

A-Engrossed
Senate Bill 1563

Ordered by the Senate February 6
Including Senate Amendments dated February 6

Sponsored by Senators ROSENBAUM, ROBLAN, BEYER; Senators COURTNEY, JOHNSON, MONNES ANDERSON, STEINER HAYWARD, Representatives BARKER, DOHERTY, FREDERICK, GALLEGOS, GORSEK, KENY-GUYER, REARDON, WITT (Pre-session filed.)

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.

Authorizes Oregon Business Development Department to undertake entrepreneurial development activities for traded sector industries and in rural communities.

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; and de-
3 claring 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.

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 **(9) Assistance and support that promote regional economic development strategies fos-**
2 **tering entrepreneurship and the development of targeted industry clusters in rural commu-**
3 **nities.**

4 **SECTION 2.** ORS 285B.740 is amended to read:

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

14 (1) The department may contract with any nonprofit corporation or agency with experience and
15 expertise in business finance to administer all or any part of the loan program created by ORS
16 285B.740 to 285B.758.

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

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

26 **SECTION 3.** ORS 285B.749 is amended to read:

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

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

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

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

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

38 **SECTION 4. This 2014 Act being necessary for the immediate preservation of the public**
39 **peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect**
40 **on its passage.**