

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	4 - 0 - 1
Yeas:	Baertschiger, Monnes Anderson, Prozanski, Shields
Nays:	0
Exc.:	George
Prepared By:	Channa Newell, Administrator
Meeting Dates:	3/6, 4/12

WHAT THE MEASURE DOES: Establishes Office of Small Business Assistance (Office) within Office of Secretary of State. Directs Office to facilitate communication between state agencies and small businesses in matters of auditing, on-site inspections, compliance monitoring, and compliance assistance. Directs Office to collaborate with small businesses and agencies to identify and recommend efficient processes for receiving concerns or complaints, participate in small business conferences or meetings, and make recommendations on resolving disputes or causes of unnecessary delay. Allows Office to conduct review and investigation into complaints received from small businesses with respect to state agencies. Specifies process for conducting review and investigation, as well as for issuing recommendations to state agencies for resolution of complaint. Continuously appropriates money to Office of Secretary of State to fund functions of Office of Small Business Assistance.

ISSUES DISCUSSED:

- Importance of small businesses to Oregon's economy
- Interaction between small businesses and Secretary of State's Corporations Division
- Complexity of state government hinders small business operations
- Non-regulatory nature of proposed Office

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Office of the Secretary of State includes the Corporation Division, which is responsible for enabling the creation of business and streamlining access to government services and regulatory requirements in Oregon.

Senate Bill 143 creates a new office within the Office of the Secretary of State that would be responsible for providing information to small businesses, facilitating communication between small businesses and state agencies, and includes a mechanism for receiving and investigating complaints made by small businesses about state agencies.

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 143**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Matt Stayner
Reviewed by: Steve Bender
Date: 4/11/13**Measure Description:**

Establishes Office of Small Business Assistance in Office of Secretary of State for purpose of facilitating interactions between small businesses and state agencies with regulatory authority over small businesses.

Government Unit(s) Affected:

Secretary of State

Summary of Expenditure Impact

	2013-15 Biennium	2015-17 Biennium
General Fund		
Lottery Funds		
Other Funds	253,936	338,581
Federal Funds		
Total Funds	\$253,936	\$338,581
Positions	2	2
FTE	1.50	2.00

Summary of Revenue Impact

	2013-15 Biennium	2015-17 Biennium
General Fund		
Lottery Funds		
Other Funds		

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure establishes the Office of Small Business Assistance (OSBA) within the Office of the Secretary of State (SOS) for the purpose of facilitating communication and resolving issues and complaints related to interactions between small businesses (as defined in the bill) and executive branch state agencies. The measure also contains a provision allowing the OSBA to investigate otherwise unresolvable issues and complaints between state agencies and small businesses, in certain circumstances, allowing for agency comment on final determination.

The Secretary of State estimates that to carry out the provisions of the bill it would require the establishment of two full-time positions (1.50 FTE in the 2013-15 biennium). The positions would be funded with Corporate Division fees collected by the SOS that would otherwise be available for transfer to the General Fund.

The establishment of the positions and the funding is included as a policy option package in the Governor's recommended budget.

Senate Bill 143

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Secretary of State Kate Brown)

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**.

Establishes Office of Small Business Assistance in Office of Secretary of State for purpose of facilitating interactions between small businesses and state agencies with regulatory authority over small businesses. Establishes complaint and investigation procedures. Requires preparation of reports for distribution to Secretary of State upon conclusion of investigations of complaints.

Continuously appropriates moneys to Office of Secretary of State to fund functions of Office of Small Business Assistance.

A BILL FOR AN ACT

1
2 Relating to the Office of Small Business Assistance; creating new provisions; amending ORS 56.041;
3 and appropriating money.

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

5 **SECTION 1. Sections 2 to 5 of this 2013 Act are added to and made a part of ORS chapter**
6 **56.**

7 **SECTION 2. As used in sections 2 to 5 of this 2013 Act:**

8 (1) "Small business" means a prospective, new or established business with 100 or fewer
9 employees that is or will be located in Oregon.

10 (2) "State agency" means an agency of the executive department, as defined in ORS
11 174.112.

12 **SECTION 3. (1) The Office of Small Business Assistance is established within the Office**
13 **of Secretary of State. The Secretary of State shall employ and appoint personnel necessary**
14 **to perform the functions and duties of the Office of Small Business Assistance.**

15 (2) The Office of Small Business Assistance shall:

16 (a) Assist state agencies with regulatory authority over small businesses to ensure that
17 small businesses that are subject to audit, on-site inspection, compliance monitoring or
18 compliance assistance efforts by state agencies, or that receive enforcement-related com-
19 munications from or have contacts with state agencies with regulatory authority over small
20 businesses, are provided with the means to comment on these interactions with state agen-
21 cies.

22 (b) Work with state agencies for the purpose of facilitating interactions between small
23 businesses and state agencies, including but not limited to obtaining timely responses to
24 small business inquiries and requests, and resolving issues that arise in the administrative,
25 regulatory and enforcement functions of state agencies with respect to small businesses.

26 (c) Work with small businesses and state agencies to identify and recommend efficient,
27 responsive and nonretaliatory processes for:

28 (A) Receiving concerns or complaints from small businesses regarding interactions with

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 state agencies;

2 (B) Participation of small businesses in general studies, conferences, inquiries or
3 meetings that would improve the functioning of state agencies with regulatory authority
4 over small businesses;

5 (C) Identifying causes of unnecessary delays, inconsistencies in the administrative, reg-
6 ulatory and enforcement functions of state agencies and inefficient uses of state resources;
7 and

8 (D) Making recommendations for resolving issues and disputes that arise in the context
9 of interactions between state agencies and small businesses.

