



Sheet Metal Contractors
Association



Plumbing and Mechanical
Contractors Association



Oregon Plumbing Heating
and Cooling Contractors
Association

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Support for HB 2415A with -5

Pay Interest on Retainage in Construction Contracting

TO: Senate Committee on Business and General
Government

Retainage can be a useful tool in construction contracting – if used in an appropriate, fair and consistent manner – and returned promptly to a subcontractor when work is completed.

However, it should not be used in a manner that ties up the financial ability of a sub-contractor in good standing to conduct their business and pay their employees and suppliers.

Retainage needs to be returned to the contractor in a timely and expeditious manner once contracted services have been rendered.

And all retainage should be placed into an interest-bearing escrow account throughout the time those funds are withheld from the subcontractor to which they are due.

HB 2415A, with the -5 amendment, provides a fair and secure remedy to current and ongoing payment challenges faced by subcontractors in Oregon. It simply requires funds deducted and held as retainage from payments due to a subcontractor to be placed into an interest-bearing escrow account on behalf of that subcontractor to which it is due.

The Plumbing and Mechanical Contractors Association of Oregon (PMCA), the Oregon & SW Washington Chapter of the Sheet Metal and Air Conditioning Contractors National Association (SMACNA) urge the Committee to pass HB 2415A with the -5 amendment.