



**DIANE ROSENBAUM  
SENATE PRESIDENT PRO TEMPORE  
STATE SENATOR, DISTRICT 21**

**To:** Senate Business and Transportation Committee  
**From:** Senator Diane Rosenbaum  
**Date:** February 1<sup>st</sup>, 2016  
**RE:** Testimony in Support of Senate Bill 1589 – Small Business Loans

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Chair Beyer, Members of the Committee,

For the record, I am Diane Rosenbaum, State Senator representing District 21, which includes inner Southeast Portland, Milwaukie and Oak Grove.

Thank you for the opportunity to be here today to testify in support of Senate Bill 1589. Senate Bill 1589 is a simple, straightforward bill that will inject more capital into Oregon's small businesses. The Credit Enhancement Fund was created 25 years ago to help small businesses gain access to the capital they need in order to operate and grow. The program is administered by the Oregon Business Development Department and offers loan insurance to regulated lenders, often our community banks and credit unions, to help businesses obtain financing to expand and create jobs. The average insured business has fewer than 15 employees, and many are in rural communities.

Senate Bill 1589 permanently reinstates the amendment to the Credit Enhancement Fund that was made by House Bill 4150 in 2012 and expands the eligibility criteria for small businesses. This will allow any new or existing Oregon business to be eligible as long as their operations produces substantial benefit to the state.

Prior to 2012, loans were limited to traded sector manufacturing, production, processing, and distribution companies, and to businesses located in distressed communities or if developing a brownfield. As the economy wrestled to come back from the global recession and more communities came off the distressed list, many quality businesses found themselves ineligible for these loans. The Oregon legislature responded by expanding the definition of qualified businesses for the Credit Enhancement Fund to include nontraded sector businesses such as retail and service businesses and clarified the definition of distressed communities with a sunset date of July 1, 2015.



Fortunately, the overall economy has continued to improve since the recession, allowing more communities to be taken off the distressed rolls. With the sunset of our amendments to the program from 2012 and as more communities continue to lose their designation, many small businesses are now ineligible for the CEF program. Currently, Benton, Clackamas, Deschutes, Hood River, Morrow, Multnomah, Sherman, Tillamook, Wasco, Washington and Yamhill counties are no longer designated as distressed. Already, 9 more counties including Clatsop, Columbia, Jackson, Lane, Lincoln, Marion, Polk, Union and Wheeler are likely to lose their distressed designation in the near future. According to Business Oregon, 13 projects have been unable to proceed due to their industry or location just since July.

Since the beginning of this program, the Credit Enhancement Fund has helped insure over 548 loans to small businesses throughout Oregon creating thousands of jobs. Right now, the program has the ability to insure an additional \$30 million in loans. If we don't act now to make these changes permanent and simplify the eligibility requirements, we won't be able to use all the money and many small businesses will suffer.

We have the tools and resources to ensure a stronger future for Oregon's small businesses. This is why it is so important that we act now. I urge you to join us in supporting this bill and to restore this vital program. Thank you for your time and consideration.

Thank you,

A handwritten signature in black ink that reads "Diane Rosenbaum". The signature is written in a cursive, flowing style.

Senator Diane Rosenbaum  
Senate President Pro Tempore  
District 21