

HB 2374 A STAFF MEASURE SUMMARY

Carrier: Rep. Nathanson

House Committee On Business and Labor**Action Date:** 04/05/21**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 11-0-0-0**Yeas:** 11 - Bonham, Boshart Davis, Breese-Iverson, Bynum, Clem, Evans, Fahey, Grayber, Holvey, Post, Witt**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 3/29, 4/5**WHAT THE MEASURE DOES:**

Directs Department of Administrative Services (DAS) to develop training materials and specify procedures for state contracting agencies regarding application of contract preferences. Requires state contracting agencies to report to DAS by August 15, 2022, regarding specified procurements solicited after the effective date and before July 31, 2022. Specifies reports must include which contract preferences were applied and why discretionary preferences were or were not applied. Directs DAS to report to legislative committee by September 30, 2022, a summary of contract preferences applied and reasons why discretionary preferences were or were not applied. Directs DAS to include in report any recommendations for ensuring state contracting agencies apply preferences as intended by the Legislative Assembly. Sunsets January 2, 2023. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Limited application to state contracting agencies on procurements; public improvement contracts will not be subject of report

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

In general, public contracting agencies must award contracts for goods or services following the competitive process provided in ORS 279B.055 (sealed bids) or 279B.060 (sealed proposals). There are exceptions for procurements under \$150,000, sole source procurements, emergency procurements, and special procurements. The application of a contract preference provides an advantage to bidders or proposers who meet specified criteria.

The following contract preferences must be applied by state and local government contracting agencies:

- In-state Printing
- Purchase from Qualified Rehabilitation Facilities
- In-State Tie-Bid Awards
- Interstate Reciprocal Preferences
- Goods Made with Recycled Materials
- Recyclable or Biodegradable Food Service Products
- Goods are Recyclable or Reusable
- In-House Services

The following contract preferences may be applied at the discretion of state and local government contracting agencies:

- Intergovernmental Cooperation

HB 2374 A STAFF MEASURE SUMMARY

- State Surplus Property
- Inmate Labor
- Business Owned by Disadvantaged or Minority Person or by Service-Disabled Veteran
- Oregon Goods and Services
- Safer (Green Chemistry) Products (applies only to state contracting agencies)
- Require Contractor to Subcontractor with or Purchase from Emerging Small Business or Business Owned by Service-Disabled Veteran

House Bill 2374 A requires state contracting agencies to track the use of preferences from the effective date until July 31, 2022, and for the Department of Administrative Services (DAS) to report by September 30, 2022, to the Legislative Assembly on use of preferences and recommendations necessary to ensure contract preferences are applied in accordance with the intent of the Legislative Assembly. The measure also requires DAS to prepare and provide to state contracting agencies training materials on how to properly apply preferences.