

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 0 - 1

Yeas: Edwards, Girod, Starr, Thomsen, Beyer

Nays: 0

Exc.: Monroe

Prepared By: Patrick Brennan, Administrator

Meeting Dates: 2/28, 3/4

WHAT THE MEASURE DOES: Limits amount of retainage for contractor and subcontractor work on construction contracts and public improvement contracts to five percent of contract price.

ISSUES DISCUSSED:

- Existing retainage policies can cause cash flow difficulties for subcontractors
- Retainage rates for other states

EFFECT OF COMMITTEE AMENDMENT: Deletes language related to filing of certified statements in ORS 279C.845. Deletes findings inserted in ORS 279C.555. Deletes references in ORS 279C.555 and ORS 701.420 to retainage in accordance with ORS 701.430. Deletes new language in measure amending ORS 701.430 reducing retainage amount equal to value of bond.

BACKGROUND: “Retainage” refers to a portion of a contract’s final payment that is withheld by a client owner until the project is complete in all respects and is confirmed to be functioning satisfactorily according to the terms of the contract. Retainage requirements are written into construction contracts and are typically applicable to both the prime contract and subcontracts. The retainage amount is generally due to the contractor or subcontractor once their portion of the project is substantially complete.

Senate Bill 405-A limits the amount of retainage to five percent on all construction contracts or public improvement contracts.