not protect a structure from water penetration (i.e., architectural features and concrete walls).

Contractors that use these systems in a manner contrary to this bill may face disciplinary action from the Construction Contractors Board.

Effective January 1, 2008. Chapter 851, 2007 Regular Session Laws.

### **HB 2654 – Construction Claims Task Force Recommendations**

This bill implements recommendations from the Construction Claims Task Force, which was created by HB 2078 (2005). This bill increases consumer protection over residential construction in multiple ways.

The bill: (1) Requires contractors to obtain general liability insurance that includes coverage for completed operations. (2) Allows the Construction Contractors Board (CCB) to establish training and education requirements for contractors. The training and education requirements will cover business practices, construction means and methods, and the state building code. (3) Prohibits a contractor from claiming a lien if the contractor did not provide a written contract when a written contract is required. (4) Requires a contractor who constructs a new residential structure to offer a warranty to the owner or purchaser of the structure. The contractor is allowed to set the terms of the warranty, which the purchaser can accept or refuse. (5) Requires a contractor who constructs a new residential structure to provide recommended maintenance information developed by the CCB to the owner or purchaser. (6) Allows CCB to establish standard contract terms for construction contracts. (7) Allows a consumer one business day to cancel a construction contract through multiple means of communication. (8) Clarifies standards and procedures regarding the information a contractor must provide to consumers. (9) Increases the amount of the bond required of construction contractors by \$5,000. (10) Expands the information that must be provided by an applicant for a contractor license. The CCB may then deny an application or take action against an existing licensee based on the

information gained through the disclosure. (11) Enhances the ability of CCB to take action against individuals and businesses that violate construction related laws.

Effective January 1, 2008. Chapter 648, 2007 Regular Session Laws.

### **Senate Bill 1056 – Manufactured Homes Landlord Tenant 3<sup>rd</sup> Party Agreements**

Oregon’s Residential Landlord and Tenant Law is found in ORS chapter 90. ORS 90.505 to 90.875 address manufactured dwelling and floating home spaces. This bill clarifies landlord/tenant responsibilities involving third-party subleases.

This bill provides that when a tenant in a manufactured structure park or floating home moorage subleases a dwelling there must be a

written subleasing agreement between the park/moorage owner, the dwelling owner and the tenant who is subleasing. The subleasing tenant must pay park/moorage rent directly to the park/moorage owner. The park/moorage owner may terminate the subleasing tenant’s tenancy just the same way that the dwelling owner’s tenancy could be terminated. The bill provides that all notices that might affect the parties rights be sent to all three parties. The bill also prohibits the use of landlord liens on manufactured structures or floating homes located in parks or moorages. Finally, the bill allows the landlord to sell personal property abandoned by either the dwelling owner or the subleasing tenant.

Effective January 1, 2008. Chapter 831, 2007 Regular Session Laws.

## **ENFORCEMENT**

### **HB 2109 – CCB Enforcement Authority**

Individuals with trade licenses such as plumbers and electricians are commonly licensed as construction contractors with the Construction Contractors Board (CCB). Trades licenses are granted by boards within the Building Codes Division (BCD) at the Department of Consumer and Business Services.

This bill expands the violations that could lead to suspension or revocation of a construction contractor’s license to include violations of plumbing, electrical, boiler, elevator, and corporate tax laws. Essentially the bill provides CCB with the authority to sanction a construction contractor for violations of statutes administered by BCD.

Effective January 1, 2008. Chapter 114, 2007 Regular Session Laws.

### **SB 192 – BCD Enforcement Authority**

This bill enhances the enforcement authority of the BCD and the various licensing boards associated with the division. It would allow the division or a board to deny, suspend, revoke or refuse to renew a license issued by BCD for: (1) construction related violations that lead to

sanction by the Construction Contractors Board (CCB) or failure to pay civil penalties imposed by the CCB; (2) construction related violations in another state or failure to pay civil penalties imposed by another state; (3) violation of any building code law (i.e. sanitation or sewage standards etc.). The bill also improves the cooperation between the two agencies that regulate construction by clarifying that sanctions imposed by BCD may provide grounds for sanction by CCB. It also clarifies that aiding or abetting an individual in violation of building code laws is prohibited, such as allowing an individual to perform unlicensed work etc. Finally, the bill expands the prohibition against employing unlicensed boiler workers to perform work on boilers. The bill also clarifies that aiding or abetting an individual in the violation of building code laws is prohibited under state law (i.e. Someone allowing an individual to work without a required license or condoning the forgery of legal documents).

