

**REVENUE: Revenue Impact Statement Issued**

**FISCAL: Fiscal Impact Statement Issued**

**Action:** Do Pass with Amendments, Be Printed Engrossed, and be Referred to Ways and Means by Prior Reference

**Vote:** 10-0-0

**Yeas:** Bailey, Bentz, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart

**Nays:** 0

**Exc.:** 0

**Prepared By:** Paul Warner, Economist

**Meeting Dates:** Feb 5,12,2010

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**WHAT THE BILL DOES:** Establishes Building Opportunities for Oregon Small Business Today (BOOST) account within the Oregon Business Development Fund. Directs Oregon Business Development Department to process applications for use of funds from the account. Defines eligible applicant to be one that has reasonable capacity to expand employment in the state, has a demonstrated goal of providing full time jobs and has a history of providing comparable wages to employees. Limits loans to \$150,000 per applicant, payable in 4 years. Directs Oregon Business Development Department to make grants to eligible applicants of up to \$2,500 per new full time job. Defines eligible new hires as those who are new full time employees that have been unemployed for at least 60 days at the time of the hire. Jobs are required to last at least 6 months. Limits total amount of grant per applicant to \$50,000. Allocates \$3.5 million from Tax Amnesty Fund to Department of Revenue for purposes of expanding enforcement activities. Establishes Tax Enforcement Fund. Directs revenue generated from expanded enforcement activities into Tax Enforcement Fund. Allocates up to a maximum of \$7 million from Tax Enforcement Fund to BOOST account on a quarterly basis. Sunsets BOOST program on June 30, 2013.

**ISSUES DISCUSSED:**

- Current uses of Oregon Business Development Fund.
- How enforcement dollars will be used by Department of Revenue.
- Existing corporate income tax enforcement activities.

**EFFECT OF COMMITTEE AMENDMENTS:** -6 amendment specifies payment process from Tax Amnesty Fund to Department of Revenue and eventually to Tax Enforcement Fund to BOOST account. -7 Changes BOOST fund to account within Oregon Business Development Fund and modifies eligibility requirement for grants and loans.

**BACKGROUND:** The U.S. economy is just emerging from its longest and deepest contraction since 1929-33. Oregon's unemployment rate peaked at 12.2% in May 2009 and remains above the national average at 11% in December. Current state projections indicate that employment in the state will not reach its pre-recession level until 2013.