

**TESTIMONY ON SENATE BILL 602  
BEFORE THE SENATE COMMITTEE ON RULES  
APRIL 9, 2025**

**PRESENTED BY: AARON KNOTT,  
DIRECTOR OF GOVERNMENT RELATIONS AND COMMUNICATIONS  
OREGON JUDICIAL DEPARTMENT**

Chair Jama, Vice-Chair Bonham, and Members of the Committee:

Thank you for the opportunity to provide testimony on SB 602. This bill establishes a Nonprofit Organization Advisory Council within the Oregon Department of Administrative Services (DAS) and outlines requirements for grant agreements and public contracts between state agencies and nonprofit organizations.

Under ORS 279A.010(1)(b), OJD and the legislative department are exempt from the public contracting code that governs executive branch agencies. OJD also is exempt from being subject to DAS contracting authority. OJD requests that the bill be amended to exempt OJD from its requirements and duties. If the legislature intends for OJD to remain subject to the bill, we would request amendments detailed below, as there are certain requirements under the bill that are problematic.

**Section 1** of the bill creates a new nonprofit advisory council. Subsection (12) requires state agencies to assist the council in fulfilling its responsibilities, including providing necessary information and advice, in compliance with confidentiality laws. The bill references the definition of “state agencies” in ORS 174.111, which includes OJD. However, OJD has not been provided a seat on the council similar to the legislative department’s representation in sections 1(1)(a) and 1(1)(b). If OJD is required to comply with any aspects of the bill, such as reporting to the council, we respectfully request that the Chief Justice be able to appoint a non-voting member to represent OJD.

**Section 3** outlines requirements for grant agreements and public contracts between state agencies and nonprofit organizations. The definition of “state agency” in subsection (1)(g) refers to any “state office, department, division, bureau, board, commission, or other agency that awards a grant to a nonprofit organization.” OJD recommends replacing this definition with the term “contracting agency” from ORS 279A.010(1)(b) to reflect OJD’s exemption from the bill’s requirements.

If OJD remains subject to the bill’s requirements under this section, we respectfully want to note there are several provisions in section 3 that would be challenging for compliance. Specifically, subsection (3)(a) mandates advance payments of 25 percent to nonprofits. However, many of OJD’s grant funding awards (state and federal) are provided on a reimbursement basis, which makes it challenging to provide advance

payments. Further, OJD's standard business practice is to pay after goods are delivered and services rendered, not payment in advance.

OJD appreciates the committee's consideration of our concerns and the opportunity to collaborate on the development of SB 602. We are grateful for your time and the chance to provide input on this important issue.

Thank you.