Effective January 1, 2008. Chapter 306, 2007 Regular Session Laws.

### **Senate Bill 1049 – Boiler Civil Penalty Fees**

There are seven advisory boards assisting the Building Codes Division in carrying out its mission of ensuring safe construction while promoting a positive business climate. Currently, fines collected for boiler violations go into the General Fund, whereas civil penalties collected from the other programs remain within that program. This bill changes the fund to which civil penalties issued by the Board of Boiler Rules will be deposited. This bill requires the civil penalties, beginning July 1,

2008, to be deposited to the Consumer and Business Services Fund (CBSF) to be used only for the administration and enforcement of the boiler program in Oregon. For the 2007-2009 biennium, BCD anticipates that \$50,000 in boiler program penalties will be assessed.

Effective January 1, 2008\*. Chapter 898, 2007 Regular Session Laws.

\*Civil penalties for the boiler program will begin to be deposited in the CBSF on July 1, 2008.

## LICENSING CHANGES (BCD)

### HB 2243 – License Terms

During the 2005 session, legislation was passed giving agencies broad authority to extend the duration of licenses generally. One requirement of this new authority was that agencies had to offer licensees the choice between the statutory license duration and any extended duration. This choice provision proved very hard for agencies to accommodate from a technical and financial standpoint, and was keeping agencies from being willing to offer extended durations. This bill eliminates that choice provision.

The bill also identifies nearly all statutory references to a specific license expiration date (for example, “license expire on December 31 of every year”) and adds new language in each instance allowing agencies to establish a different date by rule. The practical effect of this is to give agencies the authority to adopt license renewal schemes that spread renewals over the course of a year, biennium, or other period. The language is discretionary, and agencies can retain the statutory expiration date without taking any action.

Effective July 16, 2007. Chapter 768, 2007 Regular Session Laws.

### House Bill 2473 – Electrical Licensing Changes

This bill makes several small changes to certain electrical license standards. The bill affects those only those licenses that have few or no individuals currently holding such license. The

changes further streamline and clarify electrical licensing standards. The bill reduces the term of the apprenticeship for three licenses in order to more appropriately reflect the scope of work performed under the license. The terms of apprenticeship are reduced as follows: (1) Limited Journeyman Stage Electrician from four years to two years; (2) Limited Journeyman Sign Electrician from four years to two years; and (3) Class A Limited Energy Technician license from four years to three years. The bill also clarifies that holders of the limited maintenance electrician license are limited to work on systems that are less than 600 volts phase to phase, unless they work in an industrial plant. Finally, the bill eliminates the licenses for Class I and II oil module electrician, limited journeyman railroad electrician, and limited journeyman industrial electrician, as there are no individuals that hold any of these licenses.

Effective January 1, 2008. Chapter 548, 2007 Regular Session Laws.

### House Bill 2548 – Reciprocating Conveyors

This bill authorizes DCBS to establish two new licenses allowing holders to install, alter, repair and maintain the **mechanical** portions of equipment known as “reciprocating conveyors.” A reciprocating conveyor is a power-driven stationary device that moves objects on a platform along a predetermined path (horizontal, inclined or vertical) between two points. A Reciprocating Conveyor, moves products only, and is commonly used in factories, warehouses,

industrial plants, institutions--anywhere that products or supplies need to move from one level to another. The bill authorizes DCBS to create both a mechanic license and a restricted mechanic license. The bill sets experience requirements for obtaining the license at 3,000 hours and sets license fees for the issuance and renewal of the licenses.

Additionally, the bill exempts the installation and repair of mechanical portions of residential motorized chair lifts (a self-contained motorized unit, with a chair, that moves an individual up a stair case from one floor to another.) However an individual would still be required to have a construction contractor's license to install this equipment and an electrical contractor's license and individual electrical license if the person conducts any electrical work on the chair lift.

Effective January 1, 2008. Chapter 642, 2007 Regular Session Laws.

