



OREGON
STATE
TREASURY

Inside the Vault

State Agency Edition

Change to Contract Retainage Requirements

House Bill 4006—passed during this year’s short legislative session—took effect March 7 and amends ORS 279C.570 to remove the requirement that amounts deducted as cash retainage for public improvement contracts exceeding \$500,000 be deposited in an interest-bearing *escrow* account unless a contractor requests an alternate approach. Accordingly, amounts deducted as cash retainage pursuant to ORS 279C.560 (2)(a) must now be held directly at Treasury.

If a contractor elects an alternate approach pursuant to ORS 279C.560(2)(b), cash retainage must be deposited in an interest-bearing account in a *bank or other financial institution* (see ORS 279C.560(5)). An agency must submit a request for such an account to Treasury. If Treasury approves the request, the agency will be required to sign an interagency agreement. Agency procurement/contracting staff should work with their finance peers to ensure their agency has the appropriate solution in place for each contract. If you have questions about banking cash retainage, contact Customer Solutions at customer.solutions@ost.state.or.us.

Service Spotlight

Interfund borrowing is intended to assist agencies that may be experiencing short-term, transitory cash imbalances created in the conduct of legislatively approved agency activities. Borrowing is not to be used to fund activities not already contemplated in an agency’s approved budget. An agency interested in interfund borrowing must submit a written request that addresses various requirements, including how the funds will be repaid. Requests are reviewed and considered by Treasury and, if approved, the agency will be required to execute an interfund borrowing agreement and will be assessed a setup fee. See Treasury policy [FIN 209](#) for more information.

If you are interested in evaluating your business needs and available options, or have questions regarding interfund borrowing generally, contact Customer Solutions at customer.solutions@ost.state.or.us.

Interest Rates

Average Annualized Yield	
February	5.20%
Interest Rates	
February 1–29	5.20%

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