

HB 2038 STAFF MEASURE SUMMARY**Carrier:** Sen. Hansell**Senate Committee On Labor and Business****Action Date:** 04/22/21**Action:** Do pass.**Vote:** 5-0-0-0**Yeas:** 5 - Hansell, Jama, Kennemer, Lieber, Riley**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Tyler Larson, LPRO Analyst**Meeting Dates:** 4/15, 4/22**WHAT THE MEASURE DOES:**

Extends sunset from 2021 to 2024 on increased revenue limit for qualified applicants to receive Entrepreneurial Development Loan and on increased maximum loan to a borrower. Requires Oregon Business Development Department to annually adjust revenue and loan limits to reflect inflation, starting in calendar year 2023. Prohibits annual adjustment of revenue limit from being reduced below \$1.5 million and maximum loan amount from being reduced below \$250,000 in calendar years 2023 and 2025. Prohibits annual adjustment of revenue limit from being reduced below \$500,000 and maximum loan amount from being reduced below \$100,000 starting in 2025. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Function of Entrepreneurial Development Loan Fund
- Need for temporary increase in revenue limits to dispense federal stimulus funds

EFFECT OF AMENDMENT:

No amendment.

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. The overall work of the Department is guided by the nine-member Business Development Commission with additional input and expertise provided by several other advisory bodies and boards associated with specific programs, including business finance programs that are backed by lottery dollars for direct loan and loan guarantees.

The Entrepreneurial Development Loan Fund (EDLF) provides direct loans to help start-ups, micro-enterprises, and small businesses expand or become established in Oregon. Applicants must meet eligibility criteria, such as a limit on revenues within the previous 12 months, and loans are limited in amount to any one borrower. During the 2020 2nd Special Session, the Legislative Assembly increased the revenue limit from \$500,000 to \$1.5 million and the maximum loan amount from \$100,000 to \$250,000.

Under current law, these increases will sunset December 31, 2021. House Bill 2038 extends the sunset to December 31, 2024, and reinstates the \$500,000 revenue limit and \$100,000 maximum loan amount on January 1, 2025. The measure also requires Business Oregon to adjust annually the revenue limit and maximum loan amount to reflect inflation, beginning with the 2023 calendar year.