

**PRELIMINARY STAFF MEASURE SUMMARY****CARRIER:**

House Committee on Transportation &amp; Economic Development

**REVENUE: May have revenue impact, statement not yet issued****FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO:****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Troy Rayburn, Administrator**Meeting Dates:** 3/15, 4/8

**WHAT THE MEASURE DOES:** Establishes Oregon Growth Board Task Force. Sunsets task force on June 30, 2015. Stipulates 10 member task force including: two appointees from the Senate President; two appointees from the Speaker of the House; four appointees from the Governor with one from banking, one from credit unions, one from managing investments, and one with small business employment experience; one appointee from the Treasurer's Office; and one appointee from the Oregon Business Development Department; Requires the task force to make recommendations to the Legislative Assembly regarding the formation, functions, duties, and powers of the Oregon Growth Board, including but not limited to its interaction and cooperation with the Oregon Investment Council and the Oregon Growth Account Board; Stipulates that the Oregon Business Development Department shall provide staff support to the task force; Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Access to capital's relationship to economic recovery
- Importance of small business access to capital
- Tool for rural economies where the unemployment rate remains high
- Need for state to be active partner in growth objectives
- Next Steps:
  - remove sunset provision in the Oregon Investment Act
  - support umbrella strategy investing across capital continuum (early stage growth, mentoring, debt reduction, etc)
  - balance drive for financial returns with sustainable high-wage jobs
  - create Oregon Growth Fund with different funding sources and different disbursement obligations than Oregon Growth Account
  - provide the Board with allocation authority
  - confirm that the Board shall not invest in any specific project or company, nor compete with private capital resources
- \$5 million ask / starting point

**EFFECT OF COMMITTEE AMENDMENT:** Transfers \$5 million from the General Fund to be deposited into the Oregon Growth Fund.

**BACKGROUND:** The Oregon Investment Act (HB 4040, 2012 Legislative Session) is an opportunity to dramatically improve our efforts to attract and improve the availability of capital to help catalyze economic development across the state.

While Oregon can point to some notable success stories around capital deployment, many of the state's efforts have been fragmented or meager – a study shows those efforts have fallen short of helping employers across the business spectrum

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

overcome a series of capital gaps. At the same time, the private sector alone is not able to sufficiently address this capital need for Oregon businesses.

The Investment Act opened the door for Oregon to establish a new framework to address our shortcomings by doing a better job at deploying public resources, in concert with leveraged funding from private investors. Oregon is not unique in looking at new models that help local businesses attract private capital: at least 30 other states have varying investment models that help them assist businesses, in particular supporting business formation and growth capital.

This new strategy requires an innovative vision regarding capital deployment that brings together the strengths of the public and private sector. It requires clear objectives and safeguards, and a clear methodology to measure results. It requires the private sector to assume a substantial amount of risk. And, critically, it requires willingness by government to abandon the status quo, to consolidate disparate economic development dollars, and to collaborate to advance the best opportunities for job and wage growth.