

**REVENUE: No revenue impact**

**FISCAL: May have fiscal impact, statement not yet issued**

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<b>Action:</b>	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means by prior reference
<b>Vote:</b>	4 - 1 - 0
<b>Yeas:</b>	George L., Monnes Anderson, Starr, Metsger
<b>Nays:</b>	Deckert
<b>Exc.:</b>	0
<b>Prepared By:</b>	Janet Adkins, Administrator
<b>Meeting Dates:</b>	1/17, 3/14

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**WHAT THE MEASURE DOES:** Establishes the Mezzanine Financing Fund within the State Treasury for financing businesses and credit enhancements to banks and other financial institutions to the benefit of Oregon businesses as part of a public-private partnership. Specifies that projects may include assistance to existing companies to develop and market new products, to businesses to assist with acquisitions, and to assist businesses in situations where risks are higher than typical bank loans but are not typically financed by venture capital investors. Authorizes the Economic and Community Development Department to transfer up to \$1 million from the Oregon Business Development Fund to the new fund. Sunsets the fund on January 2, 2010 and transfers remaining funds back to the Business Development Fund at that time. Declares an emergency, effective July 1, 2007.

**ISSUES DISCUSSED:**

- Encouragement of the Oregon Investment Council, but not inclusion in their package of recommendations
- Advisable levels of risk
- Nature of the gap in financing
- Transfer from existing fund; not new revenue
- Traded sector focus but not restriction
- Whether state provision of loans is appropriate
- Regular partnering with banks under current law

**EFFECT OF COMMITTEE AMENDMENT:** Clarifies the nature of the fund as a public-private partnership arrangement. Deletes the creation of a separate Multi-Bank Account.

**BACKGROUND:** The Oregon Economic and Community Development Department recognizes the need for “bridge” financing to help fill a gap in capital needed by some Oregon businesses. Known as “mezzanine” capital, this funding would be intended to finance business developments that are higher than the risk levels now served by banks but not either large enough or the type of project that would attract venture capital. The financing authorized by SB 150-A could be used to fund credit enhancements or direct financing to businesses as part of a public-private partnership. A survey conducted by the department as part of a financial advisor study indicated the need for this kind of financing.