

## Joint Committee on Ways and Means

900 Court St. NE, Rm. H-178  
Salem, OR 97301  
503-986-1828

Steve Bender, Subcommittee Scheduler, 503-986-1836  
Tiffany Koss, Subcommittee Assistant, 503-986-1822  
WaysandMeans.TransportationEcDevSub@state.or.us



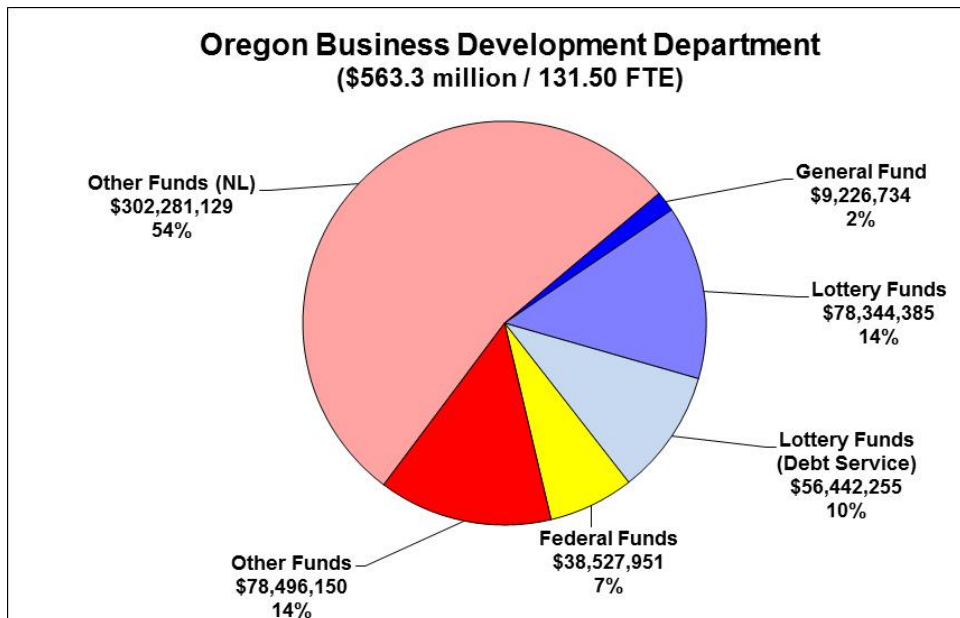
## Subcommittee on Transportation and Economic Development

Sen. Betsy Johnson, Co-Chair  
Rep. Bob Jenson, Co-Chair  
Sen. Bill Hansell  
Sen. Chip Shields  
Rep. Caddy McKeown  
Rep. Tobias Read

