

House Bill 2886

Sponsored by Representative EVANS (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that contracting agency may not accept bid or proposal for public contract from covered entity for which ratio between highest amount of total compensation and lowest amount of total compensation that covered entity pays employees of covered entity exceeds 100 to 1.

Requires contracting agency to disclose prohibition in advertisement or solicitation for public contract and provide in public contract that failure to comply subjects covered entity to termination of public contract and debarment or disqualification, as appropriate.

Becomes operative on January 1, 2022.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to compensation ratios in certain nonprofit corporations; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS chapter 279A.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **"Covered entity" means a domestic corporation or foreign corporation, both as de-**
7 **defined in ORS 65.001, that:**

8 (A) **Receives at least 20 percent of the corporation's total revenues from public re-**
9 **sources, including but not limited to:**

10 (i) **Grants;**

11 (ii) **Public contracts;**

12 (iii) **Tax abatements or tax benefits;**

13 (iv) **Loans or loan subsidies at rates of interest below the current market rate of interest**
14 **for loans of a similar amount, class or purpose; or**

15 (v) **Other moneys or public expenditures that directly benefit the corporation;**

16 (B) **Has annual revenues of \$10 million or more; and**

17 (C) **Employs at least five individuals in full-time permanent positions.**

18 (b) **"Total compensation" means the total amount of salary, wages, commissions, bene-**
19 **fits, bonuses and any other form of remuneration or compensation that a covered entity pays**
20 **to an employee for services the employee performs for the covered entity.**

21 (2)(a) **A contracting agency may not accept a bid or proposal for a public contract from**
22 **a covered entity for which the ratio between the highest amount of total compensation and**
23 **the lowest amount of total compensation that the covered entity pays to the covered entity's**
24 **employees exceeds 100 to 1.**

25 (b) **A contracting agency shall disclose the prohibition set forth in paragraph (a) of this**
26 **subsection in any advertisement or solicitation that the contracting agency issues for a**
27 **procurement.**

28 (c) **A contracting agency shall provide in all public contracts that maintaining the ratio**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 described in paragraph (a) of this subsection at or below 100 to 1 during the term of the
2 public contract is a material element of the public contract and that a failure to comply
3 subjects the covered entity to:

4 (A) Termination of the public contract; and

5 (B) Debarment under ORS 279B.130 (2)(d) or disqualification under ORS 279C.440 (2)(d),
6 as appropriate.

7 (3) A contracting agency shall require a covered entity that submits a bid or proposal for
8 a public contract to:

9 (a) Declare in the bid or proposal that the covered entity has, and will maintain during
10 the term of the public contract for which the covered entity has submitted the bid or pro-
11 posal, the ratio described in subsection (2)(a) of this section; and

12 (b) Substantiate the declaration described in paragraph (a) of this subsection with evi-
13 dence that shows the actual current ratio for the covered entity.

14 (4) A contracting agency shall periodically, during the term of a public contract with a
15 covered entity, require the covered entity to reaffirm the declaration described in subsection
16 (3)(a) of this section and to substantiate the declaration as described in subsection (3)(b) of
17 this section.

18 (5) The Attorney General, the Director of the Oregon Department of Administrative
19 Services and a contracting agency that adopts rules under ORS 279A.065 or 279A.070 may
20 adopt rules to implement the provisions of this section.

21 **SECTION 3.** Section 2 of this 2021 Act applies to public contracts that a contracting
22 agency advertises or otherwise solicits or, if the contracting agency does not advertise or
23 otherwise solicit the public contract, to public contracts into which a contracting agency
24 enters on or after the operative date specified in section 4 (1) of this 2021 Act.

25 **SECTION 4.** (1) Section 2 of this 2021 Act becomes operative on January 1, 2022.

26 (2) The Attorney General, the Director of the Oregon Department of Administrative
27 Services and a contracting agency that adopts rules under ORS 279A.065 or 279A.070 may
28 adopt rules and take any other action before the operative date specified in subsection (1)
29 of this section that is necessary to enable the Attorney General, the director or the con-
30 tracting agency, on and after the operative date specified in subsection (1) of this section,
31 to exercise or undertake all of the duties, functions and powers conferred on the Attorney
32 General, the director or the contracting agency by section 2 of this 2021 Act.

33 **SECTION 5.** This 2021 Act takes effect on the 91st day after the date on which the 2021
34 regular session of the Eighty-first Legislative Assembly adjourns sine die.

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