

# House Bill 4016

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 **as introduced**.

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.

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

29 **SECTION 2.** There is appropriated to the Oregon Business Development Department, for  
30 the biennium beginning July 1, 2013, out of the General Fund, the amount of \$250,000 to be

**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 **deposited into the Industry Competitiveness Fund established under ORS 285B.290 for the**  
 2 **purpose of providing funds for activities outlined in ORS 285B.286.**

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

4 285B.740. It is the intent of the Legislative Assembly that in the administration of ORS 285B.740  
 5 to 285B.758, the Oregon Business Development Department work closely with regional economic  
 6 development organizations, community development corporations, small business development cen-  
 7 ters and organizations that promote and assist small businesses owned and operated by women and  
 8 minorities, **and utilize policies, priorities and practices that further entrepreneurial and small**  
 9 **business development in rural communities.** The department, to the maximum extent feasible and  
 10 consistent with prudent financial controls, may delegate the administration and operation of the loan  
 11 program created by ORS 285B.740 to 285B.758 to local and community-based entities. To carry out  
 12 the policy described in this section:

13 (1) The department may contract with any nonprofit corporation or agency with experience and  
 14 expertise in business finance to administer all or any part of the loan program created by ORS  
 15 285B.740 to 285B.758.

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

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

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

26 285B.749. (1) The Oregon Business Development Department may approve an entrepreneurial  
 27 development loan under ORS 285B.740 to 285B.758 if, after investigation, it finds that:

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

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

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

35 (3) Entrepreneurial development loans shall be made for a period not exceeding five years at a  
 36 rate of interest that does not exceed 18 percent per annum.

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