

A-Engrossed
House Bill 4016

Ordered by the House February 5
Including House Amendments dated February 5

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Rural Communities)

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.

Appropriates moneys to Oregon Business Development Department for Industry Competitiveness Fund to fund entrepreneurial and industry development activities.

Increases cap on entrepreneurial development loans from \$70,000 to \$100,000.

Increases allowable period of entrepreneurial development loans from five to 10 years.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to entrepreneurial development; amending ORS 285B.286, 285B.740 and 285B.749; appropri-
3 ating money; and declaring an emergency.

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

5 **SECTION 1.** ORS 285B.286 is amended to read:

6 285B.286. For traded sector industries, the Oregon Business Development Department shall
7 undertake **entrepreneurial and** industry development activities that may include, but are not lim-
8 ited to, all of the following:

9 (1) Focus groups and other meetings and related studies to identify traded sector industry
10 members and issues of common concern within an industry.

11 (2) State technical and financial support for formation of industry associations, publication of
12 association directories and related efforts to create or expand the activities of industry associations.

13 (3) Helping establish research consortia as well as partnering with universities and other re-
14 search institutions to assist in the retention and recruitment of targeted industries.

15 (4) Joint training and education programs and curricula related to the specific needs of traded
16 sector industries.

17 (5) Cooperative market **and entrepreneurial** development activities.

18 (6) Analysis of the need, feasibility and cost for establishing product certification and testing
19 facilities and services.

20 (7) State technical and financial support to facilitate certification of sites as ready for develop-
21 ment for traded sector industry. The support may include performing site assessments to determine
22 the costs associated with development of individual sites.

23 (8) Assistance to traded sector and cluster affiliated Oregon businesses and consortia in making
24 investments that advance **entrepreneurial and** industry-related development activities or other
25 identified competitiveness objectives of existing Oregon cluster businesses.

26 **(9) Assistance and support that promote regional economic development strategies fos-**

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 **tering entrepreneurship and the development of targeted industry clusters in rural commu-**
2 **nities.**

3 **SECTION 2.** There is appropriated to the Oregon Business Development Department, for
4 the biennium beginning July 1, 2013, out of the General Fund, the amount of \$250,000 to be
5 deposited into the Industry Competitiveness Fund established under ORS 285B.290 for the
6 purpose of providing funds for activities outlined in ORS 285B.286.

7 **SECTION 3.** ORS 285B.740 is amended to read:

8 285B.740. It is the intent of the Legislative Assembly that in the administration of ORS 285B.740
9 to 285B.758, the Oregon Business Development Department work closely with regional economic
10 development organizations, community development corporations, small business development cen-
11 ters and organizations that promote and assist small businesses owned and operated by women and
12 minorities, **and utilize policies, priorities and practices that further entrepreneurial and small**
13 **business development in rural communities.** The department, to the maximum extent feasible and
14 consistent with prudent financial controls, may delegate the administration and operation of the loan
15 program created by ORS 285B.740 to 285B.758 to local and community-based entities. To carry out
16 the policy described in this section:

17 (1) The department may contract with any nonprofit corporation or agency with experience and
18 expertise in business finance to administer all or any part of the loan program created by ORS
19 285B.740 to 285B.758.

20 (2) When entering into an agreement for the administration of the loan program by any nonprofit
21 corporation or agency, the department may agree to waive any claims it may have against such
22 corporation or agency for losses arising out of the normal course of business, [so] **as** long as the
23 corporation or agency does not act negligently or fraudulently in providing loans under ORS
24 285B.740 to 285B.758.

25 (3) When entering into an agreement to have a nonprofit corporation or agency administer the
26 loan program created by ORS 285B.740 to 285B.758, the department may pay loan origination and
27 loan servicing fees to the corporation or agency. The amount of such fees may be determined in the
28 agreement between the department and the administering corporation or agency.

29 **SECTION 4.** ORS 285B.749 is amended to read:

30 285B.749. (1) The Oregon Business Development Department may approve an entrepreneurial
31 development loan under ORS 285B.740 to 285B.758 if, after investigation, it finds that:

32 (a) The loan has a reasonable prospect of repayment from cash flow and collateral and is se-
33 cured by good and sufficient collateral; and

34 (b) The applicant provides equity funds for the project in the form of cash or property in an
35 amount equal to or greater than 20 percent of the amount of the loan.

36 (2) The department shall determine the amount of the initial loan and any subsequent loan to
37 the borrower. The maximum of all loans to a borrower from the Oregon Entrepreneurial Develop-
38 ment Loan Fund may not exceed [~~\$70,000~~] **\$100,000**.

39 (3) Entrepreneurial development loans shall be made for a period not exceeding [~~five~~] **10** years
40 at a rate of interest that does not exceed 18 percent per annum.

41 **SECTION 5.** This 2014 Act being necessary for the immediate preservation of the public
42 peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect
43 on its passage.