

**SECTION 1.** As used in sections 1 to 7 of this 2019 Act, unless the context clearly requires another meaning:

(1) <<City>> means a city, town or other community located in this state with a population of 2,500 or less.

(2) <<Districts>> means Oregon's Economic Development Districts, an organization consisting of member districts designated by the U.S. Economic Development Administration.

(3) <<Grant administrator>> means a person that provides fiscal administration, grant compliance, grant reporting and other similar administrative services required by grant-awarding entities.

(4) <<Rural area>> means an area located in this state that is entirely outside the acknowledged Portland Metropolitan Area Regional Urban Growth Boundary and the acknowledged urban growth boundaries of all cities with populations of 30,000 or more.

(5) <<Rural capacity builder>> means a person that assists communities in rural areas:

(a) To determine local priorities for community and economic development;

(b) To develop tools, processes and partnerships to address local needs;  
or

(c) By providing grant writing services.

(6) <<Rural county>> means a county of this state with a population of 12,000 or less.

(7) <<Rural grant services>> means assistance to communities in rural areas in identifying funding opportunities to meet community and economic development needs and in applying for grants.

(8) <<Rural jurisdictions>> means rural counties and cities, school districts and special districts located in rural areas.

**SECTION 2.** (1) The Oregon Business Development Department shall expend moneys in the Oregon Rural Capacity Fund established under section 6 of this 2019 Act to provide resources to Oregon's Economic Development Districts for the purposes of assisting rural jurisdictions to learn about, successfully apply for and administer grants and other forms of funding available from any public or private source. The rural jurisdictions shall use such resources to attain the staffing and financial and technical capacity necessary to carry out proactive strategies for workforce, infrastructure, economic and community development in their jurisdictions.

(2) The districts shall assist, or provide for assistance to, rural

jurisdictions, by means that include, but are not limited to:

(a) Outreach to the jurisdictions about grants and other forms of funding;

(b) Employment of grant writers or grant administrators to directly assist the jurisdictions in applying for grants and other forms of funding;

(c) Direct assistance in administering grants awarded to the jurisdictions; and

(d) Working with state agencies to coordinate investments in water and sewer systems, roads and other elements of basic infrastructure needed in cities in rural areas.

**SECTION 3.** (1) The Oregon Rural Capacity Advisory Board is established and consists of nine members appointed as follows:

(a) The Director of the Oregon Business Development Department shall appoint:

(A) One member representing the League of Oregon Cities from among individuals recommended by the league;

(B) One member representing the Association of Oregon Counties from among individuals recommended by the association;

(C) One member representing the Oregon Schools Boards Association from among individuals recommended by the association;

(D) One member representing the Special Districts Association of Oregon from among individuals recommended by the association; and

(E) One member representing a philanthropic foundation with a focus that includes rural Oregon.

(b) The President of the Senate shall appoint two nonvoting members as follows:

(A) One member from the Senate who is a member of the majority party; and

(B) One member from the Senate who is a member of the minority party.

(c) The Speaker of the House of Representatives shall appoint two nonvoting members as follows:

(A) One member from the House of Representatives who is a member of the majority party; and

(B) One member from the House of Representatives who is a member of the minority party.

(2) The term of office of each member is two years.

(3) The advisory board shall meet at least quarterly at a time and place

determined by the advisory board. The advisory board may also meet at other times and places at the call of the presiding officer or of a majority of the voting members of the advisory board.

(4) Five members of the advisory board constitute a quorum for the transaction of business.

(5) A majority of the voting members of the advisory board must approve official action to be taken by the advisory board.

(6) The voting members shall select one of the advisory board's voting members as chairperson and another voting member as vice chairperson, for such terms and with such duties and powers as the advisory board adopts.

(7) In case of a vacancy among the members for any cause, the authority that appointed the former member shall appoint an individual to fill the position for the unexpired portion of the member's term.

(8) A vacancy among the voting members of the advisory board does not impair the right of the remaining voting members to exercise all the powers of the advisory board. If the remaining voting members are unable to reach a decision by majority vote, the Director of the Oregon Business Development Department shall have the right to vote as a member of the advisory board in order to resolve the question.

**SECTION 4.** The Oregon Rural Capacity Advisory Board shall:

(1) Develop the policy guiding the implementation of sections 1 to 7 of this 2019 Act.

(2) Communicate the policy of the board and the purposes set forth in section 2 of this 2019 Act to underserved rural jurisdictions.

(3) Determine the amount of moneys available for distribution under section 5 of this 2019 Act.

(4)(a) Consult and coordinate with Oregon's Economic Development Districts on the distribution of moneys under section 5 of this 2019 Act.

(b) When consulting with the districts on the use of moneys for the purposes set forth in section 2 of this 2019 Act, the board and the districts shall take into consideration:

(A) Which rural jurisdictions are most in need of the assistance provided pursuant to sections 1 to 7 of this 2019 Act; and

(B) The geographical balance of the distributions and assistance.

