



**CALIFORNIA CONTRACTORS
INSURANCE SERVICES** an ISC company



YOUR HOW-TO GUIDE:

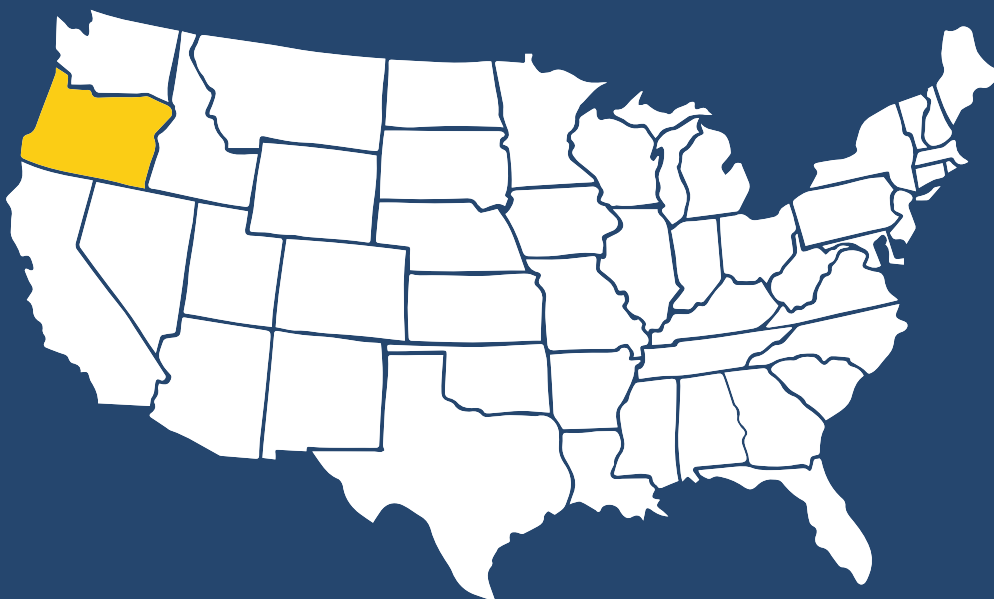
Becoming a Licensed Contractor in Oregon

In 2023, the number of construction jobs in Oregon reached an all-time high in the state's history, with nearly 122,000 contractors employed. The demand for talent and the need for labor, combined with the ability to make good money, make the construction industry a good career choice. According to the Economic Research Institute, the average annual salary of a general contractor in Oregon is \$125,000, with projections it will increase to over \$140,000 in the next five years.

In a survey of Portland, Oregon, contractors conducted by the Associated General Contractors of America (AGCA), 69% of

respondents expected an increase of between 10% and 25% in their head count for 2024. The industry wants more young people to get into the construction trade pipeline. Construction activity includes building homes, apartments, roads and commercial buildings, as well as doing remodeling and renovations.

Those looking to enter the construction field in Oregon must take the following steps to help ensure state regulatory compliance and a path to success. This guide provides the licensing information you need to become a contractor in Oregon.



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Overview

Contractors in Oregon must be licensed to perform construction work. The list of contractors who need a license includes roofers, carpenters, electricians, plumbers, home inspectors, painters, and many more. Without a license, you will be fined, and your ability to get work will be inhibited.

You'll need to set up a business before you can apply for your license in Oregon. Once you've set

up your business, you must also obtain a Surety bond and General Liability insurance. You will also have to purchase Workers' Compensation insurance if you have employees.

From there, you can start your contractor's licensing application. Although there are exemptions, you'll likely have to complete a 16-hour training course.



Know the Contractor Licensing Requirements in Oregon

It's important to first understand the key requirements for becoming a contractor in Oregon.

- ▶ You must be at least 18 years of age and free of construction debt to be a contractor.
- ▶ The Oregon Construction Contractors Board (CCB) issues each license to only one business.
- ▶ Prior to applying for a license, set up your business and choose its structure. For example, decide whether your business will be a sole proprietorship, partnership, corporation, or limited liability company (LLC).
 - According to data from the Construction Contractors Board (CCB), 24% of contractors generally establish a sole proprietorship, 31% establish a corporation, and 43% establish an LLC.
 - Talk with an attorney or accountant to see what type of business structure makes sense.
- ▶ Select a business name. Check name availability with the Oregon Secretary of State at www.filinginoregon.com.
- ▶ Obtain an Employer Identification Number (EIN). An EIN is a federal tax ID number required for tax purposes.
- ▶ You can register your business online at: <https://sos.oregon.gov/business/Pages/register.aspx>.
- ▶ Complete the 16-hour pre-license training and take the exam (see below for more information).
- ▶ Designate a Responsible Managing Individual and determine your endorsement type (see below for more information).

