

A-Engrossed
House Bill 2435

Ordered by the House March 2
Including House Amendments dated March 2

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D., for Oregon Business Development Department)

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.

Directs Oregon Business Development Department and Oregon Infrastructure Finance Authority to establish Oregon Infrastructure Opportunity Program to provide loans, including forgivable loans, for rural infrastructure projects.

Establishes Oregon Infrastructure Opportunity Program Fund and appropriates moneys in fund to department and authority.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to rural infrastructure development; and declaring an emergency.

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

4 **SECTION 1. The Legislative Assembly finds that:**

5 (1) **Oregon's rural areas, many of which were dependent on the forest products sector,**
6 **have high rates of poverty, unemployment and reliance on social services. However, with the**
7 **improving national economy, Oregon's rural areas, particularly the areas involved with for-**
8 **est and wood products, agriculture and food processing, are poised to be major suppliers and**
9 **providers of commodity and value-added products that could help revitalize flagging rural**
10 **economies and infrastructures.**

11 (2) **Oregon's natural resource industries offer innovative technologies and approaches to**
12 **traditional practices for dealing with natural resources such as forest and wood products,**
13 **agriculture and food processing.**

14 (3) **The State of Oregon has a significant interest in supporting a targeted and proactive**
15 **innovation strategy for the state's rural areas with respect to the commercialization of na-**
16 **tural resources. Such a strategy should focus efforts on enhancing access to capital for rural**
17 **infrastructure projects by encouraging private investment from institutional investors, lev-**
18 **eraged with government resources such as the United States Rural Infrastructure Opportu-**
19 **nity Fund. Private enterprise, nongovernmental entities, research and educational**
20 **institutions, signature research centers and state agencies should be encouraged to work**
21 **together to accelerate research, innovation and commercialization with respect to natural**
22 **resources for the purpose of investing in rural infrastructure in Oregon.**

23 (4) **Implementation and administration of the Oregon Infrastructure Opportunity Pro-**
24 **gram established under section 3 of this 2015 Act will further economic development by fa-**
25 **cilitating the development of natural resource industries and technologies, improving rural**

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 infrastructure and encouraging quality job growth in Oregon.

2 **SECTION 2.** As used in sections 1 to 4 of this 2015 Act:

3 (1) "Local government" has the meaning given that term in ORS 197.015 and includes a
4 municipality as defined in ORS 285B.410.

5 (2) "Program" means the Oregon Infrastructure Opportunity Program established under
6 section 3 of this 2015 Act.

7 (3) "Research institution" has the meaning given that term in ORS 284.701.

8 (4) "Rural" means an area:

9 (a) Located entirely outside of the acknowledged Portland Metropolitan Area Regional
10 Urban Growth Boundary; and

11 (b) Defined by rule adopted by the Oregon Business Development Department and the
12 Oregon Infrastructure Finance Authority.

13 (5) "Signature research center" means a signature research center established by the
14 Oregon Innovation Council under ORS 284.740.

15 **SECTION 3.** (1) The Oregon Business Development Department and the Oregon
16 Infrastructure Finance Authority shall establish and administer the Oregon Infrastructure
17 Opportunity Program. The purpose of the program is to provide loans, including forgivable
18 loans, for rural infrastructure projects as provided in this section.

19 (2)(a) The department and authority may consult, where appropriate, with the Regional
20 Solutions Program established in section 3, chapter 82, Oregon Laws 2014, in the implemen-
21 tation and administration of the program.

22 (b) The department and authority may appoint an advisory committee to advise the de-
23 partment and the authority with respect to rules, policies and procedures to implement and
24 administer the program, and to qualify rural infrastructure projects for funding under this
25 section.

26 (3) A local government, for-profit or nonprofit entity, research institution or other entity
27 as described by rule adopted by the department and the authority may apply to participate
28 in the program by submitting an application and development plan for a rural infrastructure
29 project in writing in a form prescribed by the department and the authority by rule.

30 (4) Subject to criteria and standards that the department and authority shall establish
31 by rule, the department and authority shall qualify rural infrastructure projects for funding.
32 In considering a project's eligibility for funding, the department and authority shall take into
33 account whether the project:

34 (a) Provides immediate job creation opportunities leading to specific business expansion
35 and job recruitment in rural areas in this state that, but for the availability of a loan under
36 this section, would not otherwise occur.

37 (b) Takes advantage of economic and environmental opportunities associated with
38 emerging technologies and innovative approaches.

39 (c) Maintains existing manufacturing infrastructure or promotes new businesses.

40 (d) Will contribute to the economic stabilization and recovery of rural areas in this state.

41 (5) Upon qualification of a rural infrastructure project and determination of the eligibility
42 of an applicant for a loan, the department and authority may enter into a loan agreement
43 with the applicant under terms and conditions specified and required by the department and
44 the authority. The agreement may specify that a portion of the loan may be forgiven under
45 circumstances specified by the department and the authority by rule.

1 **(6) Loans made under this section may not exceed \$2.5 million.**

2 **(7) The department and authority may solicit and accept contributions, donations, funds**
3 **and assistance from the United States or its agencies or from other sources, public or pri-**
4 **vate, and agree to conditions not inconsistent with the purposes of this section. All funds**
5 **received are to be deposited into the Oregon Infrastructure Opportunity Program Fund es-**
6 **tablished under section 4 of this 2015 Act and used for the purposes designated in section 4**
7 **of this 2015 Act.**

8 **(8) The department and the authority shall adopt rules to administer and implement the**
9 **provisions of this section.**

10 **SECTION 4.** **The Oregon Infrastructure Opportunity Program Fund is established in the**
11 **State Treasury, separate and distinct from the General Fund. The Oregon Infrastructure**
12 **Opportunity Program Fund consists of moneys appropriated, allocated, deposited or trans-**
13 **ferred to the fund by the Legislative Assembly or otherwise and interest earned on moneys**
14 **in the fund. Amounts in the fund are continuously appropriated to the Oregon Business De-**
15 **velopment Department and the Oregon Infrastructure Finance Authority for the purposes**
16 **of making loans under section 3 of this 2015 Act and implementing and administering the**
17 **Oregon Infrastructure Opportunity Program established under section 3 of this 2015 Act.**
18 **Interest earned on the fund shall be deposited into the fund.**

19 **SECTION 5.** **In addition to and not in lieu of any other appropriation, there is appropri-**
20 **ated to the Oregon Business Development Department and the Oregon Infrastructure Fi-**
21 **nance Authority, for the biennium beginning July 1, 2015, out of the General Fund, the**
22 **amount of \$_____, for the purpose of making grants, and implementing and administering**
23 **the provisions of sections 1 to 4 of this 2015 Act.**

24 **SECTION 6.** **This 2015 Act being necessary for the immediate preservation of the public**
25 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
26 **on its passage.**