

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

MEASURE NUMBER: SB 1017

STATUS: Original

SUBJECT: Changes certain provisions related to Oregon Business Development Fund loans; expands conditions for entrepreneurial development 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

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REVIEWED BY: Steve Bender, Laurie Byerly

DATE: February 1, 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: SB 1017 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 denied financing requests and the applicant has no other available financing. 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 replaces the requirement that entrepreneurial development loans can be fully secured with the less restrictive requirement that they be "secured by good and sufficient collateral."

The fiscal impact of the bill relates to Section 10, 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.