

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

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**MEASURE NUMBER:** HB 3605                      **STATUS:** Original  
**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 1, 2010

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**2009-2011**

**2011-2013**

**EXPENDITURES:**    **See Comments**

**EFFECTIVE DATE:** The bill includes an emergency clause and is effective on passage.

**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 removes certain restrictions on the Oregon Business Development Department (OBDD) Oregon Business Development Fund (OBDF) loan program. The measure eliminates security and collateral requirements, and allows loans to finance the full cost of projects. Under current law, borrowing is limited to 50% of project costs, borrowers must provide collateral on loans, and, unless the borrower is a county or municipality, a funding partner is required. 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 4, 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.