

# Enrolled Senate Bill 579

Sponsored by Senators DECKERT, MORSE, Representatives BERGER, BUTLER; Senators BROWN, DEVLIN, Representatives KOMP, MACPHERSON, READ (at the request of Governor Theodore R. Kulongoski)

CHAPTER .....

AN ACT

Relating to Oregon Growth Account; amending ORS 348.701, 348.702, 348.703 and 348.706.

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

**SECTION 1.** ORS 348.701 is amended to read:

348.701. As used in ORS 348.701 to 348.710:

(1) "Board" means the Oregon Growth Account Board established in ORS 348.707.

(2) "Emerging growth business" means **an individual or group of individuals** or a new or small company, **including but not limited to any new or small partnership, limited liability company, corporation, firm, association or other entity**, that has the capacity, upon obtaining appropriate capital, to generate significant high skill, high wage employment [*within one or more traded sector industries*].

(3) "Management company" includes [*a person,*] **an individual or group of individuals, firm, association**, limited partnership, partnership, corporation or other investment company.

(4) "Seed capital" means financing that is provided for the initial phases, **including the first phase**, of development, refinement and commercialization of a **technology**, product, process or innovation, including but not limited to facilitating technology transfers related to academic research, discoveries or developments for the purpose of commercialization of a **technology**, product, process or innovation.

[*(5) "Traded sector" has the meaning given that term in ORS 285B.280.*]

**SECTION 2.** ORS 348.702 is amended to read:

348.702. (1) There is created within the Education Stability Fund the Oregon Growth Account, to which shall be credited, in the manner provided in subsection (2) of this section, 10 percent of the funds transferred under section 4, Article XV of the Oregon Constitution, from the Administrative Services Economic Development Fund to the Education Stability Fund. Separate records shall be maintained for moneys in the Oregon Growth Account that are available for the purposes specified in subsection (5) of this section. The account may be credited with such unrestricted appropriations, gifts, donations, grants or contract proceeds from any source, with investments or funds from any source, and with returns on investments made from the account.

(2) The Oregon Department of Administrative Services may credit to the Oregon Growth Account from the first funds transferred in a fiscal year to the Education Stability Fund under section 4, Article XV of the Oregon Constitution, an amount up to the amount the department estimates to be 10 percent of the funds required to be transferred to the Education Stability Fund for that fiscal year.

(3) If at the end of the fiscal year the amount credited to the Oregon Growth Account under subsection (2) of this section is less than or greater than 10 percent of the amount required to be transferred under section 4, Article XV of the Oregon Constitution, to the Education Stability Fund, the amount credited to the Oregon Growth Account shall be adjusted in one of the following ways:

(a) The amount credited to the account in the following fiscal year may be adjusted;

(b) Any excess may be transferred from the Oregon Growth Account to the Education Stability Fund; or

(c) Any shortage may be transferred from the Education Stability Fund to the Oregon Growth Account from funds available for that purpose.

(4) Adjustments required by subsection (3) of this section shall be made without consideration of any interest or other earnings that have accrued during the fiscal year.

(5) The purpose of the Oregon Growth Account is to earn returns for the Education Stability Fund by making investments in or by providing seed capital for emerging growth businesses [*in traded sector industries*].

(6) The investment of funds in the Oregon Growth Account shall be governed by the Oregon Growth Account Board.

**SECTION 3.** ORS 348.703 is amended to read:

348.703. (1) The Oregon Growth Account Board shall contract with one or more management companies to manage and invest the moneys in the Oregon Growth Account. For purposes of this subsection, a contract with a management company may consist of:

(a) A partnership agreement under which the Oregon Growth Account Board is the limited partner and the management company is the general partner; or

**(b) Another form of payment or profit-sharing arrangement under which the Oregon Growth Account Board may receive payment or another form of return in exchange for its investment in an emerging growth business.**

(2) The provisions of ORS 293.726 do not apply to those assets of the Education Stability Fund that are held in the Oregon Growth Account. The limitations of ORS 293.726 (6) shall be calculated based only on the balance of the Education Stability Fund that does not include the Oregon Growth Account.

(3) A management company selected to manage the Oregon Growth Account shall manage the moneys in the account, subject to investment policies established by the State Treasurer and the investment directives or strategies of the Oregon Growth Account Board, with the care, skill and diligence that a prudent investor acting in a similar capacity and familiar with such investments would use in managing and investing a similar account. The management company shall invest in Oregon an amount that is at least equal to the amount of the principal transferred from the Oregon Growth Account to the management company for investment.

(4) The contract between the board and a management company to manage the Oregon Growth Account and the functions performed under the contract are not subject to the State Personnel Relations Law or ORS 279.835 to 279.855 or ORS chapter 279A or 279B.

(5) Notwithstanding ORS 348.702 (5), a management company selected to manage the Oregon Growth Account may maintain a portion of the moneys allocated to the account under ORS 348.702 (1) in short-term securities in investments other than those specified in ORS 348.702 (5) during such times as a management company is seeking investments that meet the requirements of ORS 348.702 (5).

(6) The State Treasurer shall annually submit a report to the Governor and to the Legislative Assembly on the investment of moneys in the Oregon Growth Account. The report required by this subsection shall include a summary of the amount of money invested by industrial sector or business classification, by region of this state, by size of investment and by type of investment.

(7) The State Treasurer shall provide to other state agencies any reports on the investment of moneys in the Oregon Growth Account that are necessary to fulfill audit, financial, investment or other reporting requirements to which the Education Stability Fund is subject by law or standard accounting principles.

(8) The office of the State Treasurer shall provide staff to the board.

(9) There is continuously appropriated to the board from the Oregon Growth Account those amounts necessary to meet the expenses of the board and the State Treasurer in carrying out the operations of the Oregon Growth Account and the duties of the board and the State Treasurer. The cost to the office of the State Treasurer of providing staff to the board shall be deducted from those amounts paid to the State Treasurer pursuant to ORS 293.718 as reimbursement for expenses incurred as investment officer for the Education Stability Fund.

(10) The board may enter into contracts for the provision of investment advice or other services that the board deems reasonable and necessary to fulfill the duties of the board. The State Treasurer may enter into contracts for the provision of investment advice or other services that the State Treasurer deems reasonable and necessary to fulfill the duties of the State Treasurer with respect to the Oregon Growth Account. Such contracts are not subject to the State Personnel Relations Law or ORS 279.835 to 279.855 or ORS chapter 279A or 279B.

**SECTION 4.** ORS 348.706 is amended to read:

348.706. (1) There is created within the Oregon Growth Account the Oregon Resource and Technology Development Subaccount. Separate records shall be maintained for moneys in the subaccount. Subject to investment policies established by the State Treasurer and investment directives or strategies of the Oregon Growth Account Board, moneys in the subaccount shall be used to make seed capital investments in emerging growth businesses [*in traded sector industries in Oregon*].

(2) The board may allocate such amounts from the subaccount as the board determines appropriate for seed capital investments.

**Passed by Senate March 19, 2007**

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Secretary of Senate

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President of Senate

**Passed by House May 10, 2007**

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Speaker of House

**Received by Governor:**

.....M,....., 2007

**Approved:**

.....M,....., 2007

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Governor

**Filed in Office of Secretary of State:**

.....M,....., 2007

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Secretary of State