

A-Engrossed
House Bill 3507

Ordered by the House April 27
Including House Amendments dated April 27

Sponsored by Representative READ; Representatives BAILEY, BARKER, BARNHART, DOHERTY, GELSER, HOLVEY, Senators EDWARDS, HASS

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.

Authorizes Oregon Innovation Council to make grants and loans [*and provide gap funding and seed capital*] from Oregon Innovation Fund to Oregon [*emerging*] **growth** businesses that further innovation-based economic development in this state.

Permits council to determine eligibility of proposals for revenue bond financing. Requires Oregon Business Development Department to request issuance of revenue bonds by State Treasurer upon determination of eligibility.

Authorizes Oregon Innovation Council to establish one or more signature research centers.
[*Establishes clean energy economic development charge to be collected by public utilities for deposit in Oregon Innovation Fund to fund loans, grants, gap funding and seed capital for innovation-based economic development that involves clean energy.*]

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to innovation-based economic development; creating new provisions; amending ORS 284.701,
3 284.706, 284.711, 284.715, 284.720, 284.725, 284.735 and 284.740; appropriating money; and declar-
4 ing an emergency.

5 Whereas the Legislative Assembly finds that Oregon is recognized as a leader in business and
6 economic development and has the foundation to become a leader in innovation-based economic de-
7 velopment; and

8 Whereas prosperity in this global economy is critically tied to the ability to innovate and to
9 translate knowledge into new products, processes, technologies and services that create high-skill,
10 high-wage job growth; and

11 Whereas Oregon, to compete in this challenging global economy, must have focused sources of
12 innovation-based economic development, new technologies, a sustainable talent base of workers, en-
13 trepreneurs that are sufficiently capitalized to further innovation-based economic development and
14 a receptive market base; and

15 Whereas Oregon's ability to create high-skill, high-wage jobs must be enhanced to significantly
16 address the increasingly high levels of unemployment in this state; and

17 Whereas many high-skill, high-wage jobs are technology-based and require a skilled workforce
18 and sufficiently capitalized innovation-based businesses; and

19 Whereas Oregon's competitive edge in innovation-based economic development should be
20 nurtured and enhanced; and

21 Whereas Oregon's public and private educational institutions must improve and expand their
22 facilities, programs and educational and research capabilities to further innovation-based economic

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 development in this state; and

2 Whereas the Oregon University System and private universities and research institutions in this
3 state are strategic partners in furthering the unique educational and employment needs of Oregon's
4 innovation-based economic development businesses; and

5 Whereas to become a leader in innovation-based economic development, Oregon needs policies
6 and strategies to develop new technologies, to attract funding from federal sources and private
7 sector investments, to attract and grow innovation-based economic development businesses and to
8 create high-skill, high-wage jobs; and

9 Whereas a critical component of furthering Oregon's innovation-based economic development is
10 a stable and long-term source of funding; and

11 Whereas the Legislative Assembly finds that state agencies, innovation-based economic devel-
12 opment businesses, research institutions, national laboratories and workforce development agencies
13 must collaborate so that Oregon is well-positioned to compete for funds from federal sources and
14 private sector investments; now, therefore,

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

16 **SECTION 1.** ORS 284.701 is amended to read:

17 284.701. As used in ORS 284.701 to 284.740:

18 (1) **"Clean energy" means a technology, product, process or innovation that involves**
19 **conservation of natural resources, solar energy, green building products and services,**
20 **biofuels, biomass energy, bio-based products or other renewable and sustainable energy.**

21 (2) **"Innovation-based economic development" includes, but is not limited to, a technol-**
22 **ogy, product, process or innovation that:**

23 (a) **Derives from and supports innovation and research;**

24 (b) **Promotes Oregon's market capacities and competitive advantages;**

25 (c) **Involves technology-based innovation;**

26 (d) **Facilitates the creation of new products, processes and services that retain and cre-**
27 **ate high-wage jobs;**

28 (e) **Involves the establishment of partnerships between and collaboration with research**
29 **institutions, the private sector and public entities;**

30 (f) **Endeavors to transfer innovative technologies to the private sector or to**
31 **commercialize innovative research and development; and**

32 (g) **Includes, but is not limited to, clean energy and clean energy economic development.**

