

D R A F T

SUMMARY

Requires Oregon Business Development Department to establish competitive clean technology sector development grant program. Requires department to award grants to qualified lenders to develop and administer loan programs for funding clean technology sector development projects. Requires certain reporting related to grant program.

Establishes Clean Technology Sector Development Fund. Requires monies deposited in fund to be used for grant program.

A BILL FOR AN ACT

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Relating to clean technology sector development.

Whereas Oregon is in the process of developing new policies for making businesses and manufacturers in this state leaders in the national and international clean technology sectors; and

Whereas states across the nation are increasingly turning to public-private partnerships that utilize public funds to accelerate private capital investments in the clean technology sector; and

Whereas such public-private partnerships limit public sector risk, increase available capital and spur innovation and economic development; and

Whereas, rather than relying strictly on government subsidies that cannot bring markets to scale, deploying public capital through public-private partnerships allows for limited public funds to be used to offer financing that attracts private investment; and

Whereas deploying public capital through public-private partnerships reduces the economic and political risks associated with state agencies making and administering business loans; and

Whereas loan programs developed through public-private partnerships

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 preserve taxpayer dollars by allowing for each public dollar to go further and
2 to be recycled; and

3 Whereas public-private partnerships promoting the clean technology sec-
4 tor have the capacity to make clean technology cheaper, thus sparking de-
5 mand and driving job creation; now, therefore,

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1. As used in sections 1 to 4 of this 2019 Act:**

8 **(1) “Clean technology sector development project” means the de-**
9 **velopment, demonstration or deployment of any of the following:**

10 **(a) A community-based renewable energy project;**

11 **(b) An energy storage project;**

12 **(c) A project for the use of, or that uses, construction and design**
13 **standards or construction methods, products, equipment or devices to**
14 **increase resource efficiency in buildings undergoing new construction,**
15 **reconstruction, alteration or repair;**

16 **(d) A project for the use of, or that uses, manufacturing standards,**
17 **methods, products, equipment or devices to increase resource effi-**
18 **ciency in goods or the manufacturing of goods;**

19 **(e) An energy recovery facility, technology, project or product;**

20 **(f) An agricultural technology designed to increase resource effi-**
21 **ciency or to produce a type of energy described in ORS 469A.025;**

22 **(g) An alternative fuel vehicle or alternative fuel vehicle**
23 **infrastructure project;**

24 **(h) Business activities in Oregon that will result in, or will aid,**
25 **promote or facilitate, the development, demonstration or deployment**
26 **of one or more of the technologies, projects, products or processes**
27 **described in paragraphs (a) to (g) of this subsection; or**

28 **(i) A project not described in paragraphs (a) to (g) of this subsection**
29 **for a product or service that will improve operational performance,**
30 **productivity or efficiency while reducing costs, inputs, energy con-**
31 **sumption, waste or environmental pollution.**

1 **(2) “Community-based renewable energy project” means:**

2 **(a) A renewable energy project with a generating capacity of 35**
3 **megawatts or less that generates electricity utilizing a type of energy**
4 **described in ORS 469A.025;**

5 **(b) A facility that generates electricity using biomass that also**
6 **generates thermal energy for a secondary purpose; or**

7 **(c) A community energy storage project.**

8 **(3) “Energy recovery” has the meaning given that term in ORS**
9 **459.005.**

10 **(4) “Loan program” means a program funded by a grant awarded**
11 **under section 3 of this 2019 Act.**

12 **(5) “Public body” means a federal governmental body, state gov-**
13 **ernment body, local government as defined in ORS 174.116 or special**
14 **government body as defined in ORS 174.117.**

15 **(6) “Qualified borrower” means any person, conducting business for**
16 **profit or not for profit, that is not a public body and that is authorized**
17 **to conduct business in Oregon.**

18 **(7) “Qualified lender” means an entity licensed to do business in**
19 **Oregon that:**

20 **(a)(A) Is a federal credit union maintaining an office in this state;**

21 **(B) Is a nonprofit community development financial institution or**
22 **nonprofit public benefit corporation operating as a lending institution;**

23 **(C) Is a local economic development organization; or**

24 **(D) Is a regional economic development organization;**

25 **(b) Has lending experience relevant to providing loans for clean**
26 **technology sector development projects; and**

27 **(c) Has the organizational capacity to independently underwrite**
28 **loans, conduct credit determinations and manage loan portfolios.**

29 **(8) “Resource efficiency” means the use of energy, water or natural**
30 **resources in a sustainable manner while minimizing impacts on the**
31 **environment.**

1 **SECTION 2.** (1) The Clean Technology Sector Development Fund is
2 established in the State Treasury, separate and distinct from the
3 General Fund. Moneys in the Clean Technology Sector Development
4 Fund are continuously appropriated to the Oregon Business Develop-
5 ment Department to be used to award grants pursuant to section 3 of
6 this 2019 Act.

7 (2) The Clean Technology Sector Development Fund shall consist
8 of:

9 (a) Moneys appropriated or otherwise transferred to the fund by the
10 Legislative Assembly;

11 (b) Moneys donated to the fund; and

12 (c) Any moneys deposited in the fund from any other public or
13 private source.

