

Joint Committee on Ways and Means

Carrier – House: Rep. Read
Carrier – Senate: Sen. Nelson

Revenue: No revenue impact

Fiscal: Minimal fiscal impact, no statement issued

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

Vote: 18 – 6 – 1

House

Yeas: Beyer, Buckley, Cowan, Garrard, Komp, Kotek, Nathanson, Richardson, G. Smith, Whisnant

Nays: Freeman, McLane, Thatcher

Exc: Nolan

Senate

Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Verger, Winters

Nays: Girod, Thomsen, Whitsett

Exc:

Prepared By: Steve Bender, Legislative Fiscal Office

Meeting Date: June 8, 2011

WHAT THE MEASURE DOES: Establishes the Oregon Business Retention and Expansion Program in the Oregon Business Development Department (OBDD), to lend funds from the Oregon Business Retention and Expansion Program Fund to certified employers. Establishes the Oregon Business Retention and Expansion Program Fund. Authorizes the Oregon Business Development Department to certify eligible employers for participation in the program, and to forgive loans made under the program when performance criteria are met. Restricts eligibility to firms with 150 or more employees who require the loan to hire at least 50 new full-time employees whose compensation will average at least 150% of the state or local average. Allows OBDD Director to transfer up to \$4 million of moneys available to the Strategic Reserve Fund to the new program during the 2011-13 biennium. Declares emergency, takes effect on passage.

ISSUES DISCUSSED:

- Need for a new economic development incentive
- Potential users of the incentive
- Funding level for the program and source of funds

EFFECT OF COMMITTEE AMENDMENT: Removes provisions directing the transfer of personal income tax revenue to the Oregon Business Retention and Expansion Fund, defines ‘eligible employee’ and limits loan amounts to businesses to an amount estimated to equal the personal income tax liabilities that eligible employees will incur from two years of compensation, allows up to \$4 million available for the Strategic Reserve Fund to be transferred to the Oregon Business Retention and Expansion Fund in the 2011-13 biennium, adds emergency clause.

BACKGROUND: The proposed budget for the Oregon Business Development Department includes \$15 million for the Strategic Reserve Fund. SB 219-B allows up to \$4 million of this amount to be transferred to the Business Retention and Expansion Program. The Business Retention and Expansion Program is specifically designed to provide incentives to traded-sector businesses that seek to hire at least 50 or more higher-wage workers. Moneys in the Strategic Reserve Fund are not as restricted and may be used to address a broader range of job creation and retention opportunities.