

SB 471 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

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Meeting Dates: 2/5, 4/9

WHAT THE MEASURE DOES:

Requires public contracting agency to require prospective contractor to state in bid or proposal whether and to what extent identified conflict minerals will be used and that procurement of those conflict minerals complies with specified due diligence standards. Requires contracting agency to give preference to prospective contractors that meet conflict mineral requirements. Allows contracting agency to give preference to prospective contractor with most thorough description of policies and practices with respect to procuring conflict minerals. Becomes operative January 1, 2020. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Role of conflict minerals in regional violence
- Impact of federal transparency measures on supply chains and local mine operations
- Tools for determining source and current practices to comply with United States Securities and Exchange Commission requirements
- Potential impact of measure on local government entities

EFFECT OF AMENDMENT:

-1 Removes provision allowing contracting agency to give preference to prospective contractor with most thorough description of policies and practices with respect to procuring conflict minerals. Changes operative date from January 1, 2020 to January 1, 2021.

-2 Limits application to state contracting agencies. Removes provisions requiring contracting agency to give preference to prospective contractor that meets conflict mineral requirements and allowing allowing contracting agency to give preference to prospective contractor with most thorough description of policies and practices with respect to procuring conflict minerals. Changes operative date from January 1, 2020 to January 1, 2021.

BACKGROUND:

Armed groups have continued to perpetuate violence throughout Central and Southern Africa since the end of the Second Congo War in 2002. The region contains abundant natural resources including copper and diamonds and is the world's largest producer of cobalt ore. Armed groups in the region have generated hundreds of millions of dollars by illegally extracting and selling tin, tantalum, tungsten, and gold, all of which are used in the production of consumer products.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires all publicly traded companies to report and disclose if conflict minerals from the Democratic Republic of the Congo can be found anywhere in their supply chain, and the City of Portland adopted standards in August of 2018 giving preference to bidders that source conflict-free minerals. Senate Bill 471 requires contracting agencies to obtain bids that detail what conflict minerals might be used in a project and the due diligence standards used to ensure the use of conflict-free minerals. The measure requires contracting agencies to give preference to contractors that meet conflict mineral requirements.