

SB 159 -1 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 2/14, 2/16

WHAT THE MEASURE DOES:

Allows contracting agency using public funds to procure goods or services for public use to give preference to nonprofit organization that is organized, incorporated, formed, or created for a charitable purpose, if goods or services provided by nonprofit organization cost no more than ten percent more than goods or services available from contractor that is not a nonprofit organization. Operative on January 1, 2024. Applies to procurements first advertised or solicited or, if no advertisement or solicitation, to public contracts entered on or after operative date. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Services nonprofits provide through delivery of goods or services
- Competitive bidding and procurement process
- State and federal tax responsibilities of nonprofits
- Variances between business structures

EFFECT OF AMENDMENT:

-1 Requires contracting agency using public funds to procure goods or services for public use to give preference to nonprofit organization that is organized, incorporated, formed, or created for a charitable purpose, if goods or services provided by nonprofit organization cost no more than ten percent more than goods or services available from contractor that is not a nonprofit organization. Makes conforming amendments.

BACKGROUND:

Public contracting is governed by the Public Contracting Code (Code) contained in ORS Chapters 279A, 279B, and 279C. Chapter 279A contains general provisions applicable to the Code, Chapter 279B contains laws overseeing public procurement contracts, and Chapter 279C governs public improvement and related contracts. The judicial and legislative department are exempted from the Code. Generally, a contracting agency awards contracts to the lowest bidder or best proposer. However, the Code contains provisions allowing contracting agencies to give preference in certain circumstances.

Senate Bill 159 permits a contracting agency using public funds to procure public use goods or services to give preference to nonprofit organization, if goods or services provided by the nonprofit organization cost no more than ten percent more than goods or services available from a contractor that is not a nonprofit organization.