33 [(1)] (3) **"Oregon [emerging] growth business" means [an emerging growth business as defined in**
34 **ORS 348.701 that has]:**

35 [(a) *Fewer than 100 employees; and]*

36 [(b) *At least 51 percent of its employees employed in Oregon.*]

37 (a) **An individual, group of individuals or private sector business entity, including but not**
38 **limited to a partnership, limited liability company, corporation, firm, association or other**
39 **business entity, that engages in business that furthers innovation-based economic develop-**
40 **ment, that has the capacity upon obtaining appropriate capital to generate significant high-**
41 **skill, high-wage employment in Oregon and that conducts business in Oregon; or**

42 (b) **An emerging growth business as defined in ORS 348.701.**

43 (4) **"Public entity" means any agency of the federal or state government, county, city,**
44 **town, public corporation or political subdivision in this state.**

45 [(2)] (5) **"Research institution" means:**

- 1 (a) A community college as defined in ORS 341.005;
- 2 (b) A state institution of higher education listed in ORS 352.002;
- 3 (c) The Oregon Health and Science University public corporation created under ORS 353.020;
- 4 (d) An Oregon-based, generally accredited, not-for-profit private institution of higher education;
- 5 (e) A federal research laboratory conducting research in Oregon; [or]
- 6 (f) A private not-for-profit research institution located in Oregon;
- 7 **(g) An institution for higher education as defined in ORS 289.005; or**
- 8 **(h) A private institution of higher education located in Oregon.**

9 [(3)] **(6)** “Traded sector” has the meaning given that term in ORS 285A.010.

10 **SECTION 2.** ORS 284.706 is amended to read:

11 284.706. (1) There is created the Oregon Innovation Council consisting of the following voting
12 members:

13 (a) The Governor or the Governor’s designated representative, who shall be chairperson of the
14 council.

15 (b) Five members appointed by the Governor who are engaged in the operations of Oregon
16 traded sector industries **or Oregon growth businesses.**

17 (c) One member appointed by the Governor who is a representative of an Oregon-based, gener-
18 ally accredited, not-for-profit private institution of higher education.

19 (d) A member of the Oregon Growth Account Board, appointed by the board, who has experience
20 in the field of venture capital.

21 (e) A member of the Engineering and Technology Industry Council, appointed by the Engineer-
22 ing and Technology Industry Council.

23 (f) The Director of the Oregon Business Development Department.

24 (g) The Chancellor of the Oregon University System.

25 (h) The Commissioner for Community College Services.

26 (i) The State Treasurer.

27 (2)(a) The Speaker of the House of Representatives shall appoint two members to the council
28 who are members of the House of Representatives.

29 (b) The President of the Senate shall appoint two members to the council who are members of
30 the Senate.

31 (c) Members of the Legislative Assembly appointed to the council are nonvoting members and
32 may act in an advisory capacity only.

33 (3) The following persons, or their representatives, shall serve as ex officio, nonvoting members
34 of the council:

35 (a) The [*chairperson*] **presiding officer** of the Oregon Business Development Commission.

36 (b) The president of the State Board of Higher Education.

37 (c) The chairperson of the State Board of Education.

38 (d) An executive officer of an association representing Oregon-based, generally accredited, not-
39 for-profit private institutions of higher education, appointed by the Governor.

40 (4) The term of office of each appointed voting member of the council is three years, but an
41 appointed member serves at the pleasure of the appointing authority. Before the expiration of the
42 term of an appointed voting member, the appointing authority shall appoint a successor whose term
43 begins on July 1 next following. An appointed member is eligible for reappointment. If there is a
44 vacancy for any cause, the appointing authority shall make an appointment to become immediately
45 effective for the remainder of the unexpired term.

1 (5) A majority of the voting members of the council constitutes a quorum for the transaction
2 of business.

3 (6) Official action by the council requires the approval of a majority of the voting members of
4 the council.

5 (7) The council shall meet at least twice per fiscal year at a place, day and time determined by
6 the chairperson. The council may also meet at other times and places specified by a call of the
7 chairperson or by written request of a majority of the voting members of the council.

8 (8) The council may adopt rules necessary for the operation of the council.

9 (9) The council may establish committees and delegate to the committees duties as the council
10 considers desirable.

