

House Bill 2198

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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 **as introduced**.

Allocates first \$1 million collected each year for Oregon Growth Account to investments in seed stage funds. Provides exception.

A BILL FOR AN ACT

1
2 Relating to the Oregon Growth Account; creating new provisions; and amending ORS 348.703.

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

4 **SECTION 1.** ORS 348.703 is amended to read:

5 348.703. (1)(a) **As used in this subsection, "seed stage fund" means a management com-**
6 **pany managing a pool of moneys used to finance the early development of a new product or**
7 **service concept.**

8 (b) **The Oregon Growth Account Board shall contract with one or more seed stage funds**
9 **to manage and invest the first \$1 million credited to the Oregon Growth Account each fiscal**
10 **year under ORS 348.702 (2). The contracts must, when possible, be distributed to seed stage**
11 **funds geographically dispersed throughout this state.**

12 (c) **If the board determines that inadequate investment opportunities exist for \$1 million**
13 **in seed stage funds, the board may instead invest all or part of the moneys allocated for seed**
14 **stage funds under paragraph (b) of this subsection as provided in subsection (2) of this sec-**
15 **tion.**

16 [(1)] (2) **After executing the contracts under subsection (1) of this section, if any, the**
17 **Oregon Growth Account Board shall contract with one or more management companies to manage**
18 **and invest the remaining moneys in the Oregon Growth Account.**

19 (3) For purposes of *[this subsection]* **subsections (1) and (2) of this section**, a contract with a
20 management company may consist of:

21 (a) A partnership agreement under which the Oregon Growth Account Board is the limited
22 partner and the management company is the general partner; or

23 (b) Another form of payment or profit-sharing arrangement under which the Oregon Growth
24 Account Board may receive payment or another form of return in exchange for its investment in
25 an emerging growth business.

26 [(2)] (4) The provisions of ORS 293.726 do not apply to those assets of the Education Stability
27 Fund that are held in the Oregon Growth Account. The limitations of ORS 293.726 (6) shall be cal-
28 culated based only on the balance of the Education Stability Fund that does not include the Oregon
29 Growth Account.

30 [(3)] (5) A management company selected to manage the Oregon Growth Account shall manage
31 the moneys in the account, subject to investment policies established by the State Treasurer and the

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 investment directives or strategies of the Oregon Growth Account Board, with the care, skill and
 2 diligence that a prudent investor acting in a similar capacity and familiar with such investments
 3 would use in managing and investing a similar account. The management company shall invest in
 4 Oregon an amount that is at least equal to the amount of the principal transferred from the Oregon
 5 Growth Account to the management company for investment.

6 [(4)] (6) The contract between the board and a management company to manage the Oregon
 7 Growth Account and the functions performed under the contract are not subject to the State Per-
 8 sonnel Relations Law or ORS 279.835 to 279.855 or ORS chapter 279A or 279B.

9 [(5)] (7) Notwithstanding ORS 348.702 (5), a management company selected to manage the
 10 Oregon Growth Account may maintain a portion of the moneys allocated to the account under ORS
 11 348.702 (1) in short-term securities in investments other than those specified in ORS 348.702 (5)
 12 during such times as a management company is seeking investments that meet the requirements of
 13 ORS 348.702 (5).

14 [(6)] (8) The State Treasurer shall annually submit a report to the Governor and to the Legis-
 15 lative Assembly on the investment of moneys in the Oregon Growth Account. The report required
 16 by this subsection shall include a summary of the amount of money invested by industrial sector or
 17 business classification, by region of this state, by size of investment and by type of investment.

18 [(7)] (9) The State Treasurer shall provide to other state agencies any reports on the investment
 19 of moneys in the Oregon Growth Account that are necessary to fulfill audit, financial, investment
 20 or other reporting requirements to which the Education Stability Fund is subject by law or standard
 21 accounting principles.

22 [(8)] (10) The office of the State Treasurer shall provide staff to the board.

23 [(9)] (11) There is continuously appropriated to the board from the Oregon Growth Account
 24 those amounts necessary to meet the expenses of the board and the State Treasurer in carrying out
 25 the operations of the Oregon Growth Account and the duties of the board and the State Treasurer.
 26 The cost to the office of the State Treasurer of providing staff to the board shall be deducted from
 27 those amounts paid to the State Treasurer pursuant to ORS 293.718 as reimbursement for expenses
 28 incurred as investment officer for the Education Stability Fund.

29 [(10)] (12) The board may enter into contracts for the provision of investment advice or other
 30 services that the board deems reasonable and necessary to fulfill the duties of the board. The State
 31 Treasurer may enter into contracts for the provision of investment advice or other services that the
 32 State Treasurer deems reasonable and necessary to fulfill the duties of the State Treasurer with
 33 respect to the Oregon Growth Account. Such contracts are not subject to the State Personnel Re-
 34 lations Law or ORS 279.835 to 279.855 or ORS chapter 279A or 279B.

35 **SECTION 2. The amendments to ORS 348.703 by section 1 of this 2011 Act first apply to**
 36 **the 2012-2013 fiscal year.**

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