



Legislative Fiscal Office
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Bill Title: Relating to financial assistance to small businesses; prescribing an effective date.

Government Unit(s) Affected: Oregon Business Development Department

Summary of Fiscal Impact

The program established by this measure is anticipated to have a fiscal impact on the Oregon Business Development Department - see explanatory analysis.

Measure Description

The measure directs the Oregon Business Development Department (OBDD) to develop and administer a program that provides financial assistance, including loans, forgivable loans, and grants, to eligible small businesses for enhanced and new commercial activities that support or expand the retention of small businesses in Oregon. The program will be open to any for-profit business with 100 or fewer employees that operates a physical business location in Oregon, has conducted operations in Oregon for at least one year, and is a traded sector business in which member firms sell their goods or services into markets for which national or international competition exists. The goal of this program is to provide financial assistance to eligible small businesses that face barriers to accessing capital; however, financial assistance may not be provided to an eligible small business for paying debts. In providing financial assistance, OBDD shall prioritize business development projects that promote expansion or preservation of the principal traded sector industries, among other factors.

The measure directs OBDD to conduct rulemaking to establish a process for processing and reviewing applications from eligible small businesses. The amount of financial assistance provided to an eligible business may not exceed 70% of the business's total eligible project costs.

The measure establishes the Small Business Sustainability Fund, which is continuously appropriated to OBDD to carry out its provisions. OBDD may establish other accounts within the Small Business Sustainability Fund to pay its administrative costs or operational expenses to carry out this program. The measure specifies that financial assistance payments to business development projects are not considered administrative costs.

Fiscal Analysis

OBDD currently administers a program that provides financial assistance to eligible small businesses. The existing program uses a portion of the department's Strategic Reserve Fund, a discretionary fund primarily supported by Lottery Funds that is used for economic development projects ultimately approved by the Governor. Over the last three biennia, OBDD has historically used between \$800,000 - \$1,600,000 from the Strategic Reserve Fund for small business projects. The 2025-27 current service level budget for the Strategic Reserve Fund is \$13.2 million Lottery Funds and \$2.4 million Other Funds.

The measure includes no funding for the Small Business Sustainability Fund; however, Policy Option Package 114 in the 2025-27 Governor's Budget includes a \$1 million Lottery Funds allocation for the purpose of capitalizing the fund.

Since OBDD is effectively administering a small business assistance program with current resources, no additional position authority will be required because of this measure. Furthermore, costs associated with adoption of administrative rules and services and supplies are anticipated to be minimal, and thus, can be accommodated within existing resources.

Relevant Dates

The measure takes effect 91 days after adjournment sine die.