11 (10) The Oregon Business Development Department shall provide staff support to the council.

12 (11) Members of the council who are not members of the Legislative Assembly are entitled to
13 compensation and expenses incurred by them in the performance of their official duties in the man-
14 ner and amounts provided for in ORS 292.495. Claims for compensation and expenses of members
15 of the council who are public officers shall be paid out of funds appropriated to the public agency
16 that employs the member. Claims for compensation and expenses of members of the council who are
17 not public officers shall be paid out of funds appropriated to the Oregon Business Development De-
18 partment for that purpose.

19 (12) All agencies of state government, as defined in ORS 174.111, are directed to assist the
20 council in the performance of its duties and, to the extent permitted by laws relating to
21 confidentiality, to furnish such information and advice as the members of the council consider nec-
22 essary to perform their duties.

23 **SECTION 3.** ORS 284.711 is amended to read:

24 284.711. (1) The Oregon Innovation Council shall provide advice to the Governor, the Legislative
25 Assembly, [*public and private post-secondary educational*] **research** institutions, public agencies that
26 provide economic development and the private sector on issues related to:

27 (a) Promoting agreements between [*public and private post-secondary educational*] **research** in-
28 stitutions and private industry that increase technology transfer and the commercialization of re-
29 search;

30 (b) Promoting investment in specialized research facilities and signature research centers where
31 Oregon has a distinct or emerging advantage for creating new products and businesses;

32 (c) Stimulating seed and start-up capital investment and entrepreneurial capacity that will pro-
33 mote economic growth in Oregon traded sector industries **or Oregon growth businesses**;

34 (d) Developing the entrepreneurial and management capacity critical to the competitiveness of
35 Oregon traded sector industries [*and*] **or Oregon growth businesses in** rapidly growing global
36 markets;

37 (e) Enhancing the international competitiveness of Oregon traded sector industries **or Oregon**
38 **growth businesses**; and

39 (f) Identifying workforce issues for occupations critical to the competitiveness of Oregon traded
40 sector industries **or Oregon growth businesses**, including but not limited to scientific, engineering,
41 information technology, [*and*] business management **and innovation-based economic development**
42 occupations.

43 (2) The Oregon Innovation Council shall advise the Engineering and Technology Industry
44 Council established in ORS 351.663 on how to coordinate the Engineering and Technology Industry
45 Council's goals and policies with the state plan developed under ORS 284.715.

1 (3) The council, the Oregon Business Development Commission, the State Board of Higher Edu-
2 cation and the office of the State Treasurer shall coordinate policies and programs related to the
3 duties of the council.

4 (4) Based on the state plan developed under ORS 284.715 **and subject to the approval of the**
5 **Oregon Business Development Department**, the council may distribute moneys in the Oregon
6 Innovation Fund by grant **or loan** or pursuant to contracts with [*public and private post-secondary*]
7 **research** institutions, [*state agencies and private sector entities*] **the private sector and public en-**
8 **ties.**

9 **(5) The council may assess and charge fees for making grants or loans under section 10**
10 **of this 2011 Act.**

11 **SECTION 4.** ORS 284.715 is amended to read:

12 284.715. (1) The Oregon Innovation Council shall develop a state plan for innovation and eco-
13 nomic competitiveness. The plan shall include policy and program recommendations to:

14 (a) Identify and expand the state's industry and core research strengths related to Oregon
15 traded sector industries **or Oregon growth businesses;**

16 (b) Promote agreements between [*public and private post-secondary educational*] **research** insti-
17 tutions and private industry that increase technology transfer and the commercialization of re-
18 search;

19 (c) Promote investment in specialized research facilities and signature research centers where
20 Oregon has a distinct or emerging advantage for [*creating new products and businesses*]
21 **innovation-based economic development;** and

22 (d) Stimulate seed and start-up capital investment and entrepreneurial capacity that will pro-
23 mote [*economic growth*] **innovation-based economic development** in Oregon traded sector indus-
24 tries **or Oregon growth businesses.**

25 (2) The state plan shall also include an identification of workforce issues and trends related to
26 the development of workers in trade sector industries [*and*] **or Oregon growth businesses and**
27 **make** recommendations to the State Workforce Investment Board and the State Board of Education
28 on training and education enhancements based on the identified workforce issues and trends.

