

House Bill 2350

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 have Business Oregon set up a program for loans and grants to fund enhanced and new small business projects. (Flesch Readability Score: 65.2).

Directs the Oregon Business Development Department to develop and administer a program for awarding financial assistance for enhanced and new commercial activities that support the retention or expansion of eligible small businesses in Oregon.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to financial assistance to small businesses; and prescribing an effective date.

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

SECTION 1. As used in sections 1 to 3 of this 2025 Act:

4 (1) **"Business development project" means, but is not limited to, strategic investments**
5 **for a private sector business to create long-term value for the business's customers through**
6 **enhanced or new commercial activities that support the retention or expansion of an eligible**
7 **small business in Oregon.**

8
9 (2) **"Eligible project costs" means, but is not limited to, the following costs to the extent**
10 **they are related to the business development project for which financial assistance is sought:**

11 (a) **Tenant and capital improvements;**

12 (b) **Equipment and machinery purchases;**

13 (c) **Inventory, supplies and accounts receivable;**

14 (d) **Employee training and the costs of attending trade shows or conferences;**

15 (e) **International or domestic export assistance; or**

16 (f) **Marketing and promotion.**

17 (3) **"Eligible small business" means a for-profit business having 100 or fewer employees,**
18 **as further defined by the Oregon Business Development Department by rule relating to em-**
19 **ployment or sales.**

20 (4) **"Financial assistance" means loans, including forgivable loans, and grants.**

21 (5) **"For-profit business" means any private business, including entities that are legally**
22 **formed and authorized to conduct business in Oregon as limited liability companies, sole**
23 **proprietorships, partnerships, corporations or S corporations.**

24 (6) **"Rural area" has the meaning given that term in ORS 285A.010.**

25 (7) **"Traded sector" has the meaning given that term in ORS 285B.280.**

26 **SECTION 2. (1)(a) The Oregon Business Development Department shall develop and ad-**
27 **minister a program under which the department may award financial assistance to eligible**
28 **small businesses to promote the completion of business development projects.**

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 (b) An eligible small business may not use financial assistance to retire any debt.

2 (2) An eligible small business may apply for financial assistance under the program if the
3 business:

4 (a) Is in full compliance with all applicable federal, state and local law;

5 (b) Operates a physical business location in Oregon;

6 (c) Has conducted operations in Oregon, and can show sales receipts from those oper-
7 ations, for at least one year immediately preceding the date on which the business submits
8 an application for the financial assistance; and

9 (d)(A) Is a traded sector business;

10 (B) Makes a majority of its sales to purchasers outside this state; or

11 (C) Demonstrates the business's regional economic importance in a manner satisfactory
12 to the department.

13 (3) In awarding financial assistance under the program, the department shall prioritize
14 business development projects that:

15 (a) Promote expansion or preservation of the principal traded sector industries of
16 Oregon;

17 (b) Encourage economic diversification and competitiveness in Oregon;

18 (c) Support preservation of regional economies including key businesses in rural areas;

19 (d) Have significant long-term, regional or statewide economic impacts; or

20 (e) Support businesses unable to access resources, capital and assistance due to ge-
21 ographic or other barriers as determined by the department.

22 (4) The department shall adopt rules to implement this section. At a minimum, the rules
23 must include:

24 (a) An application process by which an eligible small business may apply for financial
25 assistance under this section.

26 (b) A process for reviewing and approving or rejecting the applications.

27 (c) The amount of financial assistance that may be provided to eligible small businesses.
28 The maximum amount of financial assistance provided to any eligible small business may not
29 exceed 70 percent of the business's total eligible project costs set forth in the application.

30 (d) A process for establishing the priorities set forth in subsection (3) of this section.

31 (e) The terms and conditions for any agreements entered into for financial assistance
32 under this section. In addition to other terms and conditions, the department may specify
33 in any agreement the facts and circumstances that constitute nonperformance by the re-
34 cipient, a means for curing nonperformance, penalties for nonperformance and the means for
35 recovering financial assistance amounts.

36 SECTION 3. (1)(a) The Small Business Sustainability Fund is established in the State
37 Treasury, separate and distinct from the General Fund. Interest earned by the Small Busi-
38 ness Sustainability Fund must be credited to the fund.

39 (b) Moneys in the Small Business Sustainability Fund are continuously appropriated to
40 the Oregon Business Development Department for the purposes of carrying out the pro-
41 visions of sections 1 to 3 of this 2025 Act.

42 (c) The department may establish other accounts within the fund to pay administrative
43 costs and operational expenses or otherwise to carry out the provisions of sections 1 to 3 of
44 this 2025 Act. Costs related to business development projects funded with financial assistance
45 under sections 1 to 3 of this 2025 Act shall not be considered administrative costs of the de-

1 **partment.**

2 **(2) The fund shall consist of moneys credited to the fund, including:**

3 **(a) Moneys that the Legislative Assembly appropriates or otherwise transfers to the**
4 **fund;**

5 **(b) Moneys transferred to the fund by the department from the Strategic Reserve Fund**
6 **created under ORS 285B.266 or otherwise;**

7 **(c) Earnings on moneys in the fund;**

8 **(d) Repayment amounts, including interest and penalties, of financial assistance awarded**
9 **under sections 1 to 3 of this 2025 Act;**

10 **(e) Moneys received from the federal, state or local governments; and**

11 **(f) Moneys, or the proceeds of assets, from any other public or private source, including,**
12 **but not limited to, grants and gifts.**

13 **SECTION 4. This 2025 Act takes effect on the 91st day after the date on which the 2025**
14 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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