

## SB 602 STAFF MEASURE SUMMARY

### Senate Committee On Rules

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/9

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#### WHAT THE MEASURE DOES:

The measure establishes the Nonprofit Organization Advisory Council within the Oregon Department of Administrative Services (DAS) and establishes the Nonprofit Organization Partnership Fund, which is separate from the General Fund. It also establishes criteria for grant agreements and public contracts between the state and nonprofit organizations. The measure is effective on the 91st day after adjournment sine die of the 2025 regular session.

#### Detailed Summary

##### **Nonprofit Organization Advisory Council**

- Must review the state's granting and procurement processes, as applied to nonprofit organizations
- Must develop an annual report about progress in state government related to grant making reform, procurement services from nonprofit organizations, and improvement in partnerships with community-based organizations
- Has 15 members: 12 appointed by the Governor, and one each appointed by the Attorney General, the Speaker of the House of Representatives, and the President of the Senate

##### **Oregon Department of Administrative Services**

- Must establish an office to provide staff support
- Must develop a centralized database to manage grants that the state awards to nonprofit organizations

##### **Grant agreements and public contracts**

- Requires that the state agency awarding a grant to, or entering into a contract with, a nonprofit organization must establish a budget for the program or activity and identify the scope of work the state agency wants the nonprofit organization to carry out, based on established criteria
- Establishes requirements that a state agency must include in a grant to, or contract with, a nonprofit organization.

Fiscal impact: The measure may have a fiscal impact, but a statement has not yet been released.

Revenue impact: The measure may have a revenue impact, but a statement has not yet been released.

#### ISSUES DISCUSSED:

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

##### **Boards and Commissions**

The Governor of Oregon appoints individuals to serve on over 250 boards and commissions, and 117 of them require Senate confirmation. The membership requirements for each entity are set in statute, as are the ways in which an individual may become the chair or executive director, when applicable. The appointments requiring Senate confirmation are referred to as "executive appointments" (EAs). The current EA process has three parts:

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1. the Governor submits the EA nominations to the Secretary of the Senate, who transmits them to the Senate Committee on Rules;
2. the Senate Committee on Rules holds hearings to consider the nominations and votes on whether the nominations should move to the Senate for confirmation; and,
3. the Senate holds a floor session to consider the nominations that are voted out of committee and then votes to confirm.

### **Nonprofit Organizations**

The Internal Revenue Service (IRS) defines a "[nonprofit organization](#)" as an organization that is organized and operated exclusively for tax-exempt purposes. To be tax exempt, these organizations must be:

- Charitable;
- Religious;
- Educational;
- Scientific;
- Literary;
- testing for public safety;
- fostering national or international amateur sports competition; and/or
- preventing cruelty to children or animals.

The IRS defines "charitable" as including:

- relief of the poor, the distressed, or the underprivileged;
- advancement of education or science;
- erecting or maintaining public buildings, monuments, or works;
- lessening the burdens of government;
- lessening neighborhood tensions;
- eliminating prejudice and discrimination;
- defending human and civil rights secured by law; and
- combating community deterioration and juvenile delinquency.

A nonprofit organization may not:

- have any of its earnings inure to any private shareholder or individual;
- be an action organization, meaning that it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political committees; or
- be organized to operate for the benefit of private interests.