

## HB 2337 -1 STAFF MEASURE SUMMARY

### House Committee On Emergency Management, General Government, and Veterans

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

**Meeting Dates:** 3/18, 3/25

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#### WHAT THE MEASURE DOES:

The measure directs the Oregon Department of Administrative Services establish a program for granting preferences for state procurement of goods and services to small businesses.

#### Detailed Summary

- Defines a small business, as one that has registered with the US Small Business Administration as a ‘small disadvantaged business’; is certified under ORS 200.055 as an emerging small business; or meets other criteria the department specifies by rule.
- Requires the department to establish program; develop statewide guidelines; create strategies for small business participation; suggest changes in statute and rules to implement program; and establish goals and targets for the program.
- Allows the department to conduct studies; develop models; issue requests for information, contact and consult others on the program; and allows the department to state in solicitations that the department will consider bids or proposals solely from small businesses.
- Allows for the adoption of rules.
- Requires the department to report to the Legislature no later than December 31 of each year; outlines report requirements; allows for data collection.
- Requires the department to devise and implement the program based on the State of Oregon Disparity Study (2023).
- Repeals act December 31, 2031.
- Take effect 91<sup>st</sup> day following adjournment sine die.

Fiscal impact: Fiscal impact issued

Revenue impact: No revenue impact

#### ISSUES DISCUSSED:

- Purpose of the disparity study
- Questions about the certification process and costs of the program
- Questions about race and gender neutrality for the certification program

#### EFFECT OF AMENDMENT:

-1 Replaces measure.

- Defines Oregon Small Business Enterprises, as certified by the Oregon Business Development Department.
- Requires the department to adopt rules specifying criteria for certifying small business enterprises; specifies eligibility criteria.
- Requires the department to establish a program for granting preferences for state procurement of goods and services to small business enterprises; develop statewide guidelines; create strategies for small business enterprise participation; suggest changes in statute and rules to implement program; and establish goals and targets for the program that result in reduction or elimination of disparities identified in the State of Oregon Disparity Study (2023).

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*This summary has not been adopted or officially endorsed by action of the committee.*

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- Allows the department to conduct studies; develop models; issue requests for information, contact and consult others on the program; and allows the department to state in solicitations that the department will consider bids or proposals solely from Oregon small business enterprises.
- Allows for the adoption of rules.
- Requires the department to report to the Legislature no later than December 31 of each year; outlines report requirements; allows for data collection.
- Requires the department to devise and implement a plan based on the State of Oregon Disparity Study (2023); directs the department to incorporate the plan into the program.
- Repeals act December 31, 2031.
- Take effect 91st day following adjournment sine die.

### BACKGROUND:

The Public Contracting Code (Code) governs contracting activities (ORS chapter 279A), the procurement of goods and services (ORS chapter 279B), and the procurement of construction and related services (ORS chapter 279C). The Code applies to public bodies authorized to conduct procurements, including state governments, local governments, and special governments. Several government entities are exempt from the Code, including the judicial and legislative department. Generally, a contracting agency awards contracts to the lowest bidder or best proposer. However, the Code contains provisions allowing contracting agencies to give preference in certain circumstances.

In 2022, the Oregon Department of Administrative Services (DAS) commissioned BBC Research & Consulting to conduct a [disparity study](#) to assess whether businesses owned by persons of color, women, and service-disabled veterans face any barriers as part of the state's contract and procurement processes.