### **SB 605 – Chimney Sweeps**

The law requires persons who receive compensation for building, repairing or inspecting buildings or other structures to be licensed with the CCB. The requirement applies to all structural parts of buildings. Chimney cleaning businesses typically inspect chimneys, and do some level of repair and servicing, activities that require licensing. However, the general contractor statute does not specifically include cleaning, thus the CCB was advised that its authority to require the license for these businesses should be clarified. The CCB has assumed the license was required for chimney sweeps and many chimney-cleaning businesses are already licensed. SB 605 specifically requires them to be licensed.

Effective January 1, 2008. Chapter 511, 2007 Regular Session Laws.

## **LOCAL GOVERNMENT**

### **HB 2233 – Manufactured Home Deferred Taxes ~ Ownership Documents**

This bill allows the Dept. of Revenue to record a security interest for deferred taxes and interest on floating homes and manufactured homes that are considered personal, rather than real, property. Oregon law allows a person 62 years or older, or a disabled person, to ask to have property taxes on his or her home deferred. If the property owner qualifies, then Department of Revenue (DOR) pays the county the taxes owed. In return, DOR has a lien for the taxes, plus interest, on the property. This lien is filed with the county mortgage records and protects the DOR's interest in the property against subsequent purchasers of the property or subsequent liens. "Manufactured homes" are treated differently for tax purposes than traditionally built homes in that they are considered personal property rather than real property when the land upon which the home sits is owned by someone other than the person who owns the manufactured home. Ownership deeds of land and land with structures attached to the land and mortgages and liens on these

properties are filed with the county. Deeds of ownership and liens on manufactured homes are filed with the Department of Consumer and Business Services (DCBS).

Effective January 1, 2008. Chapter 363, 2007 Regular Session Laws.

### **House Bill 2478 – Program Assumption & Standardized Inspections**

This bill makes several changes to the law related to building permits and building inspection programs administered by the state and local governments. It establishes a moratorium on a municipality assuming responsibility for a building inspection program until July 1, 2010. The moratorium would stop assumptions of a building inspection program by a municipality unless the municipality already administers a partial building inspection program or the municipality is assuming the program from the state. The bill provides the Department of Consumer and Business Services (DCBS) with authority to establish standard and uniform permit, inspection and certificate of occupancy requirements throughout the state (a

recommendation from the Construction Claims Task Force). The bill requires a public body administering a building inspection program to ensure that permit applicants are appropriately licensed if required. It also provides DCBS with the authority to issue a civil penalty against a public body that administers a building inspection program for failing to ensure that a person is properly licensed in order to take out a permit, if required. Although the language of the bill is more broad with respect to DCBS authority to issue a civil penalty against a public body administering a building program, the focus of the bill was to aim the civil penalty at jurisdictions that fail to ensure a person is properly licensed for permitting purposes, if required.

Effective June 22, 2007. Chapter 549, 2007 Regular Session Laws.

### **Senate Bill 440 – Manufactured Home Ownership Documents**

Ownership documents for manufactured structures are issued by DCBS and include the structure's identification number, all ownership interests, and the location of the structure. The ownership documents are available to county assessors and county tax collectors for "tracking" the structures for property tax purposes. This bill expands the type of information that will be required on a manufactured structure's ownership document to include more identifying details about the structure, including its make and model and its basic physical characteristics. The bill also requires that upon sale of a manufactured structure, the seller must provide documentation to the county assessor to prove that all taxes and special assessments on the structure have been paid or cancelled.

Effective January 1, 2008. Chapter 502, 2007 Regular Session Laws.

## **REGULATORY STREAMLINING**

### **HB 2751 – Insurance “Fictitious Groups”**

This bill implements of the recommendations of the Construction Claims Task Force, and is aimed at making construction liability insurance more available. The bill would make it easier for insurers to write group liability policies for construction contractors. Under current law, group policies fall under a general statute (ORS 737.600) that prohibits grouping of property and casualty risks unless the insurer can demonstrate that the grouping meets a set of standards designed to prevent discriminatory treatment. In the insurance world, ORS 737.600 is referred to as the prohibition on "fictitious groups." This bill would add construction contractors to the list of risks that can be grouped without having to prove the grouping's value on a case-by-case basis. The likely uses of this exemption would be for project-based insurance on large construction projects, such as tract housing, condominiums and multifamily units. In these cases, group policies can reduce administrative costs since one policy for all contractors on site is easier to administer than

individual policies, especially when it comes to adjudicating claims. Most insurance for these large projects is currently provided by the surplus lines market. HB 2751 would expand competition for these projects by allowing all licensed carriers to insure them.

