

House Bill 2848

Sponsored by Representative EVANS (Pre-session filed.)

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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells not for profit companies that get public money to obey open meetings and public records laws. Tells the companies that they must post a copy of the budget they expect to adopt on their websites. Tells the companies that they must agree to and cooperate with audits. Says that the company's directors, officers and employees must comply with government ethics standards. Takes effect on passage. (Flesch Readability Score: 60.1).

Requires nonprofit corporations that meet certain requirements, including a receipt of public funds, to comply with open meetings law and public records law, to post a copy of the corporation's proposed annual budget to the corporation's public website and to submit to and cooperate with an audit. Subjects members of a corporation's board of directors and officers and employees of a corporation to government ethics standards.

Applies the provisions of the Act to corporations over a 15-year period, with required compliance during the period depending on the proportion of the budget or revenues of the corporation that comes from public funds.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to nonprofit corporations that receive public funds; and declaring an emergency.

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

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 65.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **"Public body" has the meaning given that term in ORS 174.109.**

7 (b) **"Public funds" means funds that a public body, an officer or employee of this state**
8 **or of a political subdivision or municipal corporation of this state has custody of or controls**
9 **by law or by virtue of the officer's or employee's office.**

10 (2) **A corporation that engages in business in this state is subject to the requirements**
11 **of subsection (3) of this section if the corporation:**

12 (a) **Has gross annual revenues of more than \$100,000 or has 25 or more full-time or**
13 **part-time employees;**

14 (b) **Receives public funds in an amount that comprises 75 percent or more of the**
15 **corporation's revenues or budget, or receives a public benefit in the form of a tax credit or**
16 **tax deduction that is available only to a corporation organized under this chapter; and**

17 (c)(A) **Performs a governmental function by means of a contract or another written del-**
18 **egation of a governmental function; or**

19 (B) **Sets or implements a policy that controls or influences an expenditure, disbursement**
20 **or distribution of public funds or that designates a recipient of public funds.**

21 (3)(a) **A corporation described in subsection (2) of this section shall:**

22 (A) **Hold meetings of the corporation's board of directors in accordance with ORS 192.610**
23 **to 192.705.**

24 (B) **Post a copy of the corporation's proposed annual budget on the corporation's public**

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.

1 website at least 30 days before the corporation takes action to adopt the budget. The budget
 2 must identify the source of any public funds in the budget and the expenditures the corpo-
 3 ration proposes to make from the public funds.

4 (C) Submit to and cooperate with audits of the corporation’s finances conducted by the
 5 Secretary of State or the public body that provided the corporation with public funds or by
 6 designees of the Secretary of State or the public body.

7 (D) Make records that the corporation keeps under ORS 65.771 available in accordance
 8 with ORS 192.311 to 192.478, except that the corporation may redact from a record informa-
 9 tion that personally identifies a member or employee of the corporation, other than by first
 10 and last name, before disclosing the record.

11 (b) A member of the board of directors of a corporation described in subsection (2) of this
 12 section, or an officer or employee of the corporation, in addition to and not in lieu of pro-
 13 visions in this chapter that govern the board member’s, officer’s or employee’s conduct with
 14 respect to the corporation, including but not limited to ORS 65.357, 65.361, 65.364, 65.367,
 15 65.369 and 65.377, is subject to the provisions of ORS chapter 244. To the extent that a con-
 16 flict exists between a provision of ORS chapter 65 identified in this paragraph and a provision
 17 of ORS chapter 244, the provisions of ORS chapter 65 identified in this paragraph control.

18 (4) A public body that provides a corporation with public funds or a public benefit de-
 19 scribed in subsection (2)(b) of this section shall monitor the corporation’s compliance with
 20 subsection (3) of this section. The public body may designate or enter into an agreement with
 21 another public body to carry out the public body’s responsibilities under this subsection.

