

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 1558 A
CARRIER: Rep. Wand**

**REVENUE: No Revenue Impact
FISCAL: Minimal Fiscal Impact**

Action: Do Pass
Vote: 7-0-1
Yeas: Bailey, Bentz, Brewer, Read, Wand, Barnhart, Berger
Nays: 0
Exc.: Gelser

Prepared By: Mazen Malik, Economist
Meeting Dates: 2/22

WHAT THE BILL DOES: Modifies the scope of costs of certain economic development projects that the Oregon Business Development Department may finance with proceeds of certain revenue bonds. Declares an emergency and takes effect upon passage.

ISSUES DISCUSSED:

- What are the Industrial Revenue Bonds used for
- Conduit bonds and the role of Business Oregon.
- Benefits to Oregon, and central Oregon advantage.
- Bond proceeds to be used in Operating Capital and R&D.
- Regional Economic development agencies.

EFFECT OF COMMITTEE AMENDMENT

BACKGROUND:

The Oregon Business Development Department is currently authorized under ORS 285b.323 to utilize bond proceeds to provide financing for economic development projects. The statute currently defines "economic development project" as real or personal properties used or useful in connection with a revenue producing enterprise, an exempt facility or nonprofit entity, and vehicles, rolling stock and equipment related to an enterprise, facility or entity. This measure expands the definition of "economic development project" to include the above, as well as: research and development conducted in Oregon or related to products that the Department finds will be produced in Oregon; estimated initial operating expenses associated with a capital asset; and refinancing of an existing loan when doing so facilitates the financing or operation of a capital asset such as those listed above. The amendment in the house puts restrictions on the type of companies who are allowed (Oregon companies) to utilize these provisions, and specifies operating capital (without a 3 year allowance) and Research and Development (R&D) activities as eligible in the expansion of allowable uses of the bond proceeds.

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