

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2415 - 4**

80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Prohibits retainage or performance security deduction from portion of progress payment relating to cost of materials or equipment stored at job site.

**Government Unit(s) Affected:**

Statewide, Counties, Cities, Department of Administrative Services (DAS)

**Summary of Fiscal Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Analysis:**

The measure would require a contracting agency, if a contract price exceeds \$500,000, to place amounts deducted as retainage into an interest-bearing account. Interest on the retainage amount would accrue from the date the payment request is approved until the date that the retainage is paid to the contractor to which it is due. The measure would also require an owner, contractor, or subcontractor, if a contract price exceeds \$500,000, to place amounts withheld as retainage into an interest-bearing account. Interest on the retainage amount would accrue from the date the payment request is approved until the date that the retainage is paid to the contractor or subcontractor to which it is due. The measure would apply to contracts entered into on or after January 1, 2020.

**Statewide, Counties, and Cities:**

The measure would have a minimal fiscal impact on state and local government.

**Department of Administrative Services (DAS):**

The measure would require the DAS Enterprise Asset Management (EAM) division to establish a new protocol for invoice management and retainage account management. EAM anticipates that a single interest-bearing account would suffice for all contracts that would be impacted by this measure. EAM believes that this new protocol could require significant staff time to create the interest-bearing account, invest it to accrue interest, and track and allocate each investment back to a project at close-out. The interest-bearing account would be managed in a coordinated manner by EAM and the Chief Financial Office.

Based on the planning, construction, building, and maintenance contracts in the 2017-19 biennium, EAM anticipates that between 60 and 80 percent (60-80%) of its projects would be impacted by this measure. However, because it is unclear how many projects EAM intends to undertake, the fiscal impact to EAM is indeterminate. That said, the more projects EAM undertakes, the greater the impact. Assuming projects keep pace with the 2017-19 biennium, EAM anticipates needing an additional Accounting Technician 2 (0.50 to 1.00 FTE in 2019-21) to manage this interest-bearing account.