

# House Bill 2348

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Oregon Business Development Department)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest:** The Act would make small changes to laws that deal with how certain economic development programs are run. (Flesch Readability Score: 61.6).

Adjusts certain economic development program statutes related to the administration of the programs.

## A BILL FOR AN ACT

1  
2 Relating to economic development programs; creating new provisions; and amending ORS 284.883,  
3 285A.194, 285A.196, 285A.681, 285A.709, 285B.563 and 329A.723.

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

5 **SECTION 1.** ORS 284.883 is amended to read:

6 284.883. (1) The Oregon Growth Board is established to formulate and implement policies and  
7 procedures to administer ORS 284.881 to 284.890, and to make recommendations for the investment,  
8 reinvestment, management and coordination of funds in the Oregon Growth Account established  
9 under ORS 348.702 and the Oregon Growth Fund established under ORS 284.890.

10 (2) The board shall consist of nine voting members and one to three nonvoting members as fol-  
11 lows:

12 (a) The State Treasurer shall be an ex officio voting member of the board.

13 (b) The Director of the Oregon Business Development Department, or the director's designee,  
14 shall be an ex officio nonvoting member of the board.

15 (c) The Governor shall appoint eight voting members, subject to Senate confirmation under ORS  
16 171.562 and 171.565 and the following:

17 (A) Two of the members shall be persons who do not belong to the same political party, [*who*  
18 *reflect the identity of the Legislative Assembly by political party affiliation at the time the persons are*  
19 *appointed and who are selected from a list of four candidates, each candidate recommended by the*  
20 *President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives*  
21 *or the Minority Leader of the House of Representatives, respectively*] **one of whom is recommended**  
22 **by the President of the Senate and one of whom is recommended by the Speaker of the House**  
23 **of Representatives.**

24 (B) Members shall include at least one representative from each congressional district in this  
25 state.

26 (C) Six members shall be appointed as follows:

27 (i) One member with experience in banking;

28 (ii) One member with experience in credit union operations;

29 (iii) One member with experience managing investments;

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (iv) One member with experience as a small business employer in this state; and

2 (v) Two at-large members.

3 (d) Two members of the Legislative Assembly that belong to different political parties as deter-  
 4 mined by the appropriate entry on official election registration cards, who are appointed by agree-  
 5 ment of the President of the Senate, the Minority Leader of the Senate, the Speaker of the House  
 6 of Representatives and the Minority Leader of the House of Representatives, shall serve as nonvot-  
 7 ing members of the board. If an agreement cannot be reached on both members of the Legislative  
 8 Assembly to serve on the board, no appointment shall be made under this paragraph.

9 (3) The term of office of each member who is not an ex officio member is four years. A member  
 10 appointed by the Governor serves at the pleasure of the Governor. Before the expiration of the term  
 11 of a member who is not an ex officio member, the appointing authority shall appoint a successor  
 12 whose term begins on January 1 next following. A member is eligible for reappointment. If there is  
 13 a vacancy for any cause, including but not limited to the end of a term of membership in the Leg-  
 14 islative Assembly, the appointing authority shall make an appointment to become immediately ef-  
 15 fective for the unexpired term.

16 (4) The board shall select one of its members as chairperson and another to serve as a liaison  
 17 with local governments for such terms and with duties and powers necessary for the performance  
 18 of the functions of these offices as the board determines, consistent with this section.

19 (5) A majority of the voting members of the board **at the time of the meeting, excluding va-**  
 20 **cancies or otherwise unfilled positions**, constitutes a quorum for the transaction of business.

21 (6) A member of the board may receive compensation and reimbursement for expenses as follows:

22 (a) Members of the Legislative Assembly as provided in ORS 171.072.

23 (b) Nonlegislative members in the manner and amounts provided in ORS 292.495. Claims for  
 24 compensation and expenses incurred in performing the functions of the board shall be paid out of  
 25 funds appropriated to the board for that purpose.

26 (7) The Oregon Business Development Department shall provide staff to the board as necessary  
 27 to allow the board to carry out its responsibilities under ORS 284.881 to 284.890.

