

HB 2242 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Meeting Dates: 4/26

WHAT THE MEASURE DOES:

Restricts business development projects to projects that result in, aid, promote or facilitate development of traded sector activities. Defines "traded sector activities." Provides exception for business development projects of nontraded sector service and retail businesses operated by emerging small business enterprises in rural or distressed areas.

FISCAL: Minimal fiscal impact

REVENUE: No revenue impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Business Development Fund (OBDF), which is overseen by the Oregon Business Development Department (Business Oregon), is a revolving loan fund that provides term fixed-rate financing for land, buildings, equipment, machinery and permanent working capital. Participants must create and/or retain jobs and typically must be a traded-sector business in manufacturing, processing or distribution. The program gives preference to projects located in rural and/or distressed areas, as well as to small businesses with fewer than 100 employees. Under current law, it is difficult for the Department to provide OBDF loans to companies that manufacture and distribute their products within office space or corporate headquarters, such as technology, software or value-added manufacturing companies, as opposed to more traditional manufacturing centers.

House Bill 2242 gives Business Oregon greater flexibility to use OBDF funding to support traded-sector industries that manufacture and distribute their products from office space as well as manufacturing facilities. The measure also specifies that the current 15 percent annual funding from OBDF reserved for emerging small businesses in rural or distressed areas, as defined by ORS 285A.010, be allowed to be loaned to businesses not engaged in traded-sector activities.

HOUSE VOTE: 56-0