

A-Engrossed
Senate Bill 150

Ordered by the Senate March 23
Including Senate Amendments dated March 23

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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.

[Creates Mezzanine Financing Fund to bridge financing gap between loans provided by lending institutions and loans provided by venture capital investors to Oregon businesses.]

Creates Mezzanine Financing Fund to provide credit enhancement to financial organizations and financing to Oregon businesses. Sunsets January 2, 2010.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to economic development; appropriating money; and declaring an emergency.

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

4 **SECTION 1. (1) There is created within the State Treasury the Mezzanine Financing**
5 **Fund, separate and distinct from the General Fund. Interest earned by the Mezzanine Fi-**
6 **ncing Fund shall be credited to the fund. Moneys in the fund are continuously appropriated**
7 **to the Economic and Community Development Department:**

8 (a) For the projects described in subsection (4) of this section; and

9 (b) To pay administrative expenses of the department that are related to the fund.

10 (2) The fund created by subsection (1) of this section shall consist of:

11 (a) Moneys from the repayment of principal, interest payments and other income from
12 any credit enhancement or financing provided by the fund;

13 (b) Revenues derived from fees imposed under subsection (5) of this section;

14 (c) Interest earned on moneys in the fund;

15 (d) Moneys from any grant received by the department for the fund from the federal
16 government;

17 (e) Appropriations, allocations and transfers of moneys to the fund by the Legislative
18 Assembly; and

19 (f) Revenues from any other funding sources that provide financing for Oregon busi-
20 nesses.

21 (3) The fund may not be used to retire any debt. The fund may not be used to pay ad-
22 ministrative expenses of the department that are not related to the fund.

23 (4) The department may provide credit enhancement to financial organizations for the
24 benefit of Oregon businesses and financing to Oregon businesses from the fund as part of a
25 broader public and private partnership. The department may provide credit enhancement to

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 financial organizations and financing to Oregon businesses under this section for the fol-
2 lowing projects:

3 (a) To assist established businesses with the development and marketing of new products;

4 (b) To assist businesses with acquisitions that are consistent with the policies and rules
5 governing the fund; and

6 (c) To assist businesses with situations:

7 (A) In which the level of risk to the lender or investor is greater than that of a loan
8 typically provided by a bank; and

9 (B) That would not typically be financed by venture capital investors.

10 (5) When providing credit enhancement or financing under this section, the department
11 shall:

12 (a) Establish eligibility requirements, fees and other terms for credit enhancement or
13 financing;

14 (b) Establish additional fees and other terms to reasonably ensure that the program is
15 self-financing; and

16 (c) Charge an application fee to any financial organization or business that applies for
17 credit enhancement or financing from the fund.

18 (6) The Oregon Economic and Community Development Commission shall review and
19 approve policies governing the fund that are developed by the department. The Director of
20 the Economic and Community Development Department must first approve an award of
21 moneys from the fund before moneys may be disbursed for credit enhancement or financing
22 projects.

23 (7) The department may establish boards or advisory councils and may consult with other
24 entities to evaluate requests for credit enhancement or financing from the fund.

25 (8) The department shall adopt rules to govern the administration of this section.

26 (9) The department shall establish performance measures that enable the department to
27 evaluate the projects financed with moneys from the fund. The performance measures must
28 be established by the department prior to the initial award of moneys from the fund.

29 **SECTION 2.** (1) During the 2007-2009 biennium, the Oregon Economic and Community
30 Development Commission may transfer up to \$1 million from the Oregon Business Develop-
31 ment Fund to the Mezzanine Financing Fund.

32 (2) Not later than January 2, 2010, the Economic and Community Development Depart-
33 ment shall transfer any moneys remaining in the Mezzanine Financing Fund that are not
34 otherwise committed to the Oregon Business Development Fund.

35 **SECTION 3.** Section 1 of this 2007 Act is repealed on January 2, 2010.

36 **SECTION 4.** This 2007 Act being necessary for the immediate preservation of the public
37 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect
38 July 1, 2007.

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