

February 7, 2024

Testimony to the
Senate Committee on Judiciary in Support of SB 1575

Good afternoon Chair Prozanski, Vice Chair Thatcher, and members of the Senate Committee on Judiciary.

For the record, my name is Daniel Houf, P.E. representing Harper Houf Peterson Righellis Inc a privately owned multi-discipline Oregon owned engineering firm with 120 employees. We have been in business in Oregon since December 1990 and employ Civil, Structural Engineers, Surveyors, Environmental Scientists, Landscape Architects, Planners, and support staff. We have Oregon offices in Portland, Salem and Bend. I am writing today to strongly support Senate Bill 1575.

Oregon's engineers, architects and land surveyors care deeply about our communities, which is why we invest in our local economy, creating jobs and housing for Oregonians. Right now, we are being forced into unfair contracting practices called "duty to defend" clauses, which require us to pay the legal expenses for those involved in construction projects even before fault is determined. This is detrimental to all design firms including our locally owned smaller and medium sized Oregon Businesses. Because engineers, architects and land surveyors are being forced to shoulder all the legal liability and legal expense far beyond what they're able to get insured for, fewer projects are being designed and built in our communities. This includes low-income public housing to help address Oregon's homelessness crisis.

Design professionals have excellent working relationships with public agencies throughout Oregon, and we work hand-in-hand together to create schools, hospitals, low-income public housing, libraries, transportation infrastructure and many other projects that benefit all citizens of Oregon. The skillset for this work is an important extension of the public agencies. We need to make sure these valuable and creative professionals are able to practice the profession without unfair contracting rules. Many states, including neighboring California, have enacted laws that protect design professionals similar to this bill.

Our firm has been negatively impacted using the "duty to defend" clause in an agreement with a City contract. In this situation the construction company employee working on the project turned on a pipe that flooded the City Street and caused damage to personal property. The City invoked our requirement to defend them against the claims based on the contract, not the negligence. This took our company substantial time, effort, and money to satisfy our obligation under the agreement, even though we were not at fault.

We respectfully ask this committee to support SB 1575. Passing this bill would eliminate bad and unfair contract practices and ensure everyone involved in a project pays their fair share of legal expenses. This isn't about avoiding responsibility – it's about ensuring fairness so everyone is paying their own way and adequately protected by their insurance.

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Thank you for your service and we are happy to be a resource if you have additional questions.
Sincerely,

HARPER HOUF PETERSON RIGHELLIS INC.

A handwritten signature in black ink, appearing to read 'D. S. Houf', with a stylized flourish at the end.

Daniel S Houf, P.E
President