10 (3) All state agencies shall cooperate with and assist the Office of Small Business As-
11 sistance in the performance of its duties and functions.

12 (4) Writings and information provided to, and communications with, the Office of Small
13 Business Assistance under subsection (2) of this section are confidential and exempt from
14 disclosure under ORS 192.410 to 192.505, except as necessary to prepare the report required
15 under section 4 of this 2013 Act.

16 (5) The Secretary of State may adopt rules necessary to implement the provisions of
17 sections 2 to 5 of this 2013 Act.

18 **SECTION 4.** (1) In addition to the duties and responsibilities described in section 3 of this
19 2013 Act, the Office of Small Business Assistance may, except as provided in subsection (2)
20 of this section, conduct reviews and investigations of complaints received from small busi-
21 nesses with respect to interactions with state agencies.

22 (2) The office may not review and investigate a complaint under this section if the office
23 determines that:

24 (a) The complainant could reasonably be expected to use, or is using, an alternative
25 remedy or recourse for the complaint;

26 (b) The complaint relates to a matter outside the jurisdiction of the office;

27 (c) The complaint was delayed too long to justify review and investigation;

28 (d) The complainant does not have sufficient personal interest in, or is not personally
29 aggrieved or affected by the subject matter of, the complaint;

30 (e) The complaint is trivial, frivolous, vexatious or not made in good faith;

31 (f) The resources of the office are insufficient for adequate review and investigation of
32 the complaint;

33 (g) The review and investigation of other complaints take precedence over the review and
34 investigation of the complaint; or

35 (h) The complaint is the subject of pending litigation or a pending contested case pro-
36 ceeding under ORS chapter 183.

37 (3) The office shall notify a complainant as to whether the office will review and investi-
38 gate the complaint within 30 days of receiving the complaint.

39 (4) If the office has undertaken a review and investigation of the complaint:

40 (a) Upon the complainant's request, the office shall inform the complainant of the status
41 of the review and investigation; and

42 (b) Upon conclusion of the review and investigation, the office shall:

43 (A) Inform the complainant of the office's conclusions and recommendations; and

44 (B) Provide the complainant with a copy of the report prepared under subsection (6) of
45 this section.

1 **(5) The office may make recommendations to a state agency for resolution of a complaint**
2 **made under this section and work with the agency to resolve the complaint. The office may**
3 **also contact and discuss a complaint with the administrative head of any state agency, any**
4 **state agency manager, the Governor or any member of the public for the purpose of obtain-**
5 **ing the cooperation and assistance of a state agency with the complaint resolution process.**

6 **(6)(a) Upon completing the review and investigation of a complaint under this section, the**
7 **office shall prepare a report containing the office's conclusions and recommendations.**

8 **(b) Before finalizing, and providing copies of, the report prepared under this subsection,**
9 **the office shall provide the state agency that is the subject of the report with a preliminary**
10 **report.**

11 **(c) Upon receipt of the preliminary report, the state agency shall have not more than 15**
12 **days to comment on the report.**

13 **(d) If the state agency chooses to comment on the preliminary report, the final report**
14 **shall include a section that contains the agency's comments.**

15 **(e) The office shall provide copies of the final report prepared under this subsection to**
16 **the Secretary of State.**

17 **SECTION 5. A person who makes a complaint or who participates in a review and in-**
18 **vestigation of a complaint under section 4 of this 2013 Act may not be subject to a penalty,**
19 **sanction or restriction in connection with the person's employment or be denied any right,**
20 **privilege or benefit because of the complaint or because of any review and investigation of**
21 **the complaint.**

22 **SECTION 6. ORS 56.041 is amended to read:**

23 56.041. (1) The Operating Account is established in the General Fund of the State Treasury.

24 (2) The net amount accruing to the Secretary of State from all fees, charges, interest, fines,
25 penalties and miscellaneous revenues from all sources relating to business registry functions, and
26 moneys received by the Secretary of State under ORS chapters 79 and 194 and ORS 80.100 to 80.130,
27 87.246, 87.767 and 87.806 to 87.831 shall, after deduction of refunds, be paid over to the State
28 Treasurer and deposited at least monthly in the Operating Account.

29 (3) Moneys deposited to the credit of the Operating Account are continuously appropriated to
30 the Secretary of State for the expenses of carrying out the functions and duties of the Secretary of
31 State relating to business registry, and the functions and duties of the Secretary of State under ORS
32 chapters 79 and 194 and ORS 80.100 to 80.130, 87.246, 87.767 and 87.806 to 87.831 **and sections 2**
33 **to 5 of this 2013 Act.**

34 (4) At the end of each month, the Secretary of State shall determine the number of business
35 registry filings during the month for which the Secretary of State collected the fees described in
36 ORS 56.140 (1) to (4). An amount equal to \$20 for each of those filings shall be deposited by the
37 Secretary of State in the Operating Account. The Secretary of State shall then deposit all other
38 moneys from the fees collected during the month under ORS 56.140 (1) to (4) in the General Fund.
39 Amounts deposited to the General Fund under this subsection are available for general govern-
40 mental expenses.