

HB 3572 A STAFF MEASURE SUMMARY

Carrier: Sen. Dembrow

Senate Committee On Labor and Business

Action Date: 05/11/23

Action: Do pass the A-Eng bill.

Vote: 3-0-0-2

Yeas: 3 - Jama, Patterson, Taylor

Abs: 2 - Bonham, Hansell

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 5/9, 5/11

WHAT THE MEASURE DOES:

Authorizes contracting agencies to grant procurement preference to corporations and limited liability companies with benefit company status. Requires a majority of the benefit company workforce to operate in Oregon at the time of bidding. Allows preference only if goods and services are not more than five percent of the goods and services available from a non-benefit company contractor. Becomes operative January 1, 2024. Allows the Attorney General and other contracting agencies who adopt rules within their authority to act on provisions prior to operative date. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Formation of a benefit company
- Impact of benefit companies on community
- Measure permits a preference for benefit company
- Current contract preferences

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

House Bill 2296 (2013) created a new corporation status for benefit companies. A benefit company is a type of corporation or limited liability company that considers its impact on society and the environment in addition to earning a profit. Benefit company status only affects corporate purpose, accountability, and transparency and does not change tax or tax-exempt status. As of March 2023, there are currently 2,635 active benefit companies operating in Oregon.

House Bill 3572 A encourages contracting agencies to grant preference to procuring public use goods and services from a benefit company, whose majority of their regular and full-time workforce operates in Oregon at the time of bidding. The measure allows procurement preference only if the goods and services are not more than five percent of the goods and services available from a non-benefit company contractor.