29 (3) The council shall update the plan every biennium.

30 (4) Each year, the council shall report to the Governor and the Legislative Assembly about the
31 plan.

32 **SECTION 5.** ORS 284.720 is amended to read:

33 284.720. (1) There is created within the State Treasury, separate and distinct from the General
34 Fund, the Oregon Innovation Fund. Interest earned by the Oregon Innovation Fund shall be credited
35 to the fund.

36 **(2) Moneys in the Oregon Innovation Fund shall consist of:**

37 **(a) Amounts donated to the fund;**

38 **(b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-**
39 **sembly;**

40 **(c) Investment earnings received on moneys in the fund; and**

41 **(d) Other amounts deposited in the fund from any source.**

42 (3) Moneys in the fund are continuously appropriated to the Oregon Innovation Council for the
43 [*purpose*] **purposes** of making grants and **loans under section 10 of this 2011 Act and** entering
44 into contracts to carry out the recommendations included in the state plan developed under ORS
45 284.715.

1 **(4) The council may establish accounts and subaccounts within the fund when the council**
2 **determines that accounts or subaccounts are necessary or desirable and may credit any in-**
3 **terest or income derived from moneys in the fund to any account or subaccount in the fund.**

4 **(5) The council may use moneys in the fund to pay the administrative costs associated**
5 **with the fund and with making grants, loans and other distributions of moneys from the**
6 **fund.**

7 **SECTION 6.** ORS 284.725 is amended to read:

8 284.725. (1) There is created within the State Treasury, separate and distinct from the General
9 Fund, the Oregon Commercialized Research Fund. Interest earned by the Oregon Commercialized
10 Research Fund shall be credited to the fund.

11 **(2)** Moneys in the fund are continuously appropriated to the Oregon Innovation Council for the
12 purpose of making grants and loans under ORS 284.735.

13 **(3)** The council may accept moneys from any source for deposit in the fund.

14 **(4) The council may use moneys in the fund to pay the administrative costs associated**
15 **with the fund and with making grants, loans and other distributions of moneys from the**
16 **fund.**

17 **SECTION 7.** ORS 284.735 is amended to read:

18 284.735. (1) The Oregon Innovation Council may make grants and loans from the Oregon
19 Commercialized Research Fund to Oregon [*emerging*] **growth** businesses.

20 (2) To qualify for a grant or loan under this section, an Oregon [*emerging*] **growth** business must
21 enter into an agreement with one or more research institutions to carry out proof of concept ac-
22 tivities to:

23 (a) Establish the commercial potential of research; and

24 (b) Develop a business concept that can attract early stage private investment, including angel
25 capital and venture capital.

26 (3) Proof of concept activities for which an Oregon [*emerging*] **growth** business may receive a
27 grant or loan under this section include:

28 (a) The development of intellectual property;

29 (b) The payment of salaries and related expenses for commercialized research;

30 (c) The acquisition of equipment and supplies required for the proof of concept activities; [*and*]

31 **(d) Furthering innovation-based economic development; and**

32 [*(d)*] **(e) Other activities as defined by rule of the council.**

33 (4) To receive a grant or loan, the Oregon [*emerging*] **growth** business or a research institution
34 that has entered into an agreement with the business must agree to provide a cash match equivalent
35 to:

36 (a) 30 percent of the amount of the grant or loan for businesses with fewer than 20 employees.

37 (b) 50 percent of the amount of the grant or loan for businesses with 20 or more but fewer than
38 50 employees.

39 (c) 75 percent of the amount of the grant or loan for businesses with 50 or more but fewer than
40 100 employees.

41 (5)(a) The council shall award grant or loan moneys to an Oregon [*emerging*] **growth** business
42 in a two-phase contract. Each phase of the contract shall have clearly defined performance measures
43 included in the contract between the business and the council.

44 (b) Under phase I of the contract, a business may be granted or loaned an initial investment not
45 to exceed \$75,000. Phase I shall also include an agreement that upon successful completion of the

1 performance measures for phase I, the business shall be eligible for funding under phase II. The
2 amount of grant or loan moneys available to a business under both phases may not exceed \$200,000.