14 **SECTION 3.** (1) The Legislative Assembly declares that it is the
15 purpose of sections 1 to 4 of this 2019 Act to leverage public and private
16 partnerships to provide public benefits by creating access to afforda-
17 ble, flexible capital that enables the clean technology sector to prosper
18 throughout this state.

19 (2) In furtherance of the purpose described in subsection (1) of this
20 section, the Oregon Business Development Department shall establish
21 a competitive clean technology sector development grant program.
22 The department shall award grants under the program to qualified
23 lenders to be used for developing and administering loan programs to
24 provide loans to qualified borrowers for clean technology sector de-
25 velopment projects.

26 (3) Grants awarded under this section shall be funded by moneys
27 deposited in the Clean Technology Sector Development Fund estab-
28 lished under section 2 of this 2019 Act.

29 (4) The department may not disburse grant funds under this section
30 unless the department and the qualified lender that is an intended
31 grant award recipient first enter into a grant agreement. The grant

1 **agreement must:**

2 (a) **Require the portion of any loan made by a qualified lender that**
3 **is financed by grant funds disbursed under the grant program to be**
4 **used for clean technology sector development projects;**

5 (b) **Require the qualified lender to provide a mechanism for docu-**
6 **menting that clean technology sector development projects financed**
7 **by loans provided under a loan program comply with all relevant local,**
8 **state and federal laws;**

9 (c) **Require the qualified lender to use accounting, auditing and**
10 **fiscal procedures that conform to generally accepted government ac-**
11 **counting standards;**

12 (d) **Require the qualified lender to provide at least biannual report-**
13 **ing to the department on the clean technology sector development**
14 **projects financed by loans provided under a loan program that in-**
15 **cludes, but is not limited to, reporting on the jobs created or main-**
16 **tained and the number of work hours associated with each financed**
17 **clean technology sector development project; and**

18 (e) **Include provisions protecting the state against loss or damage**
19 **resulting from poor or underperforming loans issued by the qualified**
20 **lender under a loan program.**

21 (5) **In selecting qualified lenders to receive grants under this sec-**
22 **tion, the department shall evaluate qualified lenders based on criteria**
23 **that must include, but need not be limited to, a qualified lender's:**

24 (a) **Organizational capacity to attract matching capital;**

25 (b) **Organizational capacity to conduct business development re-**
26 **sulting in the receipt of business proposals or investment offers that**
27 **are revenue- or equity-generating opportunities for the qualified**
28 **lender;**

29 (c) **Participation in job growth and economic development in**
30 **Oregon;**

31 (d) **Experience with sustained operation of revolving loan funds;**

1 (e) Dedication to supporting growth of clean technology sector de-
2 velopment projects that may otherwise be inhibited by a lack of access
3 to capital;

4 (f) Ability to combine funding sources to provide customers with
5 flexible, affordable loan terms; and

6 (g) Ability to track and collect information on the benefits to the
7 state of individual loans issued to qualified borrowers as part of a loan
8 program, which may include but not be limited to information on:

9 (A) Jobs in Oregon that were created or maintained due to a loan
10 to a qualified borrower;

11 (B) The regions of Oregon in which the clean technology sector
12 development projects funded through the loans are developed, demon-
13 strated or deployed;

14 (C) Greenhouse gas emissions avoided or sequestered due to clean
15 technology sector development projects funded by the loans;

16 (D) Kilowatt hours of energy saved or renewable energy produced
17 through clean technology sector development projects funded by the
18 loans; and

19 (E) Additional funds from other sources leveraged as a result of
20 public investment in clean technology sector development projects
21 through the loan program.

22 SECTION 4. (1) The Oregon Business Development Department
23 shall:

24 (a) Review, in consultation with the State Department of Energy
25 and other relevant state agencies, the reports received from qualified
26 lenders under section 3 of this 2019 Act; and

27 (b) Report at least annually to the Oregon Business Development
28 Commission on the performance of existing loan programs and other
29 matters related to ensuring that loan programs are administered in a
30 manner that furthers the purposes of sections 1 to 4 of this 2019 Act.

31 (2) The commission shall:

1 **(a) Offer at least one opportunity annually for public comment on**
2 **the information reported to the commission by the Oregon Business**
3 **Development Department under subsection (1) of this section;**

4 **(b) Utilize the information and public comments gathered and de-**
5 **veloped pursuant to this section to provide oversight and direction to**
6 **the Oregon Business Development Department in carrying out the**
7 **provisions of sections 1 to 4 of this 2019 Act; and**

8 **(c) Report specifically on the implementation of the competitive**
9 **clean technology sector development grant program required under**
10 **section 3 of this 2019 Act as part of the biennial report to the Governor**
11 **and the Legislative Assembly required under ORS 285A.050.**

12 **(3) The Oregon Business Development Department may adopt rules**
13 **necessary to implement the provisions of sections 1 to 4 of this 2019**
14 **Act.**

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