28 **SECTION 2.** ORS 285A.194 is amended to read:

29 285A.194. (1) The Oregon Business Development Department shall establish and administer a  
 30 program in accordance with ORS 285A.193 to 285A.198 under which the department may make  
 31 forgivable loans for the purpose of reimbursing private owners or operators for the eligible costs  
 32 incurred in the completion of removal or remedial actions at brownfields.

33 (2)(a) Forgivable loans may be made in amounts up to the lesser of:

34 (A) Fifty percent of the eligible costs incurred by the owner or operator with respect to a  
 35 brownfield; or

36 (B) \$250,000.

37 (b) Additional forgivable loans may be made to the owner or operator for up to two of the en-  
 38 hancements described in subsection (3) of this section with respect to the brownfield for which a  
 39 forgivable loan is made under paragraph (a) of this subsection.

40 (c) The total amount of loans that may be made under paragraphs (a) and (b) of this subsection  
 41 is the lesser of:

42 (A) One hundred percent of the eligible costs incurred by the owner or operator with respect  
 43 to the brownfield; or

44 (B) \$500,000.

45 (3) A forgivable loan enhancement may be made in an amount equal to the lesser of 25 percent

1 of the eligible costs incurred by the owner or operator with respect to the brownfield or \$125,000  
 2 if:

3 (a) The brownfield is in a location identified in an electric vehicle infrastructure plan developed  
 4 by the Department of Transportation and will be operated as a publicly accessible charging station  
 5 for electric vehicles immediately after completion.

6 (b)(A) Housing will be constructed or redeveloped from existing improvements on the brownfield;

7 (B) At least four dwelling units, or 20 percent of all dwelling units, whichever is greater, will  
 8 be used as affordable housing; and

9 (C) Such use is ensured by a deed restriction on the brownfield that:

10 (i) Is enforceable by the city or county in which the brownfield is located *[and]* **or, when ap-**  
 11 **licable,** by the **Housing and Community Services** Department; and

12 (ii) Is to last for at least 30 consecutive years following completion of the housing.

13 (c) The brownfield is located in:

14 (A) A census tract in which at least 20 percent of the residents are below the federal poverty  
 15 line as determined under 42 U.S.C. 9902, as amended and in effect on December 31, 2020; or

16 (B) A rural area or a distressed area.

17 (d) At least 50 percent of the brownfield will be permanently dedicated as natural areas or  
 18 public parks by a deed restriction on the brownfield that is enforceable by the city or county in  
 19 which the brownfield is located and by the **Oregon Business Development** Department.

20 (e) The brownfield is located in an area designated as having unmet health care needs in the  
 21 most recent unmet need designation report by the Office of Rural Health and on which hospital  
 22 buildings or community health care facilities are subsequently constructed.

23 (f) The brownfield is a developed site that became a brownfield as a direct result of wildfire.

24 **SECTION 3.** ORS 285A.196 is amended to read:

25 285A.196. (1) A forgivable loan made under ORS 285A.195 shall be forgiven upon submission by  
 26 the owner or operator of all documentation required by the Oregon Business Development Depart-  
 27 ment, including, but not limited to, an affidavit signed under penalty for false swearing:

28 (a) Stating that the owner or operator has completed performance under the voluntary agree-  
 29 ment, cost recovery agreement, consent judgment or consent order described in ORS 285A.195 (1)(b),  
 30 other than the performance of long term water monitoring or compliance with institutional or en-  
 31 gineering controls;

32 (b) Documenting the eligible costs incurred and attesting that the costs have not been reim-  
 33 bursed; and

34 (c) Stating how the applicant has complied with any conditions required for any enhancement  
 35 listed in ORS 285A.194 [(3), *including recording a deed restriction, for which the applicant received*  
 36 *an additional forgivable loan*].

37 (2)(a) A forgivable loan may not be forgiven under subsection (1) of this section and shall be  
 38 repaid over a term of five years, with interest at the [*current primary credit rate of the discount*  
 39 *window program of the United States Federal Reserve System plus three percent per annum*] **prevail-**  
 40 **ing bank prime loan rate as set forth in the most recent H.15 (519), if:**

41 [(a)] (A) The removal or remedial action at the brownfield for which the forgivable loan was  
 42 made is not completed on a schedule set forth in the loan agreement between the department and  
 43 the owner or operator entered into under ORS 285A.195; or

44 [(b)] (B) The owner or operator fails to comply with any condition set forth in the loan agree-  
 45 ment.

