

HB 2266 -1 STAFF MEASURE SUMMARY

House Committee On Economic Recovery and Prosperity

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Meeting Dates: 3/18

WHAT THE MEASURE DOES:

Requires the Oregon Business Development Department to study the use of economic development methods for purposes of assisting businesses and to report its findings by September 15, 2022. Sunsets on January 2, 2023.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces original measure. Requires the Oregon Business Development Department (OBDD) to make awards to lenders for purposes of funding the lenders' loan loss reserve accounts. Specifies that the award process must be through a competitive request for proposal process and that no more than 10 percent of available funds may be awarded to any single lender. Specifies the criteria by which OBDD is to evaluate proposals, including the extent to which the lender provides technical assistance to underserved borrowers, how the lender's application process and underwriting criteria are designed to reduce historic barriers to borrowers' access to loan capital, and how the lender plans to ensure loans are made to borrowers in regionally diverse and rural areas of the state. Requires OBDD to enter into written agreements with each lender and specifies the terms of the agreements. Requires lenders who are awarded moneys under the program to make an annual report to OBDD by July 31 during each year of the term of the written agreement and prescribes the contents of the annual report. Requires OBDD to submit a report to the Legislative Assembly by September 15 of each even-numbered year, and prescribes the contents of the report. Appropriates \$5 million to OBDD out of the General Fund for purposes of the program. Allocates \$250,000 from the Administrative Services Economic Development Fund to the Oregon Department of Administrative Services for distribution to the Oregon Entrepreneurs Network and specifies the purposes for which the Network may use the moneys, including one-on-one interviews with entrepreneur ecosystem participants and to fund technological infrastructure for the creation of a statewide entrepreneurial ecosystem community. Allocates \$3 million from the Administrative Services Economic Development Fund to OBDD for deposit in the Oregon Growth Fund to be continuously appropriated to OBDD for the use of the Oregon Growth Board and specifies the purposes for which the moneys may be used, including helping fill capital gaps encountered by Oregon businesses, especially in underserved communities, rural areas, and under-supported industry sectors. Requires OBDD to establish a program to make loans to eligible businesses, which include disadvantaged business enterprises, minority-owned businesses, woman-owned businesses, businesses owned by a service-disabled veteran, or emerging small businesses. Specifies the amount of loans under the program and the qualifications of a recipient. Establishes the Disadvantaged and Emerging Small Business Loan Fund as separate and distinct from the General Fund to be continuously appropriated to OBDD and specifies the purposes for which the moneys may be used. Requires OBDD to submit a report to the Legislative Assembly by September 15 of each year and specifies the contents of the report. Appropriates \$10 million from the General Fund for deposit in the Disadvantaged and Emergency Business Loan Fund. Declares emergency, effective on passage.

BACKGROUND:

The Oregon Business Development Department, more commonly known as Business Oregon, is the state's economic development agency. Its mission is to invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy. Business Oregon operates infrastructure financing programs that are available to local municipalities for water systems, wastewater systems, port

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development, roads, and other infrastructure needs related to business growth and community development. House Bill 2266 requires Business Oregon to study the use of economic development methods for purposes of assisting businesses and to report its findings by September 15, 2022.