FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: SB 494 - A**

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:
Eliminates sunset on provisions related to business development loans and entrepreneurial development loans.

Government Unit(s) Affected:
Business Development Department (Business Oregon)

Summary of Expenditure Impact

	2011-13 Biennium	**2013-15 Biennium**
Other Funds	129,845	129,845
Total Funds	**$129,845**	**$129,845**
Positions	1	1
FTE	1.00	1.00

Local Government Mandate:
This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:
SB 494 repeals the sunset on provisions related to business development loans and entrepreneurial development loans. The bill removes the requirement that a small business enterprise be certified as an emerging small business in order to qualify for a loan from the Oregon Business Development Fund (OBDF), increases the financing gap that can be funded, and broadens the pool of applicants for loan funds. The bill is effective on passage.

The Oregon Business Development Department administers the OBDF, which is a revolving loan fund that provides loans to businesses for projects, primarily in rural and distressed areas. Loans are limited to small businesses with fewer than 100 employees, and to projects that create or retain jobs primarily in manufacturing, processing, and tourism.

In the 2010 session, the Legislature reduced restrictions on the use of these loans, but included a sunset provision on these changes. This bill makes these changes permanent.

OBDD uses revenue from the fund to provide staff support for this program. OBDD hired a limited duration Loan Specialist 1 upon passage of Senate Bill 1017 (2010). Because this bill permanently enacts the temporary changes made in 2010, the fiscal impact reflects the actual cost of a permanent position. The fiscal impact assumes that the permanent position will be continued at the current rate of pay, which at Step 4 of the salary range.