

**What:** HB 2054, sponsored by Governor Brown on behalf of Business Oregon, is a bill that improves Oregon InC operations and proactively affirms Oregon InC's ability to make equity investments.

**Why:** Oregon InC was created in 2005 and since then, Council members and Business Oregon have identified minor statutory modifications to improve council operations. In addition, in 2018 the Council attempted to diversify investment types, specifically, the Council sought to make equity investments in some of the Oregon InC program areas but was notified by DOJ that because Oregon InC statute is silent on the matter, Business Oregon would need to seek explicit statutory authority during the 2019 legislative session.

#### The Details:

- **Statute changes to improve council operations:**
  - **Section 1(1) and Section 1(1)(g):** Removes unnecessary references to clean energy
  - **Section 2(c):** Provides equity for higher education participation in Council
  - **Section 2(f):** Allows for Business Oregon Director's designee to serve on Council
  - **Section 2(4):** Modifies term length from two to three years and allows for reappointment for two additional terms (instead of one)
  - **Section 2(5) and Section 2(6):** Changes quorum definition for Council business from majority of voting members to majority of voting members that are currently appointed to the Council
  - **Section 2(9):** Clarifies that audit committee shall have oversight of all grants or agreements in excess of \$150,000
  - **Section 4(d):** Modifies definition of Innovation Index to align with department capabilities
  - **Section 4(d)(3):** Changes reporting to Governor and Legislative Assembly from annual to biennial
  - **Section 6(2):** Allows council to contract with a nonprofit or other entity for administration of one or more centers (SRCs)
  - **Section 7(3)(b):** Clarifies that proposals funded by the Oregon Innovation Fund will have performance metrics or reporting requirements or both, as prescribed by rule
  - **Section 7(4):** Allows for Business Oregon to write rules for program implementation as advised by Oregon InC
  - **Section 8, Section 9(2)(h), Section 10:** Repeals authorization of the "Oregon Commercialization Research Fund," the ability to grant moneys through that fund, the creation of an advisory council for the fund and removes reference to such fund
  - **Section 14:** Adds reporting transparency requirements
  - **Section 15:** Specifies that the act will take effect upon passage

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- **Provides explicit authority for Oregon InC to make equity investments with goal of earning returns:**
  - **Section 1(1):** Adds clarification that equity does not include company stock
  - **Numerous sections – including Section 3(3) and 3(4), Section 5(3) and 5(5), Section 7(1), Section 11(4)(C), Section 12(1)(b) and (2) and (3), Section 13(2):** Addition of the term “equity investments” throughout relevant Oregon InC statute including allowing for Oregon InC to make such investments from the Oregon Innovation Fund
  - **Section 7(2)(a) – (B):** New section providing the Council the tool of contracting with management companies to manage equity investments. This will enable the Council to receive returns on such investments.