3 (6) The council shall require any Oregon [*emerging*] **growth** business that receives a grant or
4 loan under this section and that moves more than 50 percent of the employees of the business out
5 of the state within two years after receiving grant or loan moneys to repay the total amount of the
6 grant or loan moneys.

7 (7) The council shall require an Oregon [*emerging*] **growth** business that receives a loan under
8 this section to repay the loan within five years after receiving the loan. The council shall deposit
9 any loan moneys received under this subsection in the Oregon Commercialized Research Fund.

10 (8) The council may award up to 15 percent of the amount of moneys available in the fund for
11 grants or loans:

12 (a) To the Oregon University System for education of faculty on issues related to developing
13 effective technology transfer and commercialized research processes; and

14 (b) For other activities as defined by rule of the council.

15 (9) The council may adopt rules to administer this section. The council shall follow the advice
16 of the Oregon Commercialized Research Fund Advisory Council when adopting rules to administer
17 this section.

18 **SECTION 8.** ORS 284.740 is amended to read:

19 284.740. (1) The Oregon Innovation Council [*shall*] **may** establish [*a*] **one or more** signature
20 research [*center*] **centers** to maximize collaborative ventures among research institutions, [*the fed-*
21 *eral government and private industry*] **public entities and Oregon growth businesses** that will
22 capitalize on opportunities to obtain private and federal funding for the research and development
23 of [*nanoscience and microscience products, technology and multiscale materials*] **innovation-based**
24 **economic development.**

25 (2) The council may contract with [*a private, not-for-profit corporation*] **a nonprofit entity** for
26 the administration of the [*center*] **centers.**

27 (3) **Signature research centers, Oregon growth businesses and research institutions con-**
28 **tracting to engage in innovation-based economic development, to conduct research within a**
29 **signature research center or to engage in other business endeavors, as defined by the Oregon**
30 **Innovation Council by rule, may receive grants and loans from moneys in the Oregon Inno-**
31 **vation Fund created under ORS 284.720 or the Oregon Commercialized Research Fund cre-**
32 **ated under ORS 284.725.**

33 **SECTION 9.** Sections 10 to 15 of this 2011 Act are added to and made a part of ORS
34 **284.701 to 284.740.**

35 **SECTION 10.** (1) **Subject to the approval of the Oregon Business Development Depart-**
36 **ment, the Oregon Innovation Council may make grants and loans from the Oregon Inno-**
37 **vation Fund created under ORS 284.720 to fund proposals that have as their principal**
38 **objectives:**

39 (a) **The establishment of partnerships between and collaborations with research insti-**
40 **tutions and Oregon growth businesses for innovation-based economic development; or**

41 (b) **The transfer of innovation-based economic development technology to the private**
42 **sector or the commercialization of innovation-based economic development research and re-**
43 **lated development in Oregon.**

44 (2)(a) **To qualify for a grant or loan under subsection (1) of this section, a proposal must**
45 **be submitted to the Oregon Innovation Council in the manner and with a fee as may be**

1 prescribed by rule.

2 (b) All proposals for funding under subsection (1) of this section must establish return
3 on investment criteria and performance measures as prescribed by rule.

4 (3) The Oregon Innovation Council shall make recommendations to the department for
5 rules to be adopted by the department to administer the provisions of this section.

6 **SECTION 11.** As used in sections 11 to 15 of this 2011 Act, “bond-related costs” means:

7 (1) The costs and expenses of issuing and administering bonds under sections 11 to 15 of
8 this 2011 Act, including but not limited to:

9 (a) Paying or redeeming the bonds, including principal, interest and premium, if any;

10 (b) Paying amounts due in connection with credit enhancement devices or reserve in-
11 struments;

12 (c) Paying the administrative costs and expenses of the State Treasurer, the Oregon
13 Business Development Department and the Oregon Innovation Council, including the cost
14 of consultants, attorneys and advisers retained by the State Treasurer, the department or
15 the council for the bonds; and

16 (d) Any other costs or expenses that the State Treasurer, the department or the council
17 determines are necessary or desirable in connection with issuing or administering the bonds;

18 (2) The cost of funding bond reserves;

19 (3) Capitalized interest for the bonds; and

20 (4) Rebates or penalties due to the United States in connection with the bonds.