1       **(b) As used in this subsection, “most recent H.15 (519)” means the latest weekly statis-**  
 2 **tical release report designated as H.15 (519), or any successor or replacement publication,**  
 3 **published by the Board of Governors of the Federal Reserve System prior to the date on**  
 4 **which the applicable interest rate is determined.**

5       (3) The department may in its discretion allow owners or operators to cure noncompliance with  
 6 performance or other conditions set forth in loan agreements.

7       (4) The department may seek appropriate legal remedies to secure repayment of forgivable loans  
 8 due the Oregon Brownfield Properties Revitalization Fund established under ORS 285A.198.

9       (5) Moneys repaid to the department under this section shall be deposited in the Oregon  
 10 Brownfield Properties Revitalization Fund.

11       **SECTION 4.** ORS 285A.681 is amended to read:

12       285A.681. (1) If the Oregon Infrastructure Finance Authority approves the project, the authority,  
 13 on behalf of the state, and the applicant may enter into a loan contract that is secured by good and  
 14 sufficient collateral.

15       (2) A loan contract entered into pursuant to this section shall set forth, among other matters:

16       (a) A plan for repayment by the applicant to the Oregon Port Revolving Fund of moneys bor-  
 17 rowed from the fund for the project and interest on the moneys at a rate of interest determined by  
 18 the authority.

19       (b) Provisions satisfactory to the authority for field engineering and inspection, the authority to  
 20 be the final judge of completion of the contract.

21       (c) That the liability of the state under the contract is contingent upon the availability of mon-  
 22 eys in the Oregon Port Revolving Fund for use in the project.

23       (d) Any other provision the authority considers necessary to ensure expenditure of the funds for  
 24 the purposes set forth in the approved application.

25       (3) The repayment plan required under subsection (2) of this section, among other matters:

26       (a)(A) Shall provide for commencement of repayment by the port district of moneys used for the  
 27 project and interest on the moneys no later than one year after the date of the loan contract or at  
 28 any other time as the authority may provide.

29       (B) Notwithstanding subparagraph (A) of this paragraph and upon approval by the authority,  
 30 may provide, with respect to a flexible manufacturing space project, that no interest shall accrue  
 31 until the building is at least 25 percent occupied or until three years after the date of the loan  
 32 contract, whichever is earlier.

33       (b) May provide for reasonable extension of the time for making any repayment in emergency  
 34 or hardship circumstances if approved by the authority.

35       (c) Shall provide for such evidence of debt assurance of, and security for, repayment by the ap-  
 36 plicant as the authority considers necessary.

37       (d) Shall specify a loan term that may not exceed the useful life of the contracted project or 30  
 38 years from the year of project completion, whichever is less.

39       (e) Shall include a payment schedule that:

40       (A) Provides for repayment of interest that accrues during any period of delay in repayment  
 41 authorized under paragraph (a) of this subsection; and

42       (B) May require payments of varying amounts for collection of the accrued interest.

43       (f) Shall provide for partial or complete repayment, in excess of scheduled payments, of any  
 44 outstanding principal loan amount without penalty.

45       (4) The Oregon Infrastructure Finance Authority may make limited moneys available from the

1 Oregon Port Revolving Fund to eligible ports for grants to assist with capital improvement projects  
2 **and dredging.**

3 (5) The Oregon Business Development Department shall adopt by rule eligibility criteria and  
4 award limits for grants from the fund.

5 **SECTION 5.** ORS 285A.709 is amended to read:

6 285A.709. (1) Notwithstanding ORS 285A.708 (1) and 285A.711, available moneys in the Oregon  
7 Port Revolving Fund that were accrued as **repayments or** net earned income of the fund may be  
8 transferred to the Port Planning and Marketing Fund created under ORS 285A.654.

