

HB 2266 A STAFF MEASURE SUMMARY

House Committee On Economic Recovery and Prosperity

Action Date: 04/13/21

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 5-3-0-0

Yeas: 5 - Clem, Kropf, Lively, Prusak, Ruiz

Nays: 3 - Cate, Levy, Wallan

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/18, 4/6, 4/13

WHAT THE MEASURE DOES:

Requires the Oregon Business Development Department (OBDD) to make awards to lenders to fund the lenders' loan loss reserve accounts and specifies the process for the award to be through competitive requests for proposals. Limits the amount of an award to any single lender to no more than ten percent of available funds. Specifies the criteria by which OBDD must evaluate proposals. Requires OBDD to enter into a written agreement with each lender who accepts an award, and specifies the contents of the agreement, including the lender's obligations in circumstances related to a borrower who defaults on a loan. Requires each lender who accepts an award to provide a report to OBDD annually by July 31 during the term of the written agreement and specifies the contents of the report to include the number and amount of loans made, demographic data of borrowers, and outreach conducted to rural and underserved populations. Permits the lender to be released from any obligation under the written agreement after ten years with a four-to-one ratio of total principal amount of loans made to amount awarded to the lender. Specifies reasons for the lender to repay the balance of money awarded, including if the lender has not made a qualified loan for 24 consecutive months. Requires OBDD to submit a report to the Legislative Assembly by September 15 of every even-numbered year and specifies the contents of the report. Appropriates \$10 million from the General Fund to OBDD for purposes of implementing the award program. Requires the interim committees of the Legislative Assembly related to economic development to evaluate the effectiveness of the program and develop recommendations for legislation. Defines key terms, including "eligible business," to mean a business certified by the Certification Office for Business Inclusion and Diversity. Requires OBDD to establish a program to make loans to eligible businesses and specifies the amounts of loans based on length of time the business has been operating. Establishes the Disadvantaged and Emerging Small Business Loan Fund to be separate and distinct from the General Fund and to be continuously appropriated to OBDD for purposes of the loan program, and appropriates \$10 million from the General Fund to the established fund. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Impact of COVID-19 pandemic on businesses
- Strategic plan of Business Oregon
- Access to capital by businesses in the state
- Gaps in collateral by businesses seeking loans
- Targeted businesses with loan funds at Business Oregon
- Constitutional issues related to COVID-certified businesses

EFFECT OF AMENDMENT:

Replaces the measure.

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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 development, roads, and other infrastructure needs related to business growth and community development.

House Bill 2266 A requires Business Oregon to make awards to lenders to fund the lenders' loan loss reserve accounts, and to establish a program to make loans to eligible businesses. The measure appropriates \$10 million from the General Fund to each program.