

March 20, 2025

House Committee on Emergency Management, General Government, and Veterans
900 Court Street NE
Salem, Oregon 97301

RE: House Bill 3646 - Implementation Comments

Chair Tran, Vice-Chairs Lewis and Grayber, and Committee Members,

Thank you for the opportunity to submit testimony regarding House Bill 3646, which allows public contracting agencies to allow a preference for employee-owned companies that bid on goods and services.

Multnomah County wishes to share comments regarding the implementation impacts of this bill on best value procurements. For bids that are awarded on the basis of the lowest price, the math is straightforward. However, for “best value” procurements, usually requests for proposals (RFPs), price is only one of several factors which are scored to determine the best value, and then the award is made to the proposal with the most points. This makes comparison of price for purposes of applying this preference one of apples to oranges because the cost portion of the proposals will likely not be strictly comparable. About 85% of Multnomah County’s procurements are “best value”. The optional preference for benefit companies that appears in the statute being amended by HB 3646 has this same implementation issue. In surveying quite a few local jurisdictions, I have yet to find an agency that has implemented a procurement which used this optional preference for benefit companies.

An additional concern is that adopting the employee-owned business preference may subject these same businesses to a reciprocal penalty for bids in other states, like the ‘Buy Oregon’ preference effect. Often, other states counteract the procurement advantages awarded, such as for the ‘Buy Oregon’ preference, in other states by considering those preferences for companies bidding for work in their state. For example, awarding 5% for employee-owned companies may trigger a penalty of 5% that other states may dock these same companies in the goal of leveling the playing field.

If the committee wishes to pursue HB 3646, Multnomah County recommends adding a sunset to the bill to encourage the Legislative Assembly to revisit the feasibility of employee-owned company preferences and the impact of this policy on procurement.

Sincerely,

Brian R. Smith, MPA, NIGP-CPP, CPPO, PMP
Multnomah County Purchasing Manager

Submitted by: Tom Powers

Email: tom.powers@multco.us

Phone: (503) 348-2021