

HB 2054 -2 STAFF MEASURE SUMMARY
House Committee On Economic Development

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Meeting Dates: 2/20, 4/3

WHAT THE MEASURE DOES:

Authorizes Oregon Innovation Council to make equity investments from the Oregon Innovation Fund and to contract with one or more management companies to manage those equity investments. Eliminates Oregon Commercialized Research Fund, advisory council, and associated grants or loans to growth businesses. Makes other program changes. Declares emergency, effective on passage.

REVENUE: No revenue impact

FISCAL: No fiscal impact

ISSUES DISCUSSED:

- Two higher education members from different types of institutions
- Clean energy included in definition of high growth businesses
- Equity investment as option for Oregon Innovation Council
- Private capital markets, financing gap, and government risk

EFFECT OF AMENDMENT:

-2 Adds definition of equity investment as any investment not prohibited under Article XI, section 6, of the Oregon Constitution. Adds Oregon Health and Science University to list of eligible institutions for the two higher education member positions.

BACKGROUND:

The Oregon Innovation Council, housed within Business Oregon, is a public-private partnership established in 2005 to help create new jobs and new companies, diversify Oregon's economy, and bring federal research dollars back to the state. The council provides funding to accomplish its goals through three programs:

- Signature Research Centers focus on emerging industry sectors where Oregon has innate advantages and are potential high-growth sectors;
- High Impact Opportunity Projects are discrete projects to support the growth of industry sectors by removing barriers, supporting product development or testing, or expediting technology commercialization;
- Small Business Innovation Research and Small Business Technology Transfer are federal programs designed to stimulate technological innovation and provide opportunities for small businesses to conduct research and development with commercialization potential.

Article XI, section 6, of the Oregon Constitution does not allow the state to "subscribe to, or be interested in the stock of any company, association or corporation" except for certain donations or bequeaths or the investment of certain funds for higher education purposes.

House Bill 2054 authorizes the Oregon Innovation Council to make equity investments from the Oregon Innovation Fund and to contract with one or more management companies to manage those equity investments. The measure makes other program changes and eliminates the Oregon Commercialized Research Fund and its associated functions.

PRELIMINARY