

A-Engrossed
House Bill 3698

Ordered by the House February 15
Including House Amendments dated February 15

Sponsored by COMMITTEE ON REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Building Opportunities for Oregon Small Business Today [*Fund*] **Account** (BOOST [*Fund*] **Account**). Authorizes Oregon Business Development Department to make loans or award grants to small [*business employers*] **businesses** from BOOST [*Fund*] **Account**.

Directs Department of Revenue to expand [*amnesty for and*] enforcement of tax compliance by employers. [*Allocates moneys from Tax Amnesty Fund to BOOST Fund. Transfers increased amounts of revenue created by expanded amnesty program and enforcement efforts to BOOST Fund.*]

Creates Tax Enforcement Fund. Specifies that moneys received by Department of Revenue as result of expanded enforcement must be deposited in fund. Continuously appropriates moneys in fund to department for purpose of transferring moneys to Building Opportunities for Oregon Small Business Today Account.

Increases limit on expenditures, for biennium beginning July 1, 2009, for payment of expenses from Tax Amnesty Fund to Department of Revenue for purpose of expanding enforcement of tax compliance.

Sunsets June 30, 2013.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to employers; appropriating money; limiting expenditures; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 and 3 of this 2010 Act are added to and made a part of ORS**
5 **285B.050 to 285B.098.**

6 **SECTION 2. (1) As used in this section and section 3 of this 2010 Act:**

7 (a) **"BOOST Account"** means the Building Opportunities for Oregon Small Business To-
8 day Account established under section 3 of this 2010 Act.

9 (b) **"Comparable wages"** means wages that are reasonably equivalent to wages paid to
10 other employees of a small business employer regardless of position.

11 (c) **"Full-time"** means a minimum of 35 hours per week or 25 hours per week with health
12 benefit plan coverage.

13 (d) **"Health benefit plan"** has the meaning given that term in ORS 743.730.

14 (e) **"Small business employer"** means a business having 100 or fewer employees in a
15 traded sector industry.

16 (f) **"Wages"** means all compensation for performance of personal services by an employee
17 for a small business employer, including salaries, commissions, benefits, the cash value of
18 all compensation paid in any medium other than cash and any other form of remuneration
19 paid to employees for personal services.

20 (2) **Any small business employer may file with the Oregon Business Development De-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 department an application to borrow money, or an application for a grant of financial assist-
2 ance, from the BOOST Account for industry development purposes as defined by rule of the
3 department. The application shall be filed in the manner and be accompanied by such infor-
4 mation as the department may prescribe by rule.

5 (3) The department may approve an application for a loan or grant under this section if,
6 after investigation, the department finds that:

7 (a) The applicant demonstrates a reasonable capacity to increase employment opportu-
8 nities in this state or, in the case of a loan, demonstrates a reasonable capacity to retain
9 existing jobs in this state.

10 (b) The applicant has established goals of creating new full-time jobs in Oregon or, in the
11 case of a loan, has established goals of retaining existing jobs in Oregon, with a reasonable
12 prospect of achieving such goals.

13 (c) The applicant has a demonstrated history of providing comparable wages to its em-
14 ployees.

15 (d) In the case of a loan, the applicant can provide good and sufficient collateral for the
16 loan.

17 (e) Moneys are or will be available in the BOOST Account.

18 (4)(a) Following the department's approval of an application under subsection (3) of this
19 section, the department may:

20 (A) Enter into a loan contract with the applicant of not more than \$150,000, secured by
21 good and sufficient collateral, with a plan for repayment not to exceed four years. The con-
22 tract entered into under this subparagraph shall contain a repayment plan that includes the
23 amount of interest to be charged and information about appropriate legal remedies the de-
24 partment may pursue to secure repayment upon the applicant's default or failure to comply
25 with the contract, including withholding of any amounts otherwise due. The department shall
26 develop rules governing repayment of loans under this subparagraph and the collection of
27 moneys owed to the BOOST Account. The department may take any action permitted by
28 statute or rule that the department deems necessary to secure the repayment of the loan.

