

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

Senate Committee on Workforce

REVENUE: No revenue impact**FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO:****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Matthew Germer, Administrator**Meeting Dates:** 3/2, 3/18

WHAT THE MEASURE DOES: Requires Oregon Business Development Department to suspend public contracting certifications of disadvantaged, minority, women, or emerging small business enterprises that fail to perform a commercially useful function. Becomes operative January 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Overview and history of Business Oregon and DMWESBs
- DMWESB complaints in Portland and purpose of bill
- Nature of DMWESB fraud

EFFECT OF COMMITTEE AMENDMENT:

(-2) Grants Department authority to “revoke” rather than “suspend.” Requires MWESB to “exhibit a pattern of failing” before Department action. Requires contracting agency provide notice of investigation.

BACKGROUND: The Oregon Business Development Department ensures a coherent, integrated approach to economic development in order to create a globally-competitive economy. Currently, the Department certifies disadvantaged, minority, women, or emerging small business enterprises (DMWESBs) in order to grant them access to certain benefits. Currently, the Department suspends certifications of DMWESBs in public contracts that enter into improper agreements, allow non-DMWESBs to make decisions on behalf of DMWESB, or use DMWESBs that do not perform a commercially useful function.

Senate Bill 584 requires the Department to suspend certifications of DMWESBs that fail to perform a commercially useful function in a public contract. The measure also directs local state agencies to treat state-certified DMWESBs as DMWESBs.