22 (5)(a) A corporation described in subsection (2) of this section that does not comply with
 23 the provisions of subsection (3) of this section, at the discretion of the public body that
 24 provided the corporation with public funds or a public benefit described in subsection (2)(b)
 25 of this section, is subject to:

26 (A) A demand for repayment of the public funds or the equivalent value of a public ben-
 27 efit described in subsection (2)(b) of this section that the corporation received from the
 28 public body; and

29 (B) A denial of public funds or a public benefit described in subsection (2)(b) of this sec-
 30 tion for a period of 10 years.

31 (b) A public body that provides a corporation with public funds or a public benefit de-
 32 scribed in subsection (2)(b) of this section may enter into an assurance of voluntary compli-
 33 ance with the corporation before imposing a sanction described in paragraph (a) of this
 34 subsection.

35 (c) The Secretary of State shall, under ORS 65.647, administratively dissolve a corpo-
 36 ration that shows a pattern of repeated violations of subsection (3) of this section or that
 37 fails to comply with the terms of an assurance of voluntary compliance that a public body
 38 negotiates with the corporation.

39 (d) A member of the board of directors or an officer of a corporation that the Secretary
 40 of State administratively dissolves under paragraph (c) of this subsection may not serve as
 41 a member of the board of directors or an officer of another corporation for a period of not
 42 less than 10 years. The Secretary of State by rule shall specify procedures for enforcing the
 43 provision described in this paragraph.

44 **SECTION 3.** Section 2 of this 2025 Act is amended to read:

45 (1) As used in this section:

1 (a) "Public body" has the meaning given that term in ORS 174.109.

2 (b) "Public funds" means funds that a public body, an officer or employee of this state or of a
 3 political subdivision or municipal corporation of this state has custody of or controls by law or by
 4 virtue of the officer's or employee's office.

5 (2) A corporation that engages in business in this state is subject to the requirements of sub-
 6 section (3) of this section if the corporation:

7 (a) Has gross annual revenues of more than \$100,000 or has 25 or more full-time or part-time
 8 employees;

9 (b) Receives public funds in an amount that comprises [75] **50** percent or more of the
 10 corporation's revenues or budget, or receives a public benefit in the form of a tax credit or tax de-
 11 duction that is available only to a corporation organized under this chapter; and

12 (c)(A) Performs a governmental function by means of a contract or another written delegation
 13 of a governmental function; or

14 (B) Sets or implements a policy that controls or influences an expenditure, disbursement or
 15 distribution of public funds or that designates a recipient of public funds.

16 (3)(a) A corporation described in subsection (2) of this section shall:

17 (A) Hold meetings of the corporation's board of directors in accordance with ORS 192.610 to
 18 192.705.

19 (B) Post a copy of the corporation's proposed annual budget on the corporation's public website
 20 at least 30 days before the corporation takes action to adopt the budget. The budget must identify
 21 the source of any public funds in the budget and the expenditures the corporation proposes to make
 22 from the public funds.

23 (C) Submit to and cooperate with audits of the corporation's finances conducted by the Secre-
 24 tary of State or the public body that provided the corporation with public funds or by designees of
 25 the Secretary of State or the public body.

26 (D) Make records that the corporation keeps under ORS 65.771 available in accordance with
 27 ORS 192.311 to 192.478, except that the corporation may redact from a record information that
 28 personally identifies a member or employee of the corporation, other than by first and last name,
 29 before disclosing the record.

30 (b) A member of the board of directors of a corporation described in subsection (2) of this sec-
 31 tion, or an officer or employee of the corporation, in addition to and not in lieu of provisions in this
 32 chapter that govern the board member's, officer's or employee's conduct with respect to the corpo-
 33 ration, including but not limited to ORS 65.357, 65.361, 65.364, 65.367, 65.369 and 65.377, is subject
 34 to the provisions of ORS chapter 244. To the extent that a conflict exists between a provision of
 35 ORS chapter 65 identified in this paragraph and a provision of ORS chapter 244, the provisions of
 36 ORS chapter 65 identified in this paragraph control.

