HB 3321 STAFF MEASURE SUMMARY

House Committee On Judiciary

Prepared By: Whitney Perez, Counsel
Meeting Dates: 5/2

WHAT THE MEASURE DOES:

Requires certain nonprofit corporations to comply with open meetings and public records law, post proposed budget on corporation's public website and submit to an audit. Requires their board members, officers and employees to comply with government ethics standards. Operative January 1, 2018. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Nonprofit organizations in Oregon must register and be certified by the Secretary of State. The 2011 Oregon Nonprofit Sector Report noted that the total revenue of the 10,429 active charitable nonprofit's in Oregon was approximately $13 billion, with total assets of $16 billion.

In 1973, Oregon passed legislation requiring all meetings of governing bodies to be open to the public and providing every person with the right to inspect any public record. House Bill 3321 extends these requirements to nonprofit corporations that (1) have gross annual revenues of over $100,000 or have 25 or more employees; (2) receive public funds or a tax credit or deduction that is only available to nonprofit corporations; and (3) perform a governmental function or implement a policy that controls or influences an expenditure, disbursement or distribution of public funds. HB 3321 also requires such a corporation to post a copy of its proposed annual budget on the corporation's website at least 30 days before adopting the budget and to submit to audits by the Secretary of State or the public body that provided the corporation with public funds.

In 1974, Oregon also created laws governing government ethics for all public officials. HB 3321 applies these provisions to board members, officers and employee of these nonprofit corporations.

Finally, HB 3321 allows a public body that provided public funds or a public benefit to a nonprofit corporation that violates these provisions to demand repayment of the funds or benefit or deny them for 10 years. Before imposing sanctions, the public body and corporation can enter an assurance of voluntary compliance. The Secretary of State must administratively dissolve a corporation after a pattern of repeated violations or failure to comply with an assurance of voluntary compliance. Board members and officers of dissolved corporations cannot serve in that capacity with another one of these corporations for at least 10 years.

PRELIMINARY