Effective May 30, 2007. Chapter 210, 2007 Regular Session Laws.

### **House Bill 3354 - Electrical Installations by Landscape Contractors**

Under current law, a landscaping business is exempt from electrical licensing for installations of outdoor lighting and irrigation control devices if the installation constitutes "limited energy electrical activity," which is a self-limiting low voltage and amperage system that poses minimal risk to the public. As technology has advanced, many commonly used landscaping products now exceed the voltage parameters of "limited energy electrical activity." This bill expands the scope of electrical installations that may be made by a landscaping business to allow licensed landscapers to install Class II or Class III

systems that do not exceed 30 volts and 750 volt-amperes. Class II and III systems are self-limiting. The parameters set by the bill balance the common electrical products used in landscaping as well as safety considerations of what may be safely installed by individuals not licensed as electricians.

Effective January 1, 2008. Chapter 385, 2007 Regular Session Laws.

### **House Bill 3360 – Tankless Water Heater Exemption**

This bill exempts tankless water heaters from the Oregon boiler law. A tankless water heater heats water "on demand" as needed, eliminating the need for a storage tank. Under current law, these water heaters are classified as boilers because they exceed certain specifications (e.g. heat input of more than 200,000 BTU per hour), although they do not store any water. By exempting tankless water heaters from the Oregon boiler law, this bill will allow licensed plumbing contractors to install, alter and repair these units. These tankless water heaters will still be regulated by the state building code, requiring permits and inspections, but will be subject to the permitting and inspection requirements of local building departments.

Effective January 1, 2008. Chapter 386, 2007 Regular Session Laws.

### **Senate Bill 193 - Boiler Program Changes**

SB193 is a bill that promotes the Governor's priorities relating to regulatory streamlining, efficiencies in government regulation and consumer protection. SB 193 accomplishes the following: (1) Gives the agency and the Board of Boiler Rules the authority to exempt certain boilers (i.e. tankless or large residential water heaters) from state regulation. This would allow local government building departments to conduct inspections of those water heaters, boilers, and pressure vessels. (2) Requires insurance companies that have an insurance contract on a boiler or pressure vessel to conduct both the installation and operating/periodic inspections of those boilers or pressure vessels. (3) Provides the board with authority, similar to

the electrical and elevator board, to exempt boilers or pressure vessels either partially or totally from regulation, so long as they don't represent a threat to life or safety. (4) Removes the boiler and pressure vessel inspection frequency requirements from statute and allows the Board to establish the frequency by rule.

Effective July 1, 2007. Chapter 487, 2007 Regular Session Laws.

## SUSTAINABILITY

### **HB 2211 – Business Energy Tax Credit (passed as part of HB 3201)**

Tax credits are available to businesses, through the Oregon Department of Energy, that invest in energy conservation, recycling, renewable energy resources, and less-polluting transportation fuels. The tax credit is known as the Business Energy Tax Credit (BETC).

This bill increases the amount of the BETC for renewable energy to 50 percent of eligible costs to be taken over five years, and it increased the maximum project cost limit to \$20 million from \$10 million. The previous limit for the credit was 35 percent. The increase in the credit applies to facilities that use or produce renewable energy resources, to a "renewable equipment manufacturing facility" or to a "high-efficiency combined heat and power facility." Additionally, the bill includes the costs of constructing facilities to manufacture renewable energy systems and components as costs that are eligible for the tax credit for renewable energy. The bill provides a tax credit to homebuilders for installing renewable energy systems in homes and for designing and building high-performance, low energy use homes. A "high-performance home" includes any new single-family dwelling designed and constructed to reduce net purchased energy through the use of both energy efficiency and on-site renewable energy resources. The Oregon Department of Energy will adopt, through rules, the criteria for home-builder-installed renewable energy systems and high-performance homes. The bill allows the BETC and any federal energy tax credit to be used for the same qualifying energy efficiency or renewable energy project. The bill sunsets the credit in 2016.

