

House Bill 2630

Sponsored by Representatives SMITH WARNER, LININGER; Representatives BARNHART, BUCKLEY, GREENLICK, LIVELY, VEGA PEDERSON (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 **as introduced**.

Requires Oregon Business Development Commission and Oregon Business Development Department to ensure that agreement with recipient of financial incentives made by department establishes specific job creation or job retention performance measures which, if not achieved, will result in requirement that recipient pay back amount of financial incentives granted, and is drafted in accordance with best practice standards for contractual agreements involving financial incentives.

Directs department to perform cost-benefit analysis and assessment of financial incentive programs and to report to regular or interim Legislative Assembly before June 30, 2016.

Sunset on June 30, 2016.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to financial incentive programs of the Oregon Business Development Department; creating
3 new provisions; amending ORS 285A.055; and declaring an emergency.

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

5 **SECTION 1.** ORS 285A.055 is amended to read:

6 285A.055. Prior to the approval of bond financing of economic development projects under ORS
7 285B.320 to 285B.371 or the making of loans or the granting of any moneys from any source, the
8 Oregon Business Development Commission, or the Oregon Business Development Department as the
9 designee of the commission, shall:

10 (1) Determine that the action is cost effective, considering both major public expenses and major
11 public benefits;

12 (2) Find that the project will produce goods or services which are sold in markets for which
13 national or international competition exists or, if the project is to be constructed and operated by
14 a nonprofit organization, that the project will not compete with local for-profit businesses;

15 (3) Determine that the action is the best use of the moneys involved, considering other pending
16 applications for those moneys;

17 (4) Find that the project involved is consistent with the Oregon Business Development
18 Department's comprehensive policy and programs; *[and]*

19 (5) Find that the project involved is consistent with applicable adopted local economic develop-
20 ment plans[.]; **and**

21 **(6) Ensure that any agreement entered into with the recipient of a loan made or moneys**
22 **granted by the Oregon Business Development Department:**

23 **(a) Establishes specific job creation or job retention performance measures which, if not**
24 **achieved, will result in the requirement that the recipient pay back to the department the**
25 **amount of the loan or moneys granted; and**

26 **(b) Includes best practice standards for the drafting of contractual agreements for fi-**
27 **nancial incentives.**

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 **SECTION 2.** (1) The Oregon Business Development Department shall perform a cost-
2 benefit analysis and assessment of all financial incentive programs currently administered
3 by the department, including but not limited to grant and loan programs, for the purpose of
4 identifying programs that provide an acceptable return on investment and to identify pro-
5 grams that should be continued or terminated.

6 (2) The cost-benefit analysis and assessment shall include, at a minimum, an analysis and
7 assessment of the following:

8 (a) The number of new jobs created or retained by the program over a five-year period;

9 (b) Income tax and other revenue generated by the program for this state;

10 (c) Export sales generated by the program; and

11 (d) The value of the incentives provided to the recipients benefited and to this state in
12 general.

13 (3)(a) The Director of the Oregon Business Development Department may appoint an
14 advisory committee to advise the department with respect to implementation of the cost-
15 benefit analysis and assessment performed under this section.

16 (b) Members of the advisory committee shall represent regional business development
17 organizations, private traded sector industries, building trades, community members with
18 relevant expertise and members of the Legislative Assembly or their designees.

19 (4) The department shall report to the regular or interim committees of the Legislative
20 Assembly with subject matter jurisdiction of economic development and business before June
21 30, 2016, regarding the cost-benefit analysis and assessment performed under this section and
22 recommendations of the department for future implementation of financial incentive pro-
23 grams administered by the department.

24 **SECTION 3.** Section 2 of this 2015 Act is repealed on June 30, 2016.

25 **SECTION 4.** This 2015 Act being necessary for the immediate preservation of the public
26 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
27 on its passage.

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