

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed
Vote: 7 - 0 - 1
Yeas: Nathanson, Read, Sheehan, Smith J., Weidner, Bentz, Hunt
Nays: 0
Exc.: Lindsay
Prepared By: Patrick Brennan, Administrator
Meeting Dates: 2/8, 2/9

WHAT THE MEASURE DOES: Expands the definition of qualified businesses eligible for credit guarantees from the Credit Enhancement Fund to include nontraded sector businesses. Establishes a sunset date of July 1, 2015. Declares an emergency, effective upon passage.

ISSUES DISCUSSED:

- History of Credit Enhancement Fund
- Impact of Fund during economic downturn

EFFECT OF COMMITTEE AMENDMENT: Fixes a drafting error.

BACKGROUND: The Credit Enhancement Fund (CEF), which is administered by the Oregon Business Development Department, is a loan insurance program available to lenders to assist businesses in obtaining access to capital. The fund guarantees loans made by lenders providing working capital or fixed-asset loans to businesses and is available for traded sector manufacturing, production, processing and distribution companies. Companies owning, occupying or operating real property containing a brownfield are also eligible. Loan guarantees are typically for up to 80 percent of the loan amount, up to \$2 million exposure for loan terms; for operating lines of credit the guarantee is up to 75 percent of the loan, up to \$1.5 million exposure.

As noted, only traded sector businesses (those in which member firms sell their goods or services into markets for which national or international competition exists) are eligible for loan guarantees through the Credit Enhancement Fund. House Bill 4150-A expands access to businesses that do not operate in a traded sector industry, such as retail and service businesses.