

Submitter: D Torres
On Behalf Of:
Committee: Senate Committee On Labor and Business
Measure, Appointment or Topic: HB3646
Chair & Committee Members,

I oppose HB 3646.

The state's procurement system should be rooted in fairness, transparency, and competition. Public contracts must be awarded based on objective criteria such as price, quality, performance, and capacity—not on ownership structure. By expanding preferences in this manner, the bill risks distorting the competitive bidding process, potentially increasing costs to taxpayers and limiting access for other qualified businesses, including many small, local, and minority-owned enterprises.

While employee-owned businesses play an important role in the economy, they already compete on a level playing field. Granting them additional preference—regardless of industry, capability, or cost-effectiveness—introduces a bias that is not necessarily aligned with the best value for public dollars or the specific needs of agencies.

Moreover, adding another category to the preference list creates more administrative complexity for contracting agencies. They must now verify new forms of ownership, assess eligibility under additional rules, and weigh preferences among multiple favored business types—complicating procurement decisions and delaying the process.

This bill also raises concerns about equity. Public procurement policy should ensure fair access for all types of businesses without favoring certain ownership models over others unless there is a clearly demonstrated public benefit. In this case, no such compelling need has been established to justify preferential treatment for ESOPs or majority employee-owned firms.

For these reasons, I respectfully urge the Committee to reconsider this legislation and instead focus on procurement policies that support fair competition, fiscal responsibility, and transparent governance.