9 (2) Notwithstanding ORS 285A.654 (1)(b), moneys transferred to the Port Planning and Market-  
10 ing Fund under this section may be used for payments of grants under ORS 285A.654 to 285A.660  
11 to ports formed under ORS 285A.603 to 285A.732 or ORS chapter 777 or 778.

12 (3) In addition to and notwithstanding any other law, an amount not to exceed five percent of  
13 the assets of the Oregon Port Revolving Fund as calculated on July 1 of each year [*shall*] **may** be  
14 transferred to the Port Planning and Marketing Fund under this section.

15 **SECTION 6.** ORS 285B.563 is amended to read:

16 285B.563. (1) There is established in the State Treasury, separate and distinct from the General  
17 Fund, the Water Fund. Interest earned by the Water Fund shall be credited to the fund. All moneys  
18 in the Water Fund are continuously appropriated to the Oregon Business Development Department  
19 for the Oregon Infrastructure Finance Authority for the purposes described in ORS 285B.560 to  
20 285B.599, including the direct project management costs.

21 (2)(a) Moneys in the Water Fund may be obligated to water projects.

22 (b) Moneys shall be used primarily to make loans to municipalities. The authority may make a  
23 loan only if:

24 (A) The municipality applying for the loan certifies to the department that adequate funds will  
25 be available to repay the loan; and

26 (B) The authority determines that the amount of the loan applied for is based on a reasonable  
27 and prudent expectation of the municipality's ability to repay the loan.

28 (c) The authority may award a grant if a loan is not feasible due to:

29 (A) Financial hardship to the municipality, as determined by the authority, based on consider-  
30 ation of anticipated water service charges or anticipated waste water service charges, the per capita  
31 income of the municipality and any other factors as the department by rule may establish; and

32 (B) Special circumstances of the water project.

33 (d) The authority may also award grants from the fund to:

34 (A) Identify and implement sustainable technologies and practices;

35 (B) Build asset management capacity for municipalities;

36 (C) Plan for strategic initiatives that focus on the regionalization of water systems; or

37 (D) Provide third party technical assistance to communities in the development of water systems  
38 [*that include asset management components*].

39 (e) The authority may determine the amount of grant or loan funding on a case-by-case basis.

40 (3) The moneys in the fund may also be used to assist the authority in selling revenue bonds  
41 on behalf of municipalities in order to carry out the purposes of ORS 285B.560 to 285B.599.

42 (4) Moneys in the Water Fund may be invested as provided by ORS 293.701 to 293.857. The  
43 earnings from the investments and other program income shall be credited to the Water Fund.

44 (5) The Water Fund shall consist of:

45 (a) Moneys appropriated to the fund by the Legislative Assembly.

1 (b) Moneys transferred to the fund by the authority from the Special Public Works Fund created  
2 by ORS 285B.455.

3 (c) Moneys transferred to the Water Fund by the Water Resources Commission from the Water  
4 Development Fund created by Article XI-I(1) of the Oregon Constitution.

5 (d) Moneys from any federal, state or other grants.

6 (e) Proceeds of revenue bonds issued under ORS 285B.575.

7 (f) Earnings on the Water Fund.

8 (6) The authority shall administer the fund.

9 (7) The department shall adopt rules and policies for the administration of the fund. The de-  
10 partment shall coordinate its rulemaking regarding safe drinking water projects with the Water  
11 Resources Department and the Oregon Health Authority. The rules adopted under this subsection  
12 for safe drinking water projects shall:

13 (a) Require the installation of meters on all new active service connections from any distribution  
14 lines funded with moneys from the fund or from the proceeds of revenue bonds issued under ORS  
15 285B.572 to 285B.578.

16 (b) Require a plan, to be adopted by a municipality receiving financial assistance from the fund,  
17 for installation of meters on all service connections throughout the drinking water system not later  
18 than two years after the completion of a safe drinking water project.

19 (8)(a) The Oregon Infrastructure Finance Authority shall manage the Water Fund and any  
20 expenditures from accounts in the fund and transfers between accounts so that the fund provides a  
21 continuing source of financing consistent with ORS 285B.413.

