

75th OREGON LEGISLATIVE ASSEMBLY - 2010 Special Session
STAFF MEASURE SUMMARY
Senate Committee on Commerce and Workforce Development

MEASURE: SB 1017
CARRIER:

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do Pass and Be Referred to the Committee on Ways and Means by Prior Reference

Vote: 5 - 0 - 0

Yeas: George, Monroe, Prozanski, Telfer, Rosenbaum

Nays: -

Exc.: -

Prepared By: Jim Stembridge, Administrator

Meeting Dates: 2/3

WHAT THE MEASURE DOES: Temporarily increases maximum amount of Oregon Business Development Fund loans to more than fifty percent of project costs if the applicant has been denied by two or more lenders and has no other available financing. Increases the maximum business development loan authority of the Director of the Business Development Department from \$100,000 to \$250,000. Expands eligibility for entrepreneurial development loans to include all existing businesses that grossed less than \$500,000 the previous year. Sunsets provisions on July 1, 2011. Appropriates \$_____ from the Tax Amnesty Fund for business development projects. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Efforts to keep small businesses growing to aid economic recovery
- Benefits of business development financing provided by state government when such opportunities are overlooked by banks
- Examples of businesses that have utilized state business financing
- Women and minority-owned businesses
- Nature of revolving loan programs
- Most recent re-capitalization of the program (\$5 million in 2003)

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Business development financing programs operated by the Business Development Department include: the Oregon Business Development Fund (OBDF), which provides direct loans that leverage private capital and provides incentives for businesses to expand or locate in Oregon; the Oregon Capital Access Program (CAP), which provides a form of loan portfolio insurance so banks may make riskier business loans; the Oregon Credit Enhancement Fund (CEF), which provides loan guarantees to banks in order to increase capital availability to small businesses; Oregon Industrial Development Bonds (IDB), primarily for value-added manufacturing; the Entrepreneurial Development Loan Fund (EDLF) offers direct loans to help new businesses get started; the Business Retention Program (BRS), designed to help private sector companies with multi-industry expertise in finance, marketing, operations, turnarounds, restructurings, and feasibility studies; and the Brownfields Redevelopment Fund, providing a range in activities from site assessment to cleanup for properties where known or suspected environmental contamination is a barrier to redevelopment.

SB 1017 decreases the restrictions on OBDF and EDLF loans to businesses. The provisions of SB 1017 are temporary; current provisions go back into effect on July 1, 2011.

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This summary has not been adopted or officially endorsed by action of the committee.

Committee Services Form – 2009 Regular Session