

Enrolled
House Bill 4015

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Economic Recovery and Prosperity for Business Oregon)

CHAPTER

AN ACT

Relating to entrepreneurial development loans; amending ORS 285B.746, 285B.749 and 285B.753 and sections 28 and 29, chapter 10, Oregon Laws 2020 (second special session); repealing sections 4 and 5, chapter 20, Oregon Laws 2021; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 28, chapter 10, Oregon Laws 2020 (second special session), as amended by section 1, chapter 20, Oregon Laws 2021, is amended to read:

Sec. 28. The amendments to ORS 285B.746 and 285B.749 by sections 24 and 26, chapter 10, Oregon Laws 2020 (second special session), apply to applications for loans filed on or before December 31, [2024] **2021**.

SECTION 2. Section 29, chapter 10, Oregon Laws 2020 (second special session), as amended by section 2, chapter 20, Oregon Laws 2021, is amended to read:

Sec. 29. (1) The amendments to ORS 285B.746 and 285B.749 by sections 25 and 27, chapter 10, Oregon Laws 2020 (second special session), become operative January 1, [2025] **2022**.

(2) The amendments to ORS 285B.746 and 285B.749 by sections 25 and 27, chapter 10, Oregon Laws 2020 (second special session), apply to applications for loans filed on or after the date specified in subsection (1) of this section.

SECTION 3. ORS 285B.746, as amended by section 25, chapter 10, Oregon Laws 2020 (second special session), is amended to read:

285B.746. (1) The Oregon Business Development Department may approve a loan requested in an application filed under ORS 285B.743 if, after investigation, it finds that:

(a) The applicant is enrolled in a small business management program with a small business development center or certified entity;

(b) The applicant has prepared a business plan for the business, which has been reviewed by a small business development center or other entity certified by the department to review business plans; and

(c) The applicant is not effectively owned or controlled by another business entity or other person that, either by itself or when combined with the applicant, is not eligible for a loan under ORS 285B.740 to 285B.758.

(2) In addition to the requirements for loan approval described in subsection (1) of this section, in order to obtain a loan under ORS 285B.740 to 285B.758, an applicant must also satisfy one of the following conditions:

(a) *[The business must have annual revenues of \$500,000 or less]* In the 12-month period immediately preceding the date of application[.], **the business may not have had annual revenues that exceeded \$1,500,000;**

(b) At the time of application, the business must have fewer than 25 employees;

[(b)] (c) The business or proposed business must be owned, in whole or in part, by a person certified as having a severe disability by the Department of Human Services or the Commission for the Blind[.]; **or**

[(c)] (d) The applicant must submit proof to the Oregon Business Development Department that the applicant is a veteran who:

(A) Has a United States Department of Veterans Affairs total disability rating of at least 70 percent as a result of an injury or illness that the veteran incurred, or that was aggravated, during active military service; and

(B) Received a discharge or release under other than dishonorable conditions.

SECTION 4. ORS 285B.749, as amended by section 27, chapter 10, Oregon Laws 2020 (second special session), is amended to read:

285B.749. (1) The Oregon Business Development Department may approve an entrepreneurial development loan under ORS 285B.740 to 285B.758 if, after investigation, it finds that:

(a) The loan has a reasonable prospect of repayment from cash flow and collateral and is secured by good and sufficient collateral; and

(b) The applicant provides equity funds for the project in the form of cash or property in an amount equal to or greater than: *[20 percent of the amount of the loan.]*

(A) Fifteen percent of the amount of the project proceeds used for working capital and equipment; or

(B) Ten percent of the amount of the project proceeds used to acquire real property.

(2) The department shall determine the amount of the initial loan and any subsequent loan to *[the]* a borrower **from the Oregon Entrepreneurial Development Loan Fund.** The *[maximum]* total of all loans to *[a]* any borrower from the *[Oregon Entrepreneurial Development Loan]* fund may not exceed *[\$100,000]* **\$1,000,000.**

(3) Entrepreneurial development loans shall be made for a *[period not exceeding]* term that does not exceed 10 years at a rate of interest that does not exceed 18 percent per annum.

SECTION 5. Sections 4 and 5, chapter 20, Oregon Laws 2021, are repealed.

SECTION 6. ORS 285B.753 is amended to read:

285B.753. (1) Beginning with the *[2025]* **2023** calendar year, the Oregon Business Development Department shall annually adjust the annual revenue limit amount specified in ORS 285B.746 (2)(a) and the *[maximum]* total loan limit amount specified in ORS 285B.749 (2) by multiplying each amount by the percentage change in the monthly averaged Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor, for the 12 consecutive months ending on the immediately preceding December 31 compared to the monthly averaged Consumer Price Index for All Urban Consumers, West Region (All Items), for the 12 consecutive months ending on December 31, 2021.

(2) Notwithstanding subsection (1) of this section:

(a) The adjusted annual revenue limit amount specified in ORS 285B.746 (2)(a) may not be less than *[\$500,000]* **\$1,500,000.**

(b) The adjusted *[maximum]* total loan limit amount specified in ORS 285B.749 (2) may not be less than *[\$100,000]* **\$1,000,000.**

SECTION 7. This 2022 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2022 Act takes effect on its passage.

Passed by House February 11, 2022

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate February 22, 2022

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2022

Approved:

.....M,....., 2022

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2022

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Shemia Fagan, Secretary of State