

HB 3572 -1 STAFF MEASURE SUMMARY

House Committee On Emergency Management, General Government, and Veterans

Prepared By: Beverly Schoonover, LPRO Analyst

Meeting Dates: 3/30, 4/4

WHAT THE MEASURE DOES:

Requires 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 91st day the Legislative Assembly adjourns sine die.

ISSUES DISCUSSED:

- Definition of benefit companies
- Differences between "B Corporations" and benefit companies
- Original concept and legislation creating benefit companies

EFFECT OF AMENDMENT:

-1 Clarifies that granting agencies may grant procurement preference to benefit companies, instead of requiring them to.

FIS: Minimal fiscal impact on measure w/the -1

RIS: No revenue impact on measure w/the -1 amendment

BACKGROUND:

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