

**HB 2242 STAFF MEASURE SUMMARY**

**Carrier:** Rep. Lewis

**House Committee On Economic Development and Trade**

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**Action Date:** 03/22/17

**Action:** Do Pass.

**Vote:** 9-0-0-0

**Yeas:** 9 - Clem, Gomberg, Helm, Lewis, Lininger, Marsh, Post, Reschke, Smith DB

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

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**WHAT THE MEASURE DOES:**

Defines "traded sector activities" as activities that produce goods and services for markets in which national or international competition exists. Includes convention facilities, destination facilities, office buildings, and corporate headquarters as a "business development project." Excludes shopping centers, food service facilities or activities engaged in by retail and service businesses not in the traded sector. Allows nontraded sector service and retail businesses operated by emerging small business enterprises in rural or distressed areas to qualify for 15 percent of Oregon Business Development Fund (OBDF) funding.

**ISSUES DISCUSSED:**

- Creation of Oregon Business Development Fund in 1983
- Rise of Oregon companies producing intangible assets and intellectual property
- Loans are secured by collateral and not forgivable

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

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

House Bill 2242 provides greater flexibility for Business Oregon to use OBDF funding to support traded sector industries that manufacture and distribute their products from office space along with manufacturing settings. The measure further specifies that the current 15 percent of yearly funding from OBDF that is reserved for emerging small businesses in rural or distressed areas of Oregon as defined by ORS 285A.010 is allowed to be loaned to businesses not engaged in traded sector activities.