



May 9, 2023

**TO:** Members of the Senate Committee on Labor and Business

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** Opposition to HB 3572

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Chair Taylor, Vice-Chair Bonham, members of the Senate Committee on Labor and Business. For the record, my name is Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 3572A. OBI opposes HB 3572, which would allow "B" corps to charge the state 5% more in bids for public projects. This would reduce competition in the public contracting process and raise costs for taxpayers.

Existing preferential contracting statutes plant a policy flag, such as a desire to support goods made in Oregon to support Oregon jobs and the state's economy, or to support goods made with recycled materials to reduce waste.

The policy flag here is a dangerous one, signaling to thousands of Oregon businesses—small and large—that they are less worthy of the state's business simply because of how they chose to organize their corporate governance structure.

The Oregon Legislature passed the public contracting code to, among other things, ensure open and competitive bidding on public projects and promote efficient use of state and local government resources. Using that code, public projects should generally be awarded to the company that best serves the public - by providing a good or service at the price that maximizes the public's economic investment.

Preferential treatment in public contracting based on a company's filing status, governance structure, or third party-certification is an unnecessary and misguided use of public resources. Instead of fostering a competitive bidding process, HB 3572 would allow an entity—solely because of an election the company makes in its organizing documents—the ability to charge more than other entities that perform the same work or provide the same goods at the same quality. And that increase would be funded with public resources.

To be clear, OBI represents a number of fantastic “B” Corps. We appreciate what they do to help serve Oregonians and drive the state’s economy by providing valuable services and creating jobs across the state.

This isn’t about siding with one over the other. Our position is, in fact, just the opposite—recognizing that all businesses can be successful in bidding for a public contract on a fair and level playing field. Ensuring that process remains as competitive as possible best serves Oregon’s taxpayers.

We urge you to not move this bill forward.

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