

April 5, 2021

Chair Representative John Lively
Vice-Chair Representative Jami Cate
Vice-Chair Representative Jason Kropf
Representative Brian Clem
Representative Rachel Prusak
Representative Kim Wallan

Representative Bobby Levy
Representative Ricki Ruiz

To the Members of the House Committee on Economic Recovery and Prosperity:

For the record, my name is Heidi Khokhar, and I am proud to serve as the Executive Director of Rural Development Initiatives (RDI). RDI's mission is to strengthen rural people, places, and economies in the Pacific Northwest. RDI has worked across the Pacific Northwest for the last 28 years alongside rural communities to build networks of rural leaders, revitalize rural economies, and elevate rural voices to create community vitality.

I am very happy to share RDI's support for HB 2266, which will help ensure that underserved entrepreneurs in rural communities across Oregon can get **access to capital supported by technical assistance** to start and strengthen their businesses.

- Rural economies are characterized by a high dependency on low-wage workers and small businesses, limited access to healthcare, dilapidated facilities, and inadequate access to childcare and senior services.
- The Great Recession of 2007-09, the 2020 pandemic, and recent wildfire events have both amplified and exacerbated existing rural challenges.
- RDI is responding to Oregon's small towns; helping them address complex problems and recover, in more geographic isolation, with fewer financial resources, few models designed to fit their situation, and more confusing or less trusted information sources than larger population centers.

For many rural communities, the answer to this challenge is strengthening small businesses and entrepreneurs in rural Oregon who currently lack access to capital partnered with the technical assistance needed to be successful. We believe that HB 2266 is an important first step to support rural businesses and entrepreneurs, and we commend the Legislature for taking up this important issue.

Because economic recovery in rural Oregon continues to lag behind urban areas, it makes the perceived risk appear to be higher in rural Oregon and can deter critical investments, which help start and grow businesses. I am hopeful that HB 2266 will direct more investment in rural Oregon and strengthen their local economies, and help remove the perceived risk that has slowed some of these investments already. RDI strongly supports the creation of Lender Loan Loss Accounts, as outlined in the -2 amendment, because this will allow CDFI's, nonprofits, and economic development districts, to make loans that are needed in some of Oregon's most economically hard-hit communities. We know these investments will make critical impacts in



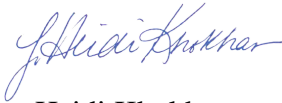
many of the communities we serve, and will help demonstrate the important needs that still exist in rural Oregon.

We also are very supportive of the language in the bill that will ask the review committee to evaluate the extent to which a lender provides technical assistance as part of their lending. The emerging best practice for rural suggests that every investment in rural communities should be partnered with supplemental technical assistance or capacity-building support to increase the probability of success.

In our experience in rural communities across Oregon, technical support is a vital resource because it helps to build trust and relationships in communities, which is necessary to fully leverage financial resources. By asking lenders about the technical assistance they provide upfront in the Request for Proposal process, we hope that it will demonstrate this support and expertise as a priority when awarding funds to lenders. RDI remains committed to expanding technical assistance to entrepreneurs in rural Oregon.

RDI urges your support of HB 2266 with the -2 amendment, and we look forward to continue working with the Legislature to ensure that issues facing rural Oregon are understood, prioritized, and addressed.

Rurally yours,



Heidi Khokhar
Executive Director

