

At the request of JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO  
A-ENGROSSED SENATE BILL 1516**

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

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

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

14 **“(2) The department may charge fees in connection with an appli-**  
15 **cation submitted under this section and, if the application is approved,**  
16 **with processing and monitoring a loan agreement entered into pursu-**  
17 **ant to subsection (4) of this section. Fees collected must be deposited**  
18 **in the Small Business Expansion Loan Fund and may be used to pay**  
19 **the administrative costs and expenses of the department in adminis-**  
20 **tering the fund and implementing the provisions of this section and**  
21 **section 2 of this 2018 Act.**

1       **“(3) Upon receipt of an application submitted under this section, the**  
2 **department shall determine whether the applicant is eligible to receive**  
3 **a loan from the Small Business Expansion Loan Fund established un-**  
4 **der section 2 of this 2018 Act. The department may approve an appli-**  
5 **cation if, after investigation, the department finds that:**

6       **“(a) The applicant operates a business with 50 or fewer employees**  
7 **that is in the traded sector, as defined in ORS 285A.010, or that pri-**  
8 **marily supports traded sector industries;**

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

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

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

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

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

20       **“(a) That loan proceeds may be used only to support acquisition of**  
21 **business assets or to pay for business operating expenses. Loan pro-**  
22 **ceeds may not be used to refinance personal debt or debt not used for**  
23 **business purposes.**

24       **“(b) A plan for repayment of moneys borrowed from the Small**  
25 **Business Expansion Loan Fund. The department may specify the**  
26 **terms of repayment, singly or in any combination, by royalties, on the**  
27 **basis of a percentage of business revenues, by installment payments**  
28 **of principal, installment payments of interest or installment payments**  
29 **of both principal and interest, or otherwise. The plan must set forth**  
30 **a schedule of payments, the term of the loan and the manner of de-**

1 **termining when loan payments are delinquent. The department, in its**  
2 **sole discretion, shall establish the terms of repayment, which must**  
3 **be structured so that the repayment plan and pricing:**

4 **“(A) Based on the total repayment costs, do not directly compete**  
5 **with traditional commercial lending services;**

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

8 **“(C) To the greatest extent possible, are anticipated to cover oper-**  
9 **ational expenses and losses that the department may incur in the ad-**  
10 **ministration of the loan program.**

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

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

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

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

28 **“(6) Up to 20 percent of all moneys available for lending in the**  
29 **Small Business Expansion Loan Fund on July 1 of each fiscal year**  
30 **may be reserved for loans to applicants who are individuals considered**

1 to have low to moderate household income and low to moderate per-  
2 sonal net worth, as defined by the department by rule, and who oper-  
3 ate businesses:

4 “(a) Controlled and with at least 51 percent ownership interest in  
5 the business by minorities, women or honorably discharged veterans;  
6 or

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

9 “(7)(a) The department shall adopt rules to implement the pro-  
10 visions of this section. Before adopting rules under this paragraph, the  
11 department shall consult with a representative from an association  
12 representing banks in this state.

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

18 “(c) The department may adopt rules establishing a loan amount  
19 limit of less than \$2 million for purposes of subsection (5) of this sec-  
20 tion.”.

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

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

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

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

25 In line 28, delete “4” and insert “3”.

26 In line 36, delete “4” and insert “3”.

27 In line 38, delete “3” and insert “2”.

28 In line 42, delete “2” and insert “1”.

29 In line 43, delete “5” and insert “4”.

30 On page 4, line 11, delete “3” and insert “2” and delete “4” and insert

1 “3”.

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