

## SENATE AMENDMENTS TO A-ENGROSSED SENATE BILL 1516

By JOINT COMMITTEE ON WAYS AND MEANS

March 1

1 On page 1 of the printed A-engrossed bill, delete lines 5 through 23 and delete page 2.

2 On page 3, delete lines 1 through 8 and insert:

3 **“SECTION 1. (1) Subject to the requirements and conditions set forth in subsection (3)**  
4 **of this section, any person with 50 or fewer employees may submit to the Oregon Business**  
5 **Development Department an application to borrow moneys from the Small Business Expan-**  
6 **sion Loan Fund established under section 2 of this 2018 Act for the purpose of obtaining early**  
7 **stage growth capital when adequate traditional commercial or private financing is not readily**  
8 **available to the applicant. The application must be submitted in the manner, and contain or**  
9 **be accompanied by the information, prescribed by the department by rule.**

10 **“(2) The department may charge fees in connection with an application submitted under**  
11 **this section and, if the application is approved, with processing and monitoring a loan**  
12 **agreement entered into pursuant to subsection (4) of this section. Fees collected must be**  
13 **deposited in the Small Business Expansion Loan Fund and may be used to pay the adminis-**  
14 **trative costs and expenses of the department in administering the fund and implementing the**  
15 **provisions of this section and section 2 of this 2018 Act.**

16 **“(3) Upon receipt of an application submitted under this section, the department shall**  
17 **determine whether the applicant is eligible to receive a loan from the Small Business Ex-**  
18 **pansion Loan Fund established under section 2 of this 2018 Act. The department may approve**  
19 **an application if, after investigation, the department finds that:**

20 **“(a) The applicant operates a business with 50 or fewer employees that is in the traded**  
21 **sector, as defined in ORS 285A.010, or that primarily supports traded sector industries;**

22 **“(b) The loan has a reasonable prospect of repayment;**

23 **“(c) The applicant demonstrates a reasonable potential for high growth that may support**  
24 **economic diversification of the state or the region in which the business is conducted, or**  
25 **increase employment opportunities or retain existing jobs in the state or region;**

26 **“(d) The applicant demonstrates readiness for market; and**

27 **“(e) There is or will be a sufficient amount of moneys in the Small Business Expansion**  
28 **Loan Fund to make a loan to the applicant.**

29 **“(4) If the department approves an application under this section, the department and**  
30 **the applicant shall enter into a loan agreement that provides, at a minimum, the following:**

31 **“(a) That loan proceeds may be used only to support acquisition of business assets or to**  
32 **pay for business operating expenses. Loan proceeds may not be used to refinance personal**  
33 **debt or debt not used for business purposes.**

34 **“(b) A plan for repayment of moneys borrowed from the Small Business Expansion Loan**  
35 **Fund. The department may specify the terms of repayment, singly or in any combination,**

1 by royalties, on the basis of a percentage of business revenues, by installment payments of  
2 principal, installment payments of interest or installment payments of both principal and  
3 interest, or otherwise. The plan must set forth a schedule of payments, the term of the loan  
4 and the manner of determining when loan payments are delinquent. The department, in its  
5 sole discretion, shall establish the terms of repayment, which must be structured so that the  
6 repayment plan and pricing:

7 “(A) Based on the total repayment costs, do not directly compete with traditional com-  
8 mercial lending services;

9 “(B) Are commensurate with the risk taken by the department when making a loan to  
10 the applicant; and

11 “(C) To the greatest extent possible, are anticipated to cover operational expenses and  
12 losses that the department may incur in the administration of the loan program.

13 “(c) That the loan must be secured by sufficient collateral and security. The department  
14 may specify by rule the types of collateral and security that are acceptable to secure repay-  
15 ment of the loan, including but not limited to personal guarantees, business or corporate  
16 guarantees and pledges of business and personal assets.

17 “(d) That the liability of the state under the agreement may not exceed the availability  
18 of moneys in the Small Business Expansion Loan Fund.

19 “(5)(a) The Director of the Oregon Business Development Department, or the director’s  
20 designee, may approve loans of up to \$250,000 each. Loans greater than \$250,000 each may  
21 be approved by the Oregon Business Development Commission, or the commission’s designee.  
22 No loan may be made for an amount greater than \$2 million.

23 “(b) Immediately upon receiving loan proceeds, a successful applicant shall pay to the  
24 department an amount equal to one and one-half percent of the principal amount of the loan,  
25 for deposit in the Small Business Expansion Loan Fund.

26 “(6) Up to 20 percent of all moneys available for lending in the Small Business Expansion  
27 Loan Fund on July 1 of each fiscal year may be reserved for loans to applicants who are in-  
28 dividuals considered to have low to moderate household income and low to moderate personal  
29 net worth, as defined by the department by rule, and who operate businesses:

30 “(a) Controlled and with at least 51 percent ownership interest in the business by mi-  
31 norities, women or honorably discharged veterans; or

32 “(b) That are located outside of the Portland, Oregon, Metropolitan Statistical Area.

33 “(7)(a) The department shall adopt rules to implement the provisions of this section.  
34 Before adopting rules under this paragraph, the department shall consult with a represen-  
35 tative from an association representing banks in this state.

36 “(b) The department may adopt rules that establish preferences in making loans under  
37 this section to individuals or businesses owned by individuals in underserved communities  
38 and in rural communities that may have insufficient access to diverse types of capital and  
39 traditional commercial or private financing.

40 “(c) The department may adopt rules establishing a loan amount limit of less than \$2  
41 million for purposes of subsection (5) of this section.”.

42 In line 9, delete “3” and insert “2”.

43 In line 14, delete “2” and insert “1”.

44 In line 17, delete “2 (3)(b)” and insert “1 (5)(b)”.

45 In line 23, delete “2 (3)(b)” and insert “1 (5)(b)”.

- 1 In line 28, delete “4” and insert “3”.
- 2 In line 36, delete “4” and insert “3”.
- 3 In line 38, delete “3” and insert “2”.
- 4 In line 42, delete “2” and insert “1”.
- 5 In line 43, delete “5” and insert “4”.
- 6 On page 4, line 11, delete “3” and insert “2” and delete “4” and insert “3”.

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