29 (B) Make grants not to exceed \$2,500 per new full-time job established by the applicant
30 after the date of approval of its application. A grant may not be made under this subpara-
31 graph unless the new full-time employee has been unemployed for at least 60 days preceding
32 the date of hire and the new full-time job is held by the employee for a minimum period of
33 six consecutive months. The total sum of moneys paid under this subparagraph may not ex-
34 ceed \$50,000 per applicant in any calendar year. Grants made under this subparagraph shall
35 be paid in the quarter following receipt by the department of a report from the applicant that
36 provides information about new full-time jobs established by the applicant and upon verifi-
37 cation of employment in a manner to be established by the department by rule.

38 (b) In entering into loan contracts under paragraph (a)(A) of this subsection, the de-
39 partment shall give preference to an applicant that proposes to create new full-time jobs.

40 **SECTION 3.** (1) The Oregon Business Development Department shall establish the
41 Building Opportunities for Oregon Small Business Today Account, or BOOST Account, as an
42 account within the Oregon Business Development Fund.

43 (2) The purpose of the account is to promote access to working capital that results in
44 immediate job growth and job retention through the making of loans and awarding of grants
45 to small businesses in Oregon.

1 **SECTION 4.** (1) The Department of Revenue is directed to expand its enforcement activ-
2 ities to improve the compliance of employers and other businesses with income and corpo-
3 rate excise tax laws.

4 (2) Not later than January 2, 2011, the department shall report on its progress in imple-
5 menting this section to the interim legislative committees on revenue. The report must in-
6 clude the results of the expansion of the enforcement activities under this section.

7 (3) The department may adopt rules necessary to administer this section.

8 **SECTION 5.** (1) The Tax Enforcement Fund is established in the State Treasury, separate
9 and distinct from the General Fund. Interest earned by the Tax Enforcement Fund shall be
10 credited to the Tax Enforcement Fund. Moneys in the fund are continuously appropriated to
11 the Department of Revenue for the purpose described in subsection (3) of this section.

12 (2) Notwithstanding ORS 316.502, 317.850 and 318.070, all moneys received by the depart-
13 ment as a result of the expanded enforcement activities under section 4 of this 2010 Act shall
14 be deposited in the Tax Enforcement Fund.

15 (3)(a) At least quarterly, the department shall transfer the balance of the Tax Enforce-
16 ment Fund to the Oregon Business Development Department to be deposited in the Building
17 Opportunities for Oregon Small Business Today Account established in section 3 of this 2010
18 Act.

19 (b) Notwithstanding paragraph (a) of this subsection, for the biennium beginning July 1,
20 2009, the total amount of transfers from the Tax Enforcement Fund to the Building Oppor-
21 tunities for Oregon Small Business Today Account may not exceed \$7,000,000.

22 **SECTION 6.** Notwithstanding any other law limiting expenditures, the limitation on
23 expenditures established by section 8, chapter 710, Oregon Laws 2009, for the biennium be-
24 ginning July 1, 2009, as the maximum limit for payment of expenses from the Tax Amnesty
25 Fund is increased by \$3,500,000 for the purpose of carrying out the provisions of section 4
26 of this 2010 Act.

27 **SECTION 7.** Sections 2 to 5 of this 2010 Act are repealed on June 30, 2013.

28 **SECTION 8.** (1) All moneys remaining in the Building Opportunities for Oregon Small
29 Business Today Account on June 30, 2013, shall be transferred to the General Fund.

30 (2) All moneys remaining in the Tax Enforcement Fund on June 30, 2013, shall be trans-
31 ferred to the General Fund.

32 **SECTION 9.** This 2010 Act takes effect on the 91st day after the date on which the special
33 session of the Seventy-fifth Legislative Assembly adjourns sine die.

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