



May 9, 2019

Chair Riley; Members of the Senate Business & General Government Committee:

The League of Oregon Cities appreciates the opportunity to submit testimony in opposition to the -A5 amendment to HB 2415.

HB 2415-A requires a public contracting agency, including local governments, to deposit retainage withheld, for contracts over \$500,000, in an interest-bearing account. We are neutral on the A-Engrossed version of the bill.

The proposed -A5 amendments requires the funds to be deposited in an escrow account.

After reviewing the fiscal impact statement dated May 9, 2019, we are concerned over the potential for unnecessary additional administrative and financial costs associated with the proposed amendment. In addition, the proponents of the amendment have not discussed the reasons for wanting to have funds deposited in an escrow account as opposed to an interest-bearing account. Not knowing the desired benefits associated with a requirement that may result in additional costs and administrative work, we encourage the committee to not move forward with the -A5 amendment.

Thank you and please contact Tracy Rutten, LOC Intergovernmental Relations Coordinator at [trutten@orcities.org](mailto:trutten@orcities.org) should you have any questions.