- ▶ Submit a CCB surety bond in the required amount(s):
 - Under current law, minimum bond amounts for contractors licensed by the CCB range between \$15,000 and \$80,000 (see below for the required bond amounts based on the type of contractor license).
 - The bond(s) is not valid until it is submitted to and is put into effect by the CCB. The bond(s) must be submitted to the CCB no later than 60 days from the date the bond company signed the bond(s). If that deadline is missed, the bond is invalidated.
 - All bonds must be continuous until canceled.
- ▶ Purchase and provide proof of General Liability insurance in the required amount (see below for the required limits based on the type of contractor license).
 - Make sure the General Liability policy names the Construction Contractors Board as the certificate holder.
- ▶ Obtain Workers' Compensation insurance if hiring employees (see below for additional information).
- ▶ Obtain employer account numbers (see below for more information).
- ▶ Complete and submit an application. The application must include the following:
 - Bond with Power of Attorney (do not submit separately)
 - Certificate of Insurance (do not submit separately)
 - Copy of the Test Score Report (see below)
 - Fee of \$325 for a two-year license; you can pay by credit card, debit card, personal check, or money order:

Regular Mail:

P.O. Box 14140
Salem, OR 97309-5052

Priority Mail:

201 High St. SE, Suite 600
Salem, OR 97301

Determine What Type of Contractor License and Endorsement You Need

Decide which contractor's license (residential or commercial) and what endorsement type you need. There are two main types of endorsement: Residential and Commercial. You can select either type of endorsement or both, depending on the type of structures you plan to work on.

Structures can be:



Residential

Includes single-family homes, apartments, or condos that are up to four stories, individual units in high-rise buildings, and manufactured dwellings.



Small Commercial

Includes convenience stores, gas stations, fast-food restaurants, tenant space in malls, and other projects with a value of \$250,000 or less.



Large Commercial

Includes apartments or condos that are over four stories, hospitals, parking garages, shopping malls, and manufacturing facilities.

- ▶ If you intend to work on residential and small commercial structures only, complete the Application Form for Residential License.
- ▶ If you intend to work on small and large commercial structures only, complete the Application Form for Commercial License.
- ▶ If you intend to work on all three types of structures, complete the Application Form for Residential and Commercial Licenses.

Designate a Responsible Managing Individual

Identify one or more individuals as the responsible managing individual (RMI), if required. The RMI must be a business owner or an employee with management or supervisory authority. Most endorsements require an RMI to undergo training and pass a test. In Oregon, the RMI must finish 16 hours of training and pass an exam.

Your RMI will receive a score shortly after completing the test. A passing score is 70%. If the RMI passes, your company can apply for a license. If the RMI fails, he or she may retake the test. You must apply for a CCB license within 24 months of passing the exam. Include a copy of your Test Score with your application.

These endorsements do not need a designated RMI: Residential Developer, Residential Locksmith Services Contractor, Home Inspector Services Contractor, Home Services Contractor, Home Energy Performance Score Contractor, or Residential Restoration Contractor applicant.



Required Contractor Endorsements, Bond Amounts, General Liability Limits

ENDORSEMENTS	GENERAL LIABILITY LIMITS	BOND AMOUNT
Residential General Contractor	\$25,000	\$500,000 per occurrence
Residential Specialty Contractor	\$20,000	\$300,000 per occurrence
Residential Limited Contractor	\$15,000	\$100,000 per occurrence
Residential Developer	\$25,000	\$500,000 per occurrence
Home Services Contractor	\$15,000	\$100,000 per occurrence
Residential Locksmith Services Contractor	\$15,000	\$100,000 per occurrence
Home Inspector Services Contractor	\$15,000	\$100,000 per occurrence
Home Performance Score Contractor	\$15,000	\$100,000 per occurrence
Commercial GC, Level 1	\$80,000	\$2M aggregate
Commercial GC, Level 2	\$25,000	\$1M aggregate
Commercial Specialty Contractor, Level 1	\$55,000	\$1M aggregate
Commercial Specialty Contractor, Level 2	\$25,000	\$500,000 per occurrence
Commercial Developer	\$25,000	\$500,000 per occurrence

Workers' Compensation Insurance

Generally, a contractor with employees must provide Workers' Compensation insurance. A contractor who does not have employees is exempt and typically does not need Workers' Compensation insurance.

