

B-Engrossed House Bill 2337

Ordered by the House June 19
Including House Amendments dated March 28 and June 19

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells a state agency to set up an effort to help small businesses compete for public contracts and says what the effort must do. Tells the agency to report the results of the effort to lawmakers. Tells the agency to plan for how to respond to the state's 2023 disparity study. (Flesch Readability Score: 60.7).

Directs the Oregon Department of Administrative Services to establish a small business preferences program for state procurement. Specifies minimum requirements for the program and powers that the department has to implement the program. Requires the department to report to the Governor and the Legislative Assembly on the implementation of the program. Requires the department to plan for and implement a response to the recommendations of the state's 2023 disparity study with respect to public procurement.

Sunsetts the program on December 31, 2031.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to preferences for small businesses in public procurement; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section, "Oregon small business enterprise" means a business to which the Oregon Business Development Department issues a certification under subsection (2) of this section.

(2) The Oregon Business Development Department by rule shall specify eligibility criteria for certifying a business as an Oregon small business enterprise and shall issue a certification to a business that qualifies as eligible. The eligibility criteria must, at a minimum, specify:

(a) The maximum number of persons the business may employ;

(b) The maximum amount of revenue the business may generate;

(c) The location in which the business may operate;

(d) Other requirements that evaluate the operation of the business as a small business;

and

(e) Other criteria that the department determines will aid in establishing eligibility.

(3) The Oregon Department of Administrative Services shall establish a program for granting preferences to Oregon small business enterprises in procurements the department conducts under ORS 279A.140. The program, at a minimum, shall:

(a) Develop guidelines for the department and for all state agencies on behalf of which the department conducts procurements to use to identify a range of public contracts that would be suitable for an Oregon small business enterprise to undertake successfully;

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

(b) Create effective strategies and methods for attracting, inviting, encouraging and enabling Oregon small business enterprises to participate in public procurement;

(c) Suggest changes in statutes and administrative rules that would enable the department to implement effective preferences for Oregon small business enterprises in public procurement and that would harmonize, streamline and otherwise improve the various small business preferences programs that now exist within state public procurement; and

(d) Establish, for participation by Oregon small business enterprises in public procurement, targets and goals that result in a reduction or elimination of disparities identified in the 2023 State of Oregon Disparity Study.

(4) As part of the program described in subsection (3) of this section, the department may:

(a) Conduct studies, develop models, issue requests for information, contact and interview or survey potential participants in a preferences program for Oregon small business enterprises, consult experts and otherwise use lawful means to carry out the purposes set forth in subsection (3) of this section; and

(b) State in solicitation materials for procurements the department conducts that the department will consider bids or proposals solely from Oregon small business enterprises.

(5) The department may adopt rules necessary to implement and administer the program described in subsection (3) of this section.

(6)(a) No later than December 31 of each year, the department shall report to the Governor and, in the manner provided in ORS 192.245, to the Legislative Assembly:

(A) The substance of the guidelines the department develops under subsection (3) of this section, with examples of categories of public contracts the department identifies as suitable for Oregon small business enterprises and the range of contract values and scopes of work the department considers appropriate for Oregon small business enterprises to undertake;

(B) The number of public contracts the department awarded to Oregon small business enterprises during the previous calendar year;

(C) The number of Oregon small business enterprises to which the department provides assistance under the program;

(D) The type and size of the small businesses that participate in the Oregon small business enterprise program;

(E) The aggregated value of public contracts the department awarded that had a connection to the program during the previous calendar year;

(F) Progress in developing the plan described in subsection (7) of this section; and

(G) Such other information about the program that the department deems relevant to report.

(b) The department shall collect and compile data necessary to prepare and submit the report described in this subsection.

(7) The department shall devise and implement a plan based on the recommendations from the 2023 State of Oregon Disparity Study. To the extent feasible, the department shall incorporate into the plan the results and findings of studies, models, expert opinion, contacts with potential participants and other methods available to the department under subsections (3) and (4) of this section.

SECTION 2. Section 1 of this 2025 Act is repealed on December 31, 2031.

SECTION 3. The limitation on expenditures established by section 11 (2), chapter

1 _____, Oregon Laws 2025 (Enrolled House Bill 5024), for the biennium beginning July 1,
2 2025, as the maximum limit for payment of expenses from lottery moneys allocated from the
3 Administrative Services Economic Development Fund to the Oregon Business Development
4 Department for business, innovation and trade, is increased by \$233,373, for establishment
5 of a small business certification program.

6 SECTION 4. This 2025 Act takes effect on the 91st day after the date on which the 2025
7 regular session of the Eighty-third Legislative Assembly adjourns sine die.