21 **SECTION 12.** (1)(a) The Oregon Innovation Council, in consultation with the Oregon
22 Business Development Department, shall determine eligibility for revenue bond financing of
23 proposals for funding under section 10 of this 2011 Act pursuant to rules adopted by the
24 council in consultation with the department.

25 (b) After determining that a proposal, grant or loan is eligible for revenue bond financing
26 under paragraph (a) of this subsection, the department shall forward a request for the issu-
27 ance of revenue bonds to the State Treasurer.

28 (2) The State Treasurer may issue revenue bonds subject to the budget authorization for
29 bond issuance established under ORS 286A.035 for the department and the council for the
30 purpose of financing or refinancing, in whole or part, grants and loans made under section
31 10 of this 2011 Act, plus an additional amount to be estimated by the State Treasurer for
32 payment of bond-related costs.

33 (3) Net proceeds of the revenue bonds issued pursuant to this section must be deposited
34 in the Oregon Innovation Bond Fund established under section 13 of this 2011 Act for dis-
35 bursement to the council to finance the making of grants and loans under section 10 of this
36 2011 Act.

37 (4) Bond-related costs must be paid from the gross proceeds of the revenue bonds issued
38 under this section and from moneys deposited in an account or subaccount of the Oregon
39 Innovation Fund that has been established by the council specifically for this purpose.

40 (5) The department and the council, with the approval of the State Treasurer, may
41 irrevocably pledge and assign all or a portion of the moneys deposited in an account or sub-
42 account of the Oregon Innovation Fund that has been established by the council specifically
43 for the purpose of securing revenue bonds issued under this section or credit enhancements
44 obtained for the revenue bonds issued under this section.

45 (6) Revenue bonds issued under this section:

1 (a) Are payable from the moneys deposited in an account or subaccount of the Oregon
2 Innovation Fund that has been established by the council specifically for the purpose of
3 making payments on revenue bonds issued under this section.

4 (b) Do not constitute a debt or general obligation of the state, the Legislative Assembly
5 or a political subdivision of this state but are secured solely by:

6 (A) The moneys deposited in an account or subaccount of the Oregon Innovation Fund
7 that has been established by the council specifically for the purpose of making payments on
8 revenue bonds issued under this section;

9 (B) Amounts in a debt service reserve account established with respect to revenue bonds
10 issued under this section; or

11 (C) A credit enhancement obtained for the revenue bonds issued under this section.

12 (7) The State Treasurer, the department and the council have no obligation to pay
13 bond-related costs except as provided in this section. A holder of revenue bonds or other
14 similar obligations issued under this section does not have the right to compel the exercise
15 of the taxing power of the state to pay bond-related costs.

16 (8) The holders of revenue bonds issued under this section, upon the issuance of the re-
17 venue bonds, have a perfected lien on the moneys deposited in an account or subaccount of
18 the Oregon Innovation Fund that has been established by the council specifically for the
19 purpose of securing and making payments on revenue bonds issued under this section or
20 credit enhancements obtained for the revenue bonds issued under this section. The lien and
21 pledge are valid and binding from the date of issuance of the revenue bonds and are auto-
22 matically perfected without physical delivery, filing or other act. The lien and pledge are
23 superior to subsequent claims or liens on the moneys deposited in the Oregon Innovation
24 Fund.

25 (9) As long as any revenue bonds issued under this section are outstanding, the pro-
26 visions of this section and the provisions of a security document related to the revenue bonds
27 are deemed to be contracts between the state and holders of the revenue bonds. The state:

28 (a) May not create a lien, encumbrance or any other obligation that is superior to the
29 liens authorized by subsection (8) of this section on the moneys in the Oregon Innovation
30 Fund that are pledged and assigned to the payment of the revenue bonds; and

31 (b) May not give force or effect to a statute or initiative or referendum measure ap-
32 proved by the electors of this state if doing so would unconstitutionally impair existing
33 covenants made with the holders of existing revenue bonds or would unconstitutionally im-
34 pair other obligations or agreements regarding the security of revenue bonds to which the
35 moneys deposited in the Oregon Innovation Fund are pledged and assigned.