You do not have to provide Workers' Compensation coverage to independent contractors, although you may choose to do so. To qualify as an independent contractor, a person must meet three criteria:

- The person must be free from your direction and control. In other words, if you have the right to tell someone when, where, and how to do their job, that person is probably a worker.
- The person must be engaged in an independently established business. [ORS 670.600](#) provides a five-factor test to determine whether a person is engaged in an independently established business.
- The person must satisfy certain licensing requirements, including having a construction or landscape contractor's license if they are doing work that requires that license.

For more information about Workers' Compensation, contact an insurance agent, visit the [Oregon Workers Compensation Division](#), or call (503) 947-7810.

In addition to Workers' Compensation insurance, a contractor with employees must obtain an employer account number. This number is used for payroll taxes. If you have employees, you will likely need to provide the following numbers also:

- The Oregon Business Identification Number (BIN). Obtain this number from the [Oregon Department of Revenue](#) or call (800) 356-4222.
- The federal Employer Identification Number (EIN). Obtain this number from the [Internal Revenue Service \(IRS\)](#).

About the Exam

Most pre-license candidates complete the 16-hour training and then take the test at a PSI testing vendor location. Pre-license training can run between \$85 and \$385 for self-study and \$250 and \$550 for live classes.

Topics include:

- Oregon Construction Contractor Laws and Regulations
- Choosing Your Business Structure
- Hiring and Managing Employees
- Working with Subcontractors
- Contracts
- Oregon Lien Law
- Bidding and Estimating
- Scheduling and Project Management
- Oregon Building Codes
- Jobsite Safety
- Environmental Factors
- Building Exterior Shell
- Financial Management
- Tax Basics

The PSI open-book exam consists of 80 multiple-choice questions. You will have three hours to complete it. To pass, you must answer 70% of the questions (56 questions) correctly.

- The exam is based on the Oregon version of the NASCLA Contractors Guide to Business, Law and Project Management (2nd edition). The cost of the manual may be included in your fee for the training, so check with the training provider. You can also purchase the manual through [NASCLA](#).
- A Spanish version of the manual is available.
- Once you finish pre-license training, you will receive directions from PSI on registering and paying for the exam. Contact your pre-license provider if you do not hear from PSI within a few days.
- You can use the manual during the open-book exam. You cannot take loose paper into the testing facility. The reference manual may be highlighted, underlined, and tabbed prior to the examination session. Handwritten notes may be made in the book; however, **you may not write in the manual during the exam.**
- The [PSI candidate bulletin](#) gives you more information about test locations and procedures. (Spanish version can be found [here](#).)
- The examination fee is \$60.00.

Construction Experience Requirements

While Oregon does not require work experience before applying for a Residential endorsement for the first time, there are requirements before applying for a commercial general contractor or a commercial specialty contractor classification. Businesses with a commercial general contractor or specialty contractor classification must certify that one or more of their key employees (high-level people in a company, such as owners, managers, or superintendents who oversee the construction work) have the appropriate amount of construction experience:

TYPE OF COMMERCIAL ENDORSEMENT CLASSIFICATION	CONSTRUCTION EXPERIENCE REQUIRED
Commercial GC, Level 1, Commercial Specialty Contractor, Level 1	8 years*
Commercial GC, Level 2, Commercial Specialty Contractor, Level 2	4 years*

* *Construction experience can come from working as a licensed contractor, journeyman, or supervisor or performing construction work under a licensed contractor. Alternatively, some work experience may be substituted by education:*

- *Up to three years for the completion of an apprenticeship program*
- *Up to three years for the completion of a bachelor's degree in a construction-related field*
- *Up to two years for the completion of a bachelor's degree or master's degree in business, finance, or economics*
- *Up to one year for the completion of an associate degree in construction or building management*

Penalties for Working without a Contractor License

The CCB regularly conducts inspections to uncover unlicensed contractors in Oregon. The penalty for the first offense is \$1,000. When a project owner or homeowner files a complaint for damages against the contractor, the penalty for operating without a contractor's license increases to \$5,000 per offense. For additional information on the penalties for operating without a license, visit the [Oregon Secretary of State](#) website.