Effective, September 27, 2007. Chapter 843, 2007 Regular Session Laws.\*

The changes to the BETC law are retroactive to cover facilities acquired, erected, constructed or installed on or after January 1, 2007, and to tax years beginning on or after January 1, 2007.

### **HB 2212 – Residential Energy Tax Credit (passed as part of HB 3201)**

The Residential Energy Tax Credit (RETC), through the Oregon Department of Energy applies to efficient products and technologies. The credit applies to vehicles, appliances, heating and cooling systems, solar and wind systems, ground source heat pumps, and fuel cells. A resident can receive a maximum \$1,000 credit for appliances including heating, ventilation, and air conditioning (HVAC) equipment and a maximum \$1,500 credit for renewable energy equipment such as solar and wind systems, per year.

The bill changes the RETC in that it allows a resident to use the credit for more than one qualifying item in the same year. Additionally, the bill increases the maximum tax credit for fuel cells and wind generation to \$6,000, over four years, from \$1,500.

Effective, September 27, 2007. Chapter 843, 2007 Regular Session Laws.\*

The changes to the RETC law are retroactive to apply to projects constructed or installed on or after January 1, 2007, and to tax years beginning on or after January 1, 2007.

### **HB 2628 – Model Lighting Ordinance**

HB 2628 declares legislative findings related to potential negative impacts of "poorly designed" outdoor lighting fixtures and their contribution to outdoor light pollution. It directs the Oregon Department of Energy (department) to perform an assessment of statutes and building codes related to outdoor lighting fixtures.

The bill also directs the department to evaluate a model ordinance designed to mitigate the effects of outdoor lighting pollution. The International Dark Sky Association and the Illumination Engineer Society of North America are still developing the model ordinance.

Based on the assessment of state laws and regulations and the evaluation of the model ordinance, the department is directed to publish a report including findings and recommendations to the Governor and the 74<sup>th</sup> Legislative assembly by October 1, 2008. The report may include findings and recommendations related to the suitability of the model ordinance for regulating outdoor lighting fixtures and the desirability of promoting state and local adoption of the model ordinance.

Effective January 1, 2008. Chapter 551, 2007 Regular Session Laws.

### **SB 375 – Energy Efficiency**

States have the authority to adopt efficiency standards for appliances and electrical equipment in cases where there are no federal standards. For uniformity, Oregon and other states have adopted standards developed by the state of California, which is acknowledged to be the market leader in this arena. A state is prohibited (under preemption) from adopting stricter standards than the federal government; however the state may seek a waiver from the U.S. Department of Energy. In 2005 the Oregon Legislature passed House Bill 3363, which required Oregon to adopt efficiency standards on eleven appliances, following California's lead.

Senate Bill 375 establishes efficiency standards for appliances and electrical equipment that are identical to standards recently adopted by the state of California. The bill establishes minimum efficiency standards for consumer and commercial products, such as appliances, compact audio players, and other products. Products that do not meet the new standards may not be sold or installed in Oregon. The bill allows the Oregon Department of Energy (department) to adopt rules to update minimum efficiency standards, if necessary, but requires a year delay for the implementation date of those standards. SB 375 directs the Governor to introduce legislation in the next session that would place the rules adopted by the department in statute. The bill also requires the director of the department to apply for a waiver of federal preemption in cases where it would be necessary.

Effective January 1, 2008. Chapter 649, 2007 Regular Session Laws.\*

\*The prohibition on sales of non-conforming equipment becomes effective September 1, 2009. The prohibition on the installation of non-conforming equipment becomes effective September 1, 2010.

## Other Bills Tracked

BILL#	SUBJECT	LAST COMMITTEE LOCATION	FINAL STATUS
HB 2019	Impact fee on residential dwelling construction for school districts	(H) Education	In Committee
HB 2108	CCB licensed contractor to notify CCB of bankruptcies/fines	(H) Consumer Protection	In Committee
HB 2110	Deliver consumer information/fines and extended terms	(H) Consumer Protection	In Committee
HB 2113	Disallows lien for double payment	(H) Consumer Protection	In Committee
HB 2120	Deliver information notices & fines & disallows liens	(H) Consumer Protection	In Committee
HB 2121	Rulemaking procedures	(S) Judiciary	Ch. 115, (2007 Laws)
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