

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3605 **STATUS:** A Engrossed
SUBJECT: Changes certain provisions related to Oregon Business Development Fund loans; and appropriates money from the Tax Amnesty Fund to the Oregon Business Development Department.
GOVERNMENT UNIT AFFECTED: Oregon Business Development Department; Department of Revenue
PREPARED BY: Robin LaMonte
REVIEWED BY: Steve Bender, Laurie Byerly
DATE: February 5, 2010

2009-2011

2011-2013

EXPENDITURES: **See Comments**

EFFECTIVE DATE: The bill includes an emergency clause and is effective on passage. The revised loan provisions sunset on June 30, 2011.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: HB 3605 provides that the Oregon Business Development Department (OBDD) may provide an Oregon Business Development Fund (OBDF) loan for more than 50 percent of the cost of a project if two or more lenders have declined to fund more than 50% of the cost and the only other available financing totals less than 50% of the cost of the project. The bill provides that OBDD may provide OBDF loans to nongovernmental units without a commitment from a commercial or private lender under certain specified conditions. The bill also increases the loan size that the OBDD Director may approve without Oregon Business Development Commission approval from \$100,000 to \$250,000. These changes will increase the risk of loan defaults. This risk cannot be quantified.

The fiscal impact of the bill relates to Section 6, which provides a blank appropriation to OBDD from the Tax Amnesty Fund created by Chapter 710, Oregon Laws 2009. Section 7 (4) of that law provides that "the unexpended moneys remaining in the Tax Amnesty Fund on June 30, 2011, shall be transferred to the General Fund", so transfers to OBDD from the Tax Amnesty Fund will reduce the current biennium General Fund revenues. The actual fiscal impact will depend on the amount of the appropriation established by the Legislature.

The Department of Revenue (DOR) assumes that, if costs to administer the Tax Amnesty Program are deducted before any appropriation is made to OBDD, there would be no fiscal impact to DOR.