

REVENUE: No revenue impact

FISCAL: No fiscal impact

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Action:	Do Pass
Vote:	5 - 0 - 0
Yeas:	Deckert, George L., Monnes Anderson, Starr, Metsger
Nays:	0
Exc.:	0
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	2/21, 2/28

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**WHAT THE MEASURE DOES:** Expands the definition of “emerging growth business” for the purpose of allowed investments from the Oregon Growth Account. Includes individuals or groups in the definition. Deletes the restriction that investments must go to companies or individuals within existing traded sector industries as defined in statute. Specifies that “seed capital” may be provided for the first phases of development or commercialization and adds the term “technology” to the list of eligible products or processes being developed. Allows the Oregon Growth Account Board to enter into contracts for various types of payment or profit-sharing arrangements with its selected investment management companies (currently limited to partnerships).

**ISSUES DISCUSSED:**

- Importance of seed stage investments
- Potential for commercialization of research and development
- Relative risks of investment / mechanisms for managing risk
- Maintenance of focus on traded sector or “yet to be” traded sector industries

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The Oregon Growth Account (OGA) was created by the 1995 Legislative Assembly within the Education Endowment Fund, now known as the Education Stability Fund (ESF). The ESF receives 18 percent of net lottery proceeds. Ten percent of the funds received by the ESF are in turn transferred to the OGA which provides seed capital for emerging growth businesses in traded sector industries. The Oregon Investment Council oversees the investment of the ESF and a separate OGA board oversees OGA investments. The ESF statute directs all declared earnings of the OGA to the Commercialized Research Fund to support technology transfer activities at Oregon’s universities. The OGA board does not receive proposals from businesses directly, but it develops investment directives and strategies and it selects and monitors external partners who manage the investments. To date the OGA has made commitments of approximately \$60 million, including nearly \$30 million that has actually been invested.

SB 579 would allow OGA funds to be invested as early-stage seed capital. To help accomplish this, the bill expands uses of the fund beyond existing traded sector industries, allowing early-stage seed investments in technology, processes, and products that may not yet be considered as traded sector. The changes are intended to expand the use of the account in terms of types of private partners and at what stage along the commercialization continuum investments can be made.