(5) Work with the districts to determine the number and location of the grant writers and rural capacity builders to be hired with the moneys distributed pursuant to this section.

(6) Oversee the rural grant services provided pursuant to this section.

**SECTION 5.** (1) This section applies to a member of Oregon's Economic Development Districts that receives moneys under sections 1 to 7 of this 2019 Act.

(2)(a) The member shall expend the moneys solely to provide grant writing, grant administration, rural grant and rural capacity building services to rural jurisdictions for the purposes set forth in section 2 of this 2019 Act.

(b) The moneys received by the member, and the activities of the member in expending the moneys, shall supplement and may not supplant the resources and activities of the member.

(c) A member may not use moneys received under sections 1 to 7 of this 2019 Act to apply for grants for purposes unrelated to the purposes set forth in section 2 of this 2019 Act.

(d) For purposes of a member's assistance to rural jurisdictions under this section, the Oregon Business Development Department may enter into an agreement with a regional solutions advisory committee appointed pursuant to ORS 284.754 for a region in which the member is located in order to coordinate the activities of the member, including the use of the moneys distributed to the member, and the regional solutions team for the region.

(e) The member shall manage, document and submit quarterly reports to the advisory board about the assistance the member provides to rural jurisdictions under this section.

(3)(a) The member may hire an individual under this section as an employee or an independent contractor.

(b) The member may assign individuals hired under this section to provide the services described in subsection (2)(a) of this section to more than one rural jurisdiction.

**SECTION 6.** (1) Not later than September 15 of each year, the Oregon Rural Capacity Advisory Board shall provide a report, in the manner required under ORS 192.245, to the interim committees of the Legislative Assembly related to economic development, and to the Oregon Business Development Department, that describes in detail the activities that Oregon's Economic Development Districts engaged in for the previous 12-month period under sections 1 to 7 of this 2019 Act and the results of those activities.

(2) At a minimum, the report required under this section shall identify:

(a) The rural jurisdictions that requested assistance funded by the districts;

(b) The rural jurisdictions that received such assistance;

(c) The populations served by the rural jurisdictions that requested

assistance funded by the districts;

(d) The populations served by the rural jurisdictions that received such assistance;

(e) The number of funding opportunities, and the dollar amount of private and public funds, separately stated, that the rural jurisdictions applied for with assistance funded by the districts;

(f) The number of funding opportunities from which the rural jurisdictions received funding with such assistance, and the dollar amount of private and public funding so received, separately stated;

(g) The multiplier effects of grants and other forms of funding received by the rural jurisdictions with assistance funded by the districts;

(h) The expected effect of grants and other forms of funding received by the rural jurisdictions with assistance funded by the districts on the timing of the commencement and completion of projects; and

(i) Any other information the advisory board considers important to include in the report.

**SECTION 7.** (1) The Oregon Rural Capacity Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Rural Capacity Fund shall be credited to the fund.

(2) Moneys in the Oregon Rural Capacity Fund consist of:

(a) Amounts appropriated or otherwise transferred or credited to the fund by the Legislative Assembly;

(b) Moneys from the federal government, state agencies or local governments transferred or otherwise credited to the fund;

(c) Amounts donated or otherwise given to the fund;

(d) Earnings received on moneys in the fund; and

(e) Other amounts from any source transferred or otherwise credited to the fund.

(3) Moneys in the fund are continuously appropriated to the Oregon Business Development Department for the purposes set forth in section 2 of this 2019 Act.

(4)(a) The Oregon Business Development Department may retain an amount equal to five percent of moneys appropriated or otherwise transferred or credited to the fund to pay the for the administrative and operational expenses of department under sections 1 to 7 of this 2019 Act.

(b) The department shall distribute the balance of the moneys in accordance with section 5 of this 2019 Act.

**SECTION 8.** There is appropriated to the Oregon Business

Development Department, for the biennium beginning July 1, 2019, out of the General Fund, the amount of \$875,000, to be expended in accordance with sections 1 to 7 of this 2019 Act.

**SECTION 9.** (1) Sections 1 to 7 of this 2019 Act become operative on January 1, 2020.

(2)(a) As used in this subsection, <<person>> means each of:

- (A) The Oregon Business Development Department;
- (B) The appointing authorities listed in section 3 of this 2019 Act;
- (C) The Oregon Rural Capacity Advisory Board; and
- (D) Oregon's Economic Development Districts.

(b) Notwithstanding the date specified in subsection (1) of this section, a person may take any action before the date specified in subsection (1) of this section that is necessary for the person to exercise, on and after the date specified in subsection (1) of this section, all of the duties, functions and powers respectively conferred on the person by sections 1 to 7 of this 2019 Act.

**SECTION 10. E-CLAUSE**