37 (4) A public body that provides a corporation with public funds or a public benefit described in
 38 subsection (2)(b) of this section shall monitor the corporation's compliance with subsection (3) of this
 39 section. The public body may designate or enter into an agreement with another public body to
 40 carry out the public body's responsibilities under this subsection.

41 (5)(a) A corporation described in subsection (2) of this section that does not comply with the
 42 provisions of subsection (3) of this section, at the discretion of the public body that provided the
 43 corporation with public funds or a public benefit described in subsection (2)(b) of this section, is
 44 subject to:

45 (A) A demand for repayment of the public funds or the equivalent value of a public benefit de-

1 scribed in subsection (2)(b) of this section that the corporation received from the public body; and

2 (B) A denial of public funds or a public benefit described in subsection (2)(b) of this section for
3 a period of 10 years.

4 (b) A public body that provides a corporation with public funds or a public benefit described in
5 subsection (2)(b) of this section may enter into an assurance of voluntary compliance with the cor-
6 poration before imposing a sanction described in paragraph (a) of this subsection.

7 (c) The Secretary of State shall, under ORS 65.647, administratively dissolve a corporation that
8 shows a pattern of repeated violations of subsection (3) of this section or that fails to comply with
9 the terms of an assurance of voluntary compliance that a public body negotiates with the corpo-
10 ration.

11 (d) A member of the board of directors or an officer of a corporation that the Secretary of State
12 administratively dissolves under paragraph (c) of this subsection may not serve as a member of the
13 board of directors or an officer of another corporation for a period of not less than 10 years. The
14 Secretary of State by rule shall specify procedures for enforcing the provision described in this
15 paragraph.

16 **SECTION 4.** Section 2 of this 2025 Act, as amended by section 3 of this 2025 Act, is amended
17 to read:

18 (1) As used in this section:

19 (a) “Public body” has the meaning given that term in ORS 174.109.

20 (b) “Public funds” means funds that a public body, an officer or employee of this state or of a
21 political subdivision or municipal corporation of this state has custody of or controls by law or by
22 virtue of the officer’s or employee’s office.

23 (2)(a) **Except as provided in paragraph (b) of this subsection,** a corporation that engages in
24 business in this state is subject to the requirements of subsection (3) of this section if the corpo-
25 ration:

26 [(a)] (A) Has gross annual revenues of more than \$100,000 or has 25 or more full-time or part-
27 time employees;

28 [(b)] (B) Receives public funds in an amount that comprises [50] 25 percent or more of the
29 corporation’s revenues or budget, or receives a public benefit in the form of a tax credit or tax de-
30 duction that is available only to a corporation organized under this chapter; and

31 [(c)(A)] (C)(i) Performs a governmental function by means of a contract or another written del-
32 egation of a governmental function; or

33 [(B)] (ii) Sets or implements a policy that controls or influences an expenditure, disbursement
34 or distribution of public funds or that designates a recipient of public funds.

35 (b) **A corporation that receives public funds that comprise less than 25 percent of the**
36 **corporation’s revenues or budget may submit a statement to the Secretary of State asking**
37 **for an exemption from the requirements set forth in subsection (3) of this section. The Sec-**
38 **retary of State, after determining that the corporation qualifies for an exemption under this**
39 **paragraph, may approve the exemption and may issue a certificate of exemption to the cor-**
40 **poration. The certificate is prima facie evidence of the corporation’s exemption from the**
41 **requirements of subsection (3) of this section in any action or proceeding to enforce this**
42 **section.**

43 (3)(a) A corporation described in subsection (2)(a) of this section shall:

44 (A) Hold meetings of the corporation’s board of directors in accordance with ORS 192.610 to
45 192.705.

1 (B) Post a copy of the corporation’s proposed annual budget on the corporation’s public website
 2 at least 30 days before the corporation takes action to adopt the budget. The budget must identify
 3 the source of any public funds in the budget and the expenditures the corporation proposes to make
 4 from the public funds.

