



HB 2350 - Small Business Sustainability Fund

The bill would direct the Oregon Business Development Department (Department) to develop and administer a program to provide grants, loans, and forgivable loans to Oregon small businesses. The Department has been doing very similar work through resources transferred from the Strategic Reserve Fund (SRF). This bill would put that practice into statute and create a dedicated Small Business Sustainability Fund (SBSF) to serve as the funding source for the proposed program.

Small businesses make up 99 percent of businesses in Oregon, and about 90 percent of these businesses have less than 20 employees. Many of these businesses cannot access capital through banks, credit unions, or Business Oregon's finance programs. Historically under resourced entrepreneurs and business owners disproportionately have difficulty accessing and obtaining capital through traditional markets.

Creating a permanent, standalone SBSF program will provide the Department with a tool to provide targeted financial support to assist Oregon small businesses complete projects the Department has determined represent a prudent investment in the regional or state economy.

Current Small Business Sustainability Fund Fast Facts

- Since April of 2020, the Department has awarded 45 businesses over \$2.9M, leveraging over \$18.3M in private investment.
- 75% of projects are in rural areas.
- 53% of projects supported companies are in the Food and Beverage Industry, a key state-wide industry sector.
- 20% of projects supported advanced manufacturers, not including Food and Beverage companies.

Proposed Business Requirements

- Bill specifies businesses have 100 or fewer employees, and allows the Department the flexibility to set a lower employee threshold or add cap on annual sales by rule (the Department currently limits to less than 30 employees and \$3 million in annual sales).
- Conducts physical operations in Oregon and can demonstrate sales revenue for at least one year.
- Is a traded sector business, has majority of out-of-state sales, or is a key business to the regional economy.

Proposed Project Requirements

- Has eligible project costs, which may include but are not limited to capital improvements; machinery and equipment purchases; inventory, supplies and accounts receivable; employee training and trade show attendance; export assistance; or marketing and promotion.

- Demonstrates committed funding, from its own or other sources, for at least 30% of the cost of the project.
- The bill directs the Department to prioritize projects that meet one or more economic development goals, like expanding or preserving Oregon’s principal traded sector industries, encouraging economic diversification, or preserving regional economies.

Case Study Impact Stories

Metolius Artisan Tea - Bend

- Awarded \$37,500 in December 2021 to assist with the purchase and installation of a labeling machine.
- Prior to the award, the business could not meet market demand for their product due to process inefficiencies. Since the purchase of the new equipment, Metolius has almost tripled sales of their chai and grown from two FTE to 10.

Snake River Pack & Ship - Adrian

- Awarded \$60,000 in June 2023 for facility purchase and related installation and infrastructure costs to increase capacity.
- This project supported a woman and veteran-owned small business in rural Eastern Oregon, allowing a traded sector small business the opportunity to expand wholesale and their workforce. Prior to the investment, the company had seven wholesale clients which increased to 10 following the project completion.

Swell Gelato – The Dalles

- Awarded \$75,000 in October 2022 for new equipment, inventory, and capital improvements to its facility.
- As a result of the project, Swell is now distributing in 11 states and continues to break into new markets across the country, recently named the Nano Business of the Year by the US Small Business Administration.

Zena Forest Products – Salem

- Awarded \$75,000 in February 2023 to set up a new production line.
- Investment helped company provide more than 70,000 square feet of Oregon White Oak Edge Grain Flooring for Portland’s new airport terminal.

Red Plate Foods - Bend

- Awarded \$75,000 in January 2023 for new equipment to expand capacity.
- Investment increased sales by roughly 50%, and FTEs increased from 15 to 23.

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