

**78th Oregon Legislative Assembly - 2016 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee On Transportation and Economic Development**

**MEASURE: SB 1589**  
**CARRIER: Rep. Read**

**Fiscal:** Has minimal fiscal impact  
**Revenue:** Has minimal revenue impact

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**Action Date:** 02/22/16

**Action:** Do Pass.

**Meeting Dates:** 02/17, 02/22

**Vote:**

Yeas: 4 - Gorsek, Lively, McKeown, McLain

Nays: 3 - Bentz, Davis, Hack

**Prepared By:** Patrick Brennan, Committee Administrator

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**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:**

- Many communities not currently eligible for program
- Definition of “substantial benefit” compared to current program requirements
- How Fund managers determine where to allocate Fund resources
- How to ensure equitable use of Fund resources across Oregon
- Default rates for assistance provided previously from Fund

**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.