

Testimony of Support of SB 1575-A Sent to the House Committee on Rules

February 29, 2024

Chair Fahey, Vice Chair Kropf and Helfrich and members of the House Rules Committee, my name is Herb Fricke, PE representing Akana. We have been in business in Oregon since 1992 and employ 165 engineers, designers, scientists, construction professionals, and support staff. I am writing today asking that you please vote yes on Senate Bill 1575-A, which the Senate passed 24-6.

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 design firms but especially women, minority, veteran, and emerging small businesses. Because engineers, architects and land surveyors are being forced to shoulder the legal liability and expense for an uninsurable contract clause, fewer projects are being designed and built in our communities. This includes low-income public housing to help address Oregon's homelessness crisis.

I respectfully ask you to vote yes on SB 1575-A. Passing this bill would eliminate bad and unfair contract practices and ensure those involved in a project pay their fair share of legal expenses. This isn't about shirking responsibility – it's about ensuring fairness so everyone is paying their own way and adequately protected by their insurance.

Important facts about SB 1575-A:

- This is a compromise bill. We've worked with construction contractors, local and state government, and numerous professional organizations to reach this compromise.
- This has been a 4-year negotiation process. The pandemic wasn't conducive to a quality discussion and last session it passed from Senate Judiciary on a 5-0 vote but died in Ways and Means in the rush to adjournment.
- The Senate added a sunset provision. While we think this is a very straightforward bill, opponents continue to suggest great misunderstanding and nefarious intentions. The sunset will ensure our goals and visions are met or the law will revert back.
- 20 states have adopted this bill in the past decade. Oregon should join them.
- 24-6 Senate floor vote was strong, bipartisan, with floor comments in support from both sides of the aisle. No Senators spoke in opposition.

- This isn't about shirking responsibility – it's about ensuring fairness so everyone is paying their own way and adequately protected by their insurance.

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

Thank you,

A handwritten signature in blue ink that reads "Herbert J. Fricke, P.E.".

Herbert J. Fricke
President & CEO

