

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2010 Special Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 3698-B**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Edwards**

**Carrier – Senate: Sen. Bates**

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**Action:** Do Pass the A-Engrossed Measure as Amended and Be Printed B-Engrossed

**Vote:** 15 – 9 – 0

House – Yeas: Barker, Buckley, Cowan, Edwards, Komp, Kotek, Nathanson

– Nays: Garrard, Gilman, Jenson, Richardson, G. Smith

– Exc:

Senate – Yeas: Bates, Courtney, Edwards, Johnson, Monroe, Nelson, Shields, Winters

– Nays: Girod, Kruse, Verger, Whitsett

– Exc:

**Prepared By:** Laurie Byerly, Legislative Fiscal Office

**Reviewed By:** Steve Bender, Legislative Fiscal Office

**Meeting Date:** February 22, 2010

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<u>Agency</u>	<u>Budget Page</u>	<u>LFO Analysis Page</u>	<u>Biennium</u>
Department of Revenue	---	---	2009-11
Oregon Business Development Department	---	---	2009-11

## **Budget Summary**

	<b>2009-11 Legislatively Adopted Level</b>		<b>2010 Committee Recommendation</b>		<b>Committee Change from 2009-11 Leg. Adopted</b>	
					<b>\$\$ Change</b>	<b>% Change</b>
<b><u>Department of Revenue</u></b>						
Other Funds	\$	33,434,358	\$	36,934,358	\$ 3,500,000	10.47%
<b><u>Oregon Business Development Department</u></b>						
Other Funds	\$	32,862,431	\$	32,903,969	\$ 41,538	0.13%
Other Funds Nonlimited	\$	233,515,791	\$	238,515,791	\$ 5,000,000	2.14%

## **Position Summary**

### **Department of Revenue**

Authorized Positions		1,081		1,108	27	2.50%
Full-time Equivalent (FTE) positions		1,012.26		1,026.89	14.63	1.45%

### **Oregon Business Development Department**

Authorized Positions		127		128	1	0.79%
Full-time Equivalent (FTE) positions		126.34		126.61	0.27	0.21%

## **Summary of Committee Action**

This bill establishes the Building Opportunities for Oregon Small Business Today (BOOST) program within the Oregon Business Development Department (OBDD). The program would provide financial assistance to small businesses through loans and grants. Assistance would be targeted at immediate job growth and job retention. Small businesses eligible for the program include those having 100 or fewer employees in a traded sector industry.

The program funds grants to employers who expand employment, create full-time positions, and fill the positions with employees who had been unemployed for a minimum of 60 days at the time of hire. Employers would apply to OBDD for the grant, and if approved be eligible for a \$2,500 grant for each eligible employee they hire after the application is approved, and keep employed for six months (however no employer is eligible to receive more than \$50,000 in grants in a calendar year). The program also provides loans to employers, not to exceed \$150,000 or to exceed four years in term, for purposes of job retention.

The bill sunsets the BOOST program on June 30, 2013, and transfers any funds remaining in the BOOST Account to the General Fund on that day.

The bill uses \$3.5 million from the Tax Amnesty Fund for DOR to perform increased enforcement work; revenues derived from this effort would provide \$7 million in additional revenue for 2009-11. To generate that revenue, the agency would add two audit units to focus on corporate and personal tax compliance related to business activity in Oregon. One unit will expand current audit capacity of C-Corporations doing business in Oregon, many of whom are headquartered out-of-state. Audits of these corporations typically result in increased tax due to underreporting of income from affiliates, or apportionment, or non-business adjustments. The other unit will focus on domestic C-Corporations that reside entirely in this state, who often have few owners, and typically have adjustments to personal income tax returns as a result of the domestic C-Corporation audit because the business paid for personal expenses. The agency will need 27 permanent full-time positions to support this effort, which continues to support BOOST into the 2011-13 biennium under the bill's provisions. These positions, which would phase in June 2010, include 23 auditor positions along with 4 positions providing policy, managerial, and administrative support. The bill directs DOR to report on its progress in implementing these audit activities to the interim legislative committees on revenue.

In 2009-11, the BOOST program would receive \$5 million of the revenue from increased enforcement for grants and loans; the remaining \$2 million is transferred to the General Fund at the end of the biennium. The full program amount of \$5 million is contingent on passage of SB 1017, which also provides assistance to employers. Without passage of SB 1017, the Other Funds Nonlimited for grants and loans would be reduced to \$3 million.

OBDD will have some administrative costs that will be covered Other Funds program income; the bill includes spending authority to cover the additional work which will be supported by part of a Loan Specialist 1 position.

The bill also includes a change to ease the implementation of HB 2442 (2009) by clarifying that criminal background checks are completed on home care workers upon enrollment and reenrollment in the Home Care Commission, rather than each time the worker adds a new client. The bill also delays the implementation of certain criminal background restrictions for residential alcohol and drug addiction treatment providers until July 1 of 2011 and clarifies notification requirements in the case of substantiated abuse while preserving all criminal background restrictions for vulnerable adult populations.