

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means
Vote:	5 - 0 - 0
Yeas:	Bonamici, Boquist, George, Monroe, Shields
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/28

WHAT THE MEASURE DOES: Removes sunset on provisions related to business development loans and entrepreneurial development loans. Removes the requirement that a small business enterprise be certified as an emerging small business enterprise in order to qualify for a loan from the Business Development Fund. Deletes requirement that funds not loaned be added to the amount reserved for loans in subsequent fiscal year and stipulates that unspent moneys from the previous fiscal year may be so loaned in the current fiscal year, provided it does not exceed the 15 percent reserved for emerging small business in rural and distressed areas, as defined in ORS 285A.010, in the previous year. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Background on Senate Bill 1017 (2010)
- Improved flexibility in disbursing funds

EFFECT OF COMMITTEE AMENDMENT: Clarifies that 15 percent of moneys available to lend from the Oregon Business Development Fund are reserved for emerging small business; provides that definition of emerging small business will be determined by rule by the Oregon Business Development Department. Deletes requirement that funds not loaned be added to the amount reserved for loans in subsequent fiscal year and stipulates that unspent moneys from the previous fiscal year may be so loaned in the current fiscal year, provided it does not exceed the 15 percent reserved for emerging small business in rural and distressed areas, as defined in ORS 285A.010, in the previous year.

BACKGROUND: The Oregon Business Development Fund (OBDF) is a revolving loan fund that provides term fixed-rate financing for land, buildings, equipment, machinery and permanent working capital. The Fund emphasizes rural and distressed areas and businesses with fewer than 100 employees. Participants are required to create or retain jobs and must be a traded-sector business in manufacturing, processing, or a regionally significant tourist facility. The Entrepreneurial Development Loan Fund (EDLF) provides initial direct loans to help companies get started in Oregon by assisting micro-enterprise and small businesses, filling a niche not provided through traditional lending markets and offering small business counseling through certified entities. Both funds are administered by the Oregon Business Development Department.

Senate Bill 1017 (2010) reduced restrictions on the use of the OBDF and EDLF loans to businesses. That measure included a sunset provision to reinstate the prior provisions on July 1, 2011. Senate Bill 494-A eliminates the sunset, thereby making the changes permanent. In addition, the measure eliminates the requirement that small businesses seeking loans from the OBDF meet the statutory definition of “emerging small business enterprise” to participate. “Emerging small business enterprise” is defined by ORS 200.005 as being located in Oregon and properly licensed and registered in the state, qualifying as a tier one or tier two firm, and not a subsidiary or parent company of a group that, as an aggregate, does not qualify as a tier one or tier two firm.

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This summary has not been adopted or officially endorsed by action of the committee.