

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2266 - A4

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establish loan loss reserve program for qualified lenders. Directs Oregon Business Development Department to develop and implement Disadvantaged and Emerging Small Business Loan program to provide technical assistance and make loans to eligible business.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD), Oregon Department of Justice (DOJ), Department of Revenue (DOR)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

| | 2021-23 Biennium | 2023-25 Biennium |
|--------------------------|-------------------------|-------------------------|
| General Fund | \$20,000,000 | |
| Other Funds | | |
| Services and Supplies | 100,000 | |
| Special Payments | 19,900,000 | |
| Total Other Funds | \$20,000,000 | |

Analysis:

HB 2266 A-Engrossed appropriates a total of \$20 million General Fund to the Oregon Business Development Department (OBDD):

- \$10 million to establish a loan loss reserve program for qualified lenders to be selected through an RFP process.
- \$10 million for deposit in the Disadvantaged and Emerging Small Business Loan Fund to develop and implement a program to provide technical assistance and make loans to eligible business.

The -A4 makes changes to statute relating to agreements with lenders, removing the provision that allows assignment of collection efforts to the Department of Revenue. This change is indeterminate but expected to be minimal. The -A4 does not change the original fiscal determination.

Oregon Business Development Department (OBDD)

OBDD estimates the administrative and operational costs of this program to be \$100,000 per biennium. This amount reflects Department of Justice expenses, sponsorships, memberships, and travel expenses. Based on the Economic Development Loan program, OBDD estimates this new program making 15-20 loans per year in the range of \$100,000-\$150,000 per loan which could generate up to \$200,000 per year in interest and up to \$4,000 in application fees.

Although the measure creates a new ongoing program and establishes a new Fund that is continuously appropriated to OBDD, the measure provides a onetime appropriation for the 2021-23 biennium. It is unknown whether or not loan repayments would be sufficient to cover the administrative costs of the program in future biennia. The Legislative Fiscal Office (LFO) assumes that funding for this program for 2023-25 and future biennium will be addressed in conjunction with the biennial budgeting process for the agency.

Oregon Department of Justice (DOJ), Department of Revenue (DOR)

Passage of this measure is anticipated to have minimal fiscal impact on DOJ and DOR.