

**SB 1516 A STAFF MEASURE SUMMARY**

**Senate Committee On Business and Transportation**

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**Action Date:** 02/07/18

**Action:** Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

**Vote:** 4-0-1-0

**Yeas:** 4 - Beyer, Monroe, Riley, Thomsen

**Exc:** 1 - Girod

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

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**WHAT THE MEASURE DOES:**

Creates Small Business Expansion Loan Fund, administered by Oregon Business Development Department. Authorizes loans of up to \$250,000 from Fund for early stage growth capital to individuals and businesses with 50 or fewer employees. Allows larger loans upon approval of the Oregon Business Development Commission. Establishes eligibility criteria and provides terms of repayment and pricing. Stipulates that loan must be secured by sufficient collateral and security. Requires Department to consult with representative from an association representing banks before adopting rules for implementation. Authorizes Department to set aside up to 20 percent of moneys in Fund for loans to applicants with low to moderate income or personal net worth who operate businesses with a majority share owned by minorities, women, or honorably discharged veterans, or that are located outside the Portland metropolitan area. Authorizes Commission to transfer moneys in Oregon Business Development Fund to the Small Business Expansion Loan Fund when reasonable and financially appropriate.

**ISSUES DISCUSSED:**

- Lending options for 'un-bankable' traded sector businesses
- Flexibility of loan programs through Oregon Business Development Department
- Number of employers in Oregon that employ fewer than 50 workers
- Loans to cannabis-related businesses
- Availability of capital to minority, women, veteran-owned, and rural businesses
- Access to capital in private market and lending organizations

**EFFECT OF AMENDMENT:**

Revises terms of repayment structure plan and pricing. Adds requirement that Oregon Business Development Department consult with a representative from an association representing Oregon banks before adopting rules.

**BACKGROUND:**

More than 95 percent of employers in Oregon employ fewer than 50 workers, comprising nearly 40 percent of the workforce in Oregon. Currently, the Oregon Business Development Department, typically referred to as Business Oregon, offers the Oregon Business Development Fund (OBDF) loan, which gives preference to projects located in rural and distressed areas and to small businesses with fewer than 100 employees. The maximum size of an OBDF loan is \$1 million. Businesses with 50 or fewer employees may apply for the OBDF loan, but the loan is not specific to businesses of this size and does not set aside a specific amount of funds to be made available to applicants of this size with low to moderate household income and low to moderate personal net worth who operate businesses with

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a majority share owned by minorities, women, or honorably discharged veterans, or that are located outside the Portland metropolitan area.

Senate Bill 1516-A establishes the Small Business Expansion Loan Fund through Business Oregon for the purpose of making early stage growth capital loans to individuals or businesses with 50 or fewer employees. The measure requires that the loan be to a business that is primarily in the traded sector, has a reasonable prospect of repayment, has a reasonable potential of high growth or increased employment, and can demonstrate a readiness for market. Senate Bill 1516-A also establishes the terms of repayment and pricing, stipulates that loan must be secured by sufficient collateral and security, and requires consultation with representative of association that represents banks prior to adopting rules.