

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
SENATE COMMITTEE ON FINANCE AND REVENUE**

**MEASURE: SB 1558 A
CARRIER: Sen. Telfer**

**REVENUE: No Revenue Impact
FISCAL: Minimal Fiscal Impact, no statement issued**

Action: Do Pass with Amendments, and be printed A Engrossed.
Vote: 4-0-0
Yeas: Hass, Morse, Telfer, Burdick
Nays: 0
Exc.: 0

Prepared By: Mazen Malik, Economist
Meeting Dates: 02/13, 2/15

WHAT THE BILL DOES: Modifies the scope of costs of certain economic development projects that the Oregon Business Development Department may finance with proceeds of certain revenue bonds. Declares an emergency and takes effect upon passage.

ISSUES DISCUSSED:

- What is needed for the Industrial Revenue Bonds?
- Benefits to Oregon, and central Oregon advantage.
- Conduit bonds and the role of Business Oregon.
- Bonds proceeds to be used in Operating Capital and R&D.
- Differences form Venture Capital and why this will be allowable use of bond proceeds.
- Process and procedures and Administrative rules In the

EFFECT OF COMMITTEE AMENDMENT: The amendment puts restrictions on the type of companies who are allowed (Oregon companies) to utilize these provisions, and specifies operating capital (without a 3 year allowance) and Research and Development (R&D) activities as allegeable in the expansion of allowable uses of the bond proceeds.

BACKGROUND:

The Oregon Business Development Department is currently authorized under ORS 285b.323 to utilize bond proceeds to provide financing for economic development projects. The statute currently defines "economic development project" as real or personal properties used or useful in connection with a revenue producing enterprise, an exempt facility or nonprofit entity, and vehicles, rolling stock and equipment related to an enterprise, facility or entity. Senate Bill 1558 expands the definition of "economic development project" to include the above, as well as: research and development conducted in Oregon or related to products that the Department finds will be produced in Oregon; financing of up to three years (which was amended out) of estimated initial operating expenses associated with a capital asset; and refinancing of an existing loan when doing so facilitates the financing or operation of a capital asset such as those listed above.

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