
February 29, 2024
House Committee on Rules
900 Court Street NE
Salem, Oregon 97301

RE: Opposition to SB 1575A

Chair Fahey, Vice-Chair Helfrich, Vice-Chair Kropf, and Committee Members:

Multnomah County opposes SB 1575A, which will create significant extra costs to taxpayers as well as contractors who do construction projects in the state. Senate Bill 1575A removes a standard contract ability to ensure design professionals and insurance companies can be held accountable. We believe that this bill will unfairly shift the liability to the public and their local governments. Additionally, the bill would have a substantial fiscal impact on our abilities to deliver services to our constituents.

Like many local governments, Multnomah County requires significant professional liability insurance policies for all design professionals on public contracts. Senate Bill 1575A eliminates the benefit of the contractually required insurance by barring any tender of defense for claims and damages from their professional negligence until fault has been adjudicated. As a result, a local agency must bear those legal and expert fees for any such claim all the way through trial or arbitration.

Senate Bill 1575A will negatively impact the county's ability to settle lawsuits relating to construction projects. Under this bill, no claim can be brought against the design professional until fault has been allocated at trial or in another venue. This process usually takes more than a year in Oregon, and that is another cost driver for everyone involved in the construction of community assets. In fact, the language in these policies at issue, which prohibits paying attorney fees on behalf of third parties, will almost certainly mean that even when the County defends these claims and brings them to trial, the taxpayers will never be compensated for the fees incurred due to the design professional's negligence.

Senate Bill 1575A confers special benefits to the insurance companies who write policies for design professionals, and these extra benefits will result in additional costs to taxpayers and the contracting community.

Multnomah County urges your opposition to SB 1575A.

Sincerely,

Tom Powers
State and Regional Affairs