36 (10) The council is authorized to establish separate accounts or subaccounts within the
37 Oregon Innovation Fund for separate bond issues.

38 (11) The council may:

39 (a) Make all contracts, execute all instruments and do all things necessary or convenient
40 in the exercise of the powers granted by this section, in the performance of its covenants
41 or duties, or in order to secure the payment of revenue bonds issued under this section; and

42 (b) Enter into covenants for the benefit of bond holders regarding the use and expendi-
43 ture of moneys in the Oregon Innovation Fund.

44 (12) The State Treasurer, the department or the council may appoint bond counsel as
45 prescribed in ORS 286A.130.

1 **SECTION 13.** (1) The Oregon Innovation Bond Fund is established in the State Treasury,
2 separate and distinct from the General Fund. The net proceeds from the sale of revenue
3 bonds issued under section 12 of this 2011 Act must be credited to the Oregon Innovation
4 Bond Fund. Investment earnings received on moneys in the fund must be credited to the
5 fund.

6 (2) Moneys in the fund are continuously appropriated to the Oregon Innovation Council
7 for the purpose of making grants and loans under section 10 of this 2011 Act.

8 **SECTION 14.** (1) The Oregon Innovation Debt Service Fund is established in the State
9 Treasury, separate and distinct from the General Fund. The Oregon Innovation Debt Service
10 Fund consists of:

11 (a) An amount from the moneys deposited in the Oregon Innovation Fund credited to the
12 Oregon Innovation Debt Service Fund by the State Treasurer that is necessary in a fiscal
13 year, as determined by the Oregon Innovation Council, in consultation with the Oregon
14 Business Development Department and the State Treasurer, to pay the bond-related costs
15 scheduled to be paid in that fiscal year on the revenue bonds issued under section 12 of this
16 2011 Act;

17 (b) Any funds appropriated or allocated to the Oregon Innovation Debt Service Fund; and

18 (c) Investment earnings received on moneys in the Oregon Innovation Debt Service Fund.

19 (2) Moneys in the Oregon Innovation Debt Service Fund are continuously appropriated
20 to the Oregon Innovation Council to pay, when due, the bond-related costs on outstanding
21 revenue bonds, to fund revenue bond reserves and to pay amounts due in connection with
22 credit enhancements.

23 (3) The council, in consultation with the department and the State Treasurer, shall use
24 amounts in the Oregon Innovation Debt Service Fund to pay, when due, the bond-related
25 costs on outstanding revenue bonds, to fund revenue bond reserves and to pay amounts due
26 in connection with credit enhancements.

27 (4) If the moneys deposited in the Oregon Innovation Fund are not sufficient to pay the
28 bond-related costs due to be paid in a fiscal year, the council, in consultation with the de-
29 partment and the State Treasurer, shall make payments in that fiscal year according to the
30 relative priority of revenue bonds secured by the moneys deposited in the Oregon Innovation
31 Fund.

32 **SECTION 15.** (1) The Oregon Innovation Bond Administration Fund is established in the
33 State Treasury, separate and distinct from the General Fund. The Oregon Innovation Bond
34 Administration Fund consists of:

35 (a) The amount of revenue bond proceeds remaining after depositing the net proceeds in
36 the Oregon Innovation Bond Fund pursuant to section 13 of this 2011 Act;

37 (b) The proceeds of revenue bonds issued to pay bond-related costs;

38 (c) Any funds appropriated or allocated to the Oregon Innovation Bond Administration
39 Fund; and

40 (d) Investment earnings received on moneys in the Oregon Innovation Bond Adminis-
41 tration Fund.

42 (2) Moneys in the Oregon Innovation Bond Administration Fund are continuously appro-
43 priated to the Oregon Innovation Council for paying bond-related costs during the term of
44 revenue bonds issued under section 12 of this 2011 Act.

45 (3) The council, in consultation with the Oregon Business Development Department and

1 the State Treasurer, may use amounts in the Oregon Innovation Bond Administration Fund
2 to pay bond-related costs during the term of revenue bonds issued under section 12 of this
3 2011 Act. Amounts in the fund must be disbursed upon the written request of the council in
4 consultation with the department.

5 SECTION 16. This 2011 Act being necessary for the immediate preservation of the public
6 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect
7 on its passage.

8