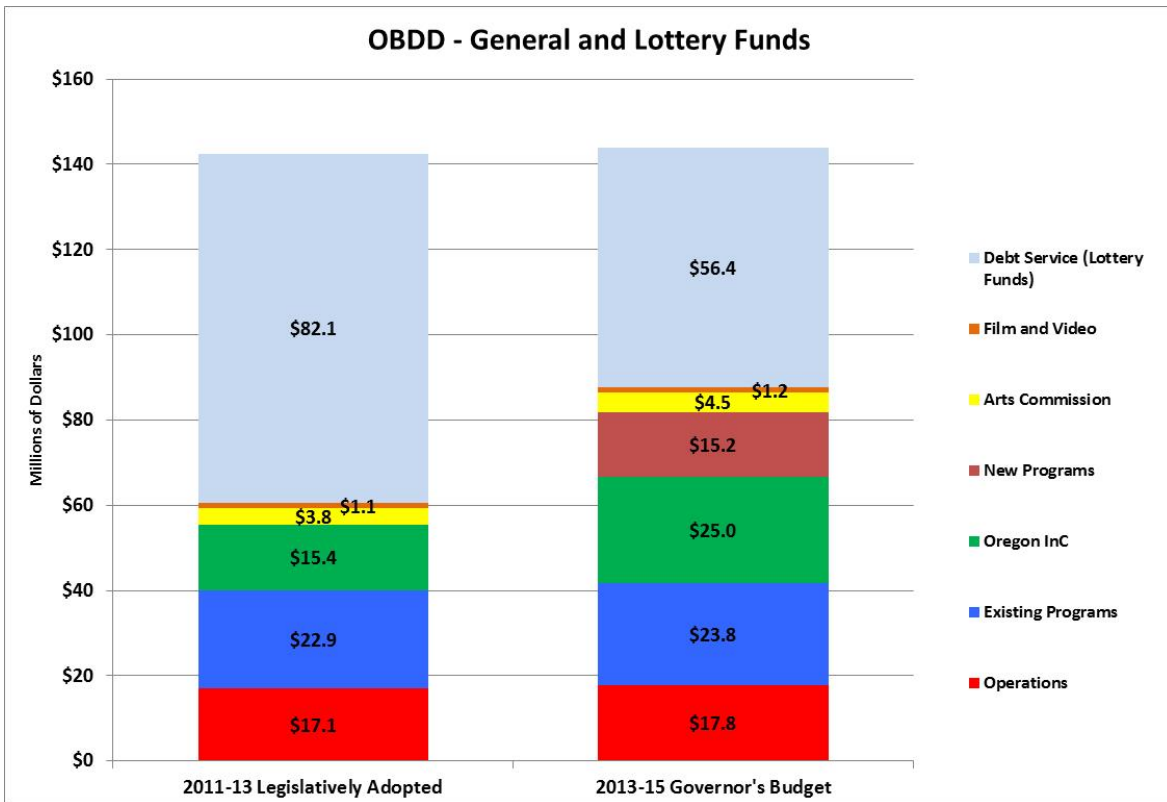
To: Transportation and Economic Development Subcommittee Members  
From: Steve Bender, Legislative Fiscal Office  
Date: March 11, 2013  
Subject: Oregon Business Development Department Budget Hearings

The Subcommittee will be holding Public Hearings from March 12-14 on HB 5028, the budget bill for the Oregon Business Development Department (OBDD). Public testimony is scheduled for Thursday, March 14.

OBDD provides economic and community development and cultural enhancement throughout the state, and administers programs that aid businesses and communities. The Oregon Business Development Department receives General Fund, Lottery Funds, Federal Funds, and Other Funds (primarily from bonding programs), and uses the funds to provide grants, loans, and direct and contract services. Program focuses include business and industry development; support of in-state innovation efforts to improve economic competitiveness; trade and arts promotion; community development; and ports. The diagram below identifies funding sources in the OBDD budget as recommended by the Governor:



The Governor’s recommended budget includes significant enhancements to the Department’s budget. The chart below shows the growth in General Fund and Lottery Funds proposed for various components of the agency budget. These additions will be discussed during the public hearings this week, and will be further reviewed in more detail when the Subcommittee enters Phase II of the budget review process.



**Budget Notes**

Two budget notes were approved with the OBDD budget bill in the 2011 Session (SB 5528):

**Budget Note:**

The approved budget includes \$16 million of Lottery Funds to support six initiatives approved by the Oregon Innovation Council. The Committee understands that the Department will work with the Oregon Innovation Council to develop plans and timelines for these initiatives to achieve operational sustainability with decreased dependence on state funding. Ultimately, each initiative should mature to gain independence from state support. The Department shall report on these plans and timelines to the Joint Committee on Ways and Means during the 2012 Session of the Legislative Assembly. Further, it should be understood that initiatives that fail to show progress toward making Oregon industries more competitive and sustainable are not guaranteed funding in future biennia. The Committee supports the efforts of the Oregon Innovation Council to develop new initiatives for innovation-based economic development.

**Budget Note:**

The Department shall distribute the funds available in this budget to the Strategic Reserve Fund for the purposes of creating and retaining jobs in this state.

## Audit Reports

The Secretary of State Audits Division issued two reports on OBDD programs this biennium. The first report evaluated the services provided by the Office of Minority, Women and Emerging Small Business. The second report was the annual financial report on the Special Public Works Funds and Water Fund Enterprise Funds. These reports are found on pages 57 through 104 of the HB 5028, OBDD Budget Presentation Appendix document.

## Emergency Board

In May 2012, the Emergency Board approved OBDD's submission of a federal grant application for \$600,000 under the State Trade and Export Promotion (STEP) grant program, and allowed the agency to spend up to \$480,000 of grant funds this biennium. Expenditure authority for the remaining grant monies needs to be included in the agency's 2013-15 biennium budget.