

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Action Date: 02/03/16

Action: Do Pass And Subsequent Referral To Ways And Means Be Rescinded.

Meeting Dates: 02/03

Vote:

Yeas: 4 - Beyer, Monroe, Riley, Thomsen

Nays: 1 - Girod

Prepared By: Patrick Brennan, Committee Administrator

WHAT THE MEASURE DOES:

Modifies the definition of “qualified business” eligible for loans or credit guarantees from the Credit Enhancement Fund to include existing or proposed businesses located in Oregon that will produce substantial benefits for the state. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- History of Credit Enhancement Fund
- Areas of Oregon that meet definition of “distressed”
- Location of businesses that have received assistance in the past
- Importance of putting capital in hands of new and expanding businesses

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Credit Enhancement Fund (CEF) is a loan insurance program available to lenders to assist businesses in obtaining access to working capital or fixed-asset financing. The program has an enrollment fee typically between 1.25 percent and 3.5 percent of the insured amount, based on the term and type of the credit. Loan insurance is typically up to 80 percent of the loan amount, with a maximum exposure of \$2 million, with a maximum term of either 15 years or the useful life of assets securing the loan. For lines of credit, insurance is for up to 75 percent of the operating lines of credit, up to \$1.5 million, with an initial term of one year.

Assistance from the CEF is available to existing or proposed Oregon businesses that meet one of the following qualifications:

- Is located in a distressed area;
- Sells goods or services in national or international markets;
- Owns, occupies or operates real property containing a brownfield;
- Has entered into an agreement to own, occupy or operate real property containing a brownfield; or
- Provides services to traded sector industries and other entities within and outside of Oregon.

Senate Bill 1589 modifies the definition of “qualified business” for purposes of access to assistance through the CEF by replacing the above qualifications with the specification that the business be located within Oregon and that it will produce substantial benefits for the state.