

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2876**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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Reviewed by: Kim To

Date: January 24, 2023

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**Measure Description:**

Requires Oregon Department of Administrative Services to study alternative methods to implement retainage provisions in public improvement contracts.

**Government Unit(s) Affected:**

Department of Administrative Services

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Analysis:**

House Bill 2876 requires the Department of Administrative Services (DAS) to study alternative methods to implement retainage provisions in public improvement contracts. DAS must submit a report, including any recommendations for legislation, to an interim committee of the Legislative Assembly related to public procurement by September 15, 2024.

Because the measure provides limited direction to DAS in terms of how to conduct the study, it is assumed that DAS will contract with a consulting firm to conduct the study. Based on past experience of conducting the full RFP procurement process for a study of this kind, the fiscal impact to DAS is estimated to be up to \$500,000 General Fund in the 2023-25 biennium, though it should be noted that the fiscal impact will depend on the scope and length of the study, the methodology used, and the terms of the contract, signed purchase order, price agreement, and other contract documents.

Without amendments, this measure may warrant a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on DAS and the State’s General Fund.