5 (C) Submit to and cooperate with audits of the corporation’s finances conducted by the Secre-
 6 tary of State or the public body that provided the corporation with public funds or by designees of
 7 the Secretary of State or the public body.

8 (D) Make records that the corporation keeps under ORS 65.771 available in accordance with
 9 ORS 192.311 to 192.478, except that the corporation may redact from a record information that
 10 personally identifies a member or employee of the corporation, other than by first and last name,
 11 before disclosing the record.

12 (b) A member of the board of directors of a corporation described in subsection (2)(a) of this
 13 section, or an officer or employee of the corporation, in addition to and not in lieu of provisions in
 14 this chapter that govern the board member’s, officer’s or employee’s conduct with respect to the
 15 corporation, including but not limited to ORS 65.357, 65.361, 65.364, 65.367, 65.369 and 65.377, is
 16 subject to the provisions of ORS chapter 244. To the extent that a conflict exists between a pro-
 17 vision of ORS chapter 65 identified in this paragraph and a provision of ORS chapter 244, the pro-
 18 visions of ORS chapter 65 identified in this paragraph control.

19 (4) A public body that provides a corporation with public funds or a public benefit described in
 20 subsection [(2)(b)] (2)(a)(B) of this section shall monitor the corporation’s compliance with sub-
 21 section (3) of this section. The public body may designate or enter into an agreement with another
 22 public body to carry out the public body’s responsibilities under this subsection.

23 (5)(a) A corporation described in subsection (2)(a) of this section that does not comply with the
 24 provisions of subsection (3) of this section, at the discretion of the public body that provided the
 25 corporation with public funds or a public benefit described in subsection [(2)(b)] (2)(a)(B) of this
 26 section, is subject to:

27 (A) A demand for repayment of the public funds or the equivalent value of a public benefit de-
 28 scribed in subsection [(2)(b)] (2)(a)(B) of this section that the corporation received from the public
 29 body; and

30 (B) A denial of public funds or a public benefit described in subsection [(2)(b)] (2)(a)(B) of this
 31 section for a period of 10 years.

32 (b) A public body that provides a corporation with public funds or a public benefit described in
 33 subsection [(2)(b)] (2)(a)(B) of this section may enter into an assurance of voluntary compliance with
 34 the corporation before imposing a sanction described in paragraph (a) of this subsection.

35 (c) The Secretary of State shall, under ORS 65.647, administratively dissolve a corporation that
 36 shows a pattern of repeated violations of subsection (3) of this section or that fails to comply with
 37 the terms of an assurance of voluntary compliance that a public body negotiates with the corpo-
 38 ration.

39 (d) A member of the board of directors or an officer of a corporation that the Secretary of State
 40 administratively dissolves under paragraph (c) of this subsection may not serve as a member of the
 41 board of directors or an officer of another corporation for a period of not less than 10 years. The
 42 Secretary of State by rule shall specify procedures for enforcing the provision described in this
 43 paragraph.

44 **SECTION 5. (1) Section 2 of this 2025 Act becomes operative January 1, 2026.**

45 **(2) The amendments to section 2 of this 2025 Act by section 3 of this 2025 Act become**

1 **operative on July 1, 2032.**

2 **(3) The amendments to section 2 of this 2025 Act by section 4 of this 2025 Act become**
3 **operative on January 1, 2041.**

4 **(4) The Secretary of State and a public body that provides public funds or a public benefit**
5 **described in section 2 (2)(b) of this 2025 Act may adopt, as appropriate, rules, resolutions or**
6 **ordinances before the operative date specified in subsection (1) of this section that are nec-**
7 **essary to enable the Secretary of State or the public body to undertake and exercise, on and**
8 **after the operative date specified in subsection (1) of this section, all of the duties, functions**
9 **and powers conferred on the Secretary of State or the public body by section 2 of this 2025**
10 **Act.**

11 **SECTION 6. This 2025 Act being necessary for the immediate preservation of the public**
12 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
13 **on its passage.**

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