22 (b) If necessary to ensure repayment of bonds issued under ORS 285B.560 to 285B.599, the au-  
23 thority may reduce the value of the fund when the authority:

24 (A) Finds that without a reduction in fund value, bonds secured by the fund are likely to be in  
25 default; and

26 (B) Imposes a moratorium on grants until the requirements of paragraph (a) of this subsection  
27 are satisfied.

28 (9)(a) The authority may charge administrative costs to the fund, but not to moneys segregated  
29 in the account created by subsection (11) of this section, to pay for administrative costs incurred  
30 by the authority.

31 (b) To the extent permitted by federal law, administrative costs of the authority may be paid  
32 from bond proceeds.

33 (10) The authority may establish other accounts within the Water Fund for the payment of water  
34 projects costs, reserves, debt service payments, credit enhancements, costs of issuing revenue bonds,  
35 administrative costs and operating expenses or any other purpose necessary to carry out ORS  
36 285B.560 to 285B.599.

37 (11) There is created within the Water Fund a separate and distinct account for the proceeds  
38 from the sale of water development general obligation bonds issued for safe drinking water projects  
39 and credited to the special account under this section. Any investment earnings thereon shall be  
40 segregated in and continuously appropriated to a special, separately accounted for subaccount of  
41 this account. Moneys credited to this account shall be maintained separate and distinct from moneys  
42 credited to subaccounts created under subsection (10) of this section. Notwithstanding ORS  
43 285B.566 or subsection (4) of this section, all repayments of moneys loaned from the account created  
44 by this subsection, including interest on the moneys, shall be credited to the Water Development  
45 Administration and Bond Sinking Fund created by ORS 541.830.

1 (12) As used in this section, “administrative costs” include the authority’s direct and indirect  
2 costs for investigating and processing an application, developing a contract, monitoring the use of  
3 funds by a municipality, investigating and resolving a budget discrepancy, closing a project and  
4 providing financial and other assistance to a municipality.

5 **SECTION 7.** ORS 329A.723 is amended to read:

6 329A.723. As used in ORS 329A.720 to 329A.732:

7 (1) “Administrative costs” includes, but is not limited to, the direct and indirect costs incurred  
8 by the Oregon Business Development Department for:

9 (a) Reviewing and processing applications for grants and loans for financial assistance submitted  
10 by eligible applicants under ORS 329A.727.

11 (b) Monitoring the use of funds by recipients.

12 (2) “Child care facility” has the meaning given that term in ORS 329A.250.

13 (3) “Early child care infrastructure activity” means an activity that contributes to the develop-  
14 ment of a robust child care system in this state.

15 (4) “Eligible applicant” means any of the following:

16 (a) A certified or registered family child care provider.

17 (b) A person or nonprofit organization that operates a child care facility.

18 (c) A child care center certified under ORS 329A.280 by the Department of Early Learning and  
19 Care.

20 (d) Federally recognized Indian tribes in Oregon [*that are preschool providers participating in the*  
21 *Preschool Promise Program established under ORS 329.172*].

22 (e) Organizations that support the expansion or establishment of child care providers.

23 (f) Programs that serve children in publicly funded early learning and care programs including:

24 (A) Programs funded by the Early Childhood Equity Fund established under ORS 417.781.

25 (B) Relief nurseries.

26 (C) Programs that receive subsidies through the Employment Related Day Care subsidy program  
27 under ORS 329A.500.

28 (D) Oregon Head Start, prekindergarten and Early Head Start programs.

29 (E) Programs that provide early childhood special education or early intervention services, as  
30 provided by ORS 343.475.

31 (g) Culturally specific early learning, early childhood and parent support programs described  
32 under ORS 417.782 (1).

33 (h) Any other applicants that the Oregon Business Development Department deems to be an el-  
34 igible applicant as provided by department rule.

35 (5) “Family child care provider” has the meaning given that term in ORS 329A.430.

36 **SECTION 8. The amendments to ORS 285A.194 and 285A.196 (1)(c) by sections 2 and 3 of**  
37 **this 2025 Act apply to calendar years beginning on or after January 1, 2021.**

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