Licenses in Cities and Municipalities in Oregon

Contractors in Portland, Oregon, must register with Metro, the local authority covering the majority of the Portland metropolitan area. Businesses must complete a form and pay a fee for the license, after which they are subject to additional income taxes and transportation authority payments based on the amount of work they conduct in the Portland area. Any company that performs work in Portland, regardless of location, must be Metro-licensed and pay local taxes.

Contractors in Salem, the state capital, are exempt from additional license requirements.

Many smaller cities and municipalities around the state require contractors to get business licenses. They frequently must be obtained before a corporation can obtain permission for a project. The prices for these licenses are usually inexpensive, and all that is required is to fill out an application.

Always check the website of the city where you will be working for special license requirements.

Advertising Your Construction Business in Oregon

All advertising must contain your contractor's license number. This includes print ads, business cards, letterhead, brochures, and websites. All advertisements included in audio or video media, such as radio and television commercials, must also include the contractor's license number, visually if it is a TV ad.

All written bids, written inspection reports, and building contracts subject to ORS chapter 701 must show the contractor's license number.



Renewing Your Oregon Contractor's License

General contractors in Oregon must renew their licenses every two years. You can renew your license up to eight weeks before your expiration date. The fee is \$325, and continuing education is required for renewal. You can manage your CCB license information, review and complete your continuing education, and renew your license online with the [Oregon CCB](#).

You can find information on continuing education requirements [here](#).

Some residential and commercial contractors with other Oregon licenses are exempt from CCB continuing education:

- Architects (if an owner or officer is an Oregon-licensed architect)
- Developers
- Engineers (if an owner or officer is an Oregon-licensed engineer)
- Electricians (if an owner, officer, or employee is an Oregon-licensed electrician)
- Plumbers (if an owner, officer, or employee is an Oregon-licensed plumber)
- Boiler contractors
- Elevator contractors
- Renewable energy contractors
- Pump installation contractors
- Limited sign contractors
- Landscape contractors who are construction contractors
- Home inspectors (must still complete continuing education for the home inspector certification but no longer for the CCB license)

Helpful Tips for Your Contractor Business in Oregon

- ▶ Create a separate bank account for company and personal use.
- ▶ Establish a system for invoicing, tracking spending, and managing cash flow.
- ▶ Hire an accountant or bookkeeper to help with financial management responsibilities.
- ▶ To ensure safety compliance, familiarize yourself with Oregon's standards for construction sites. Create and implement a safety program to protect workers and comply with state regulations.
- ▶ Obtain building permits from local authorities. Schedule inspections to ensure compliance with codes and regulations.
- ▶ Develop detailed contracts for clients specifying project scope, dates, payment terms, and other relevant elements.
- ▶ Consult an attorney to ensure your contracts meet Oregon laws and safeguard your interests.
- ▶ Create a business plan that includes your goals, target market, pricing strategy, and financial projections. According to the Small Business Administration (SBA), 30% of small businesses fail within the first two years, and 50% fail within five years. A solid business plan can help you avoid common pitfalls and increase your chances of success.
- ▶ Develop a marketing strategy to gain clients. Set up a website to feature your services and expertise. Use social media to post tips on subject matters potential clients would find interesting and educational, such as remodeling suggestions or the best roofing materials for homes in the area. As you gain clients, ask for referrals and post them on social media and your website.

At a Glance: Apply for Oregon CCB License

- 1 Set up your business and decide on its structure.
- 2 Designate a Responsible Managing Individual and determine your endorsement type.
- 3 Complete pre-licensing training.
- 4 Pass the state exam.
- 5 Before completing your license application, you must file with the Oregon Secretary of State, submit a surety bond, provide proof of General Liability insurance, and provide proof of Workers' Compensation coverage if you have employees.
- 6 Apply for your license.

About CCIS

CCIS is a licensed construction bond and insurance agency, providing Arizona contractors with bonds and General Liability, Workers' Compensation, and Excess Liability insurance.

Our goal is to obtain license bonds, surety, and insurance for our contractor clientele with optimal premium rates and structure. CCIS writes with several insurance companies, allowing us the resources to find the best fit for our clients. We always deliver prompt, professional service so that contractors can quickly address their bonding and insurance requirements in a simple, hassle-free way and so they can focus their attention on their contracting business.

Call:

800-432-2641

Apply Online:

www.ccisbonds.com



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