

House Bill 2808

Sponsored by COMMITTEE ON ECONOMIC DEVELOPMENT (at the request of Association of Oregon Counties)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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 moneys deposited in fund to be used for grant program.

A BILL FOR AN ACT

1
2 Relating to clean technology sector development.

3 Whereas Oregon is in the process of developing new policies for making businesses and man-
4 ufacturers in this state leaders in the national and international clean technology sectors; and

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

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

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

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

14 Whereas loan programs developed through public-private partnerships preserve taxpayer dollars
15 by allowing for each public dollar to go further and to be recycled; and

16 Whereas public-private partnerships promoting the clean technology sector have the capacity
17 to make clean technology cheaper, thus sparking demand and driving job creation; now, therefore,

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

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

20 (1) "Clean technology sector development project" means the development, demon-
21 stration or deployment of any of the following:

22 (a) A community-based renewable energy project;

23 (b) An energy storage project;

24 (c) A project for the use of, or that uses, construction and design standards or con-
25 struction methods, products, equipment or devices to increase resource efficiency in
26 buildings undergoing new construction, reconstruction, alteration or repair;

27 (d) A project for the use of, or that uses, manufacturing standards, methods, products,
28 equipment or devices to increase resource efficiency in goods or the manufacturing of goods;

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

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 (f) An agricultural technology designed to increase resource efficiency or to produce a
2 type of energy described in ORS 469A.025;

3 (g) An alternative fuel vehicle or alternative fuel vehicle infrastructure project;

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

7 (i) A project not described in paragraphs (a) to (g) of this subsection for a product or
8 service that will improve operational performance, productivity or efficiency while reducing
9 costs, inputs, energy consumption, waste or environmental pollution.

10 (2) "Community-based renewable energy project" means:

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

13 (b) A facility that generates electricity using biomass that also generates thermal energy
14 for a secondary purpose; or

15 (c) A community energy storage project.

16 (3) "Energy recovery" has the meaning given that term in ORS 459.005.

17 (4) "Loan program" means a program funded by a grant awarded under section 3 of this
18 2019 Act.

19 (5) "Public body" means a federal governmental body, state government body, local gov-
20 ernment as defined in ORS 174.116 or special government body as defined in ORS 174.117.

21 (6) "Qualified borrower" means any person, conducting business for profit or not for
22 profit, that is not a public body and that is authorized to conduct business in Oregon.

23 (7) "Qualified lender" means an entity licensed to do business in Oregon that:

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

25 (B) Is a nonprofit community development financial institution or nonprofit public benefit
26 corporation operating as a lending institution;

27 (C) Is a local economic development organization; or

28 (D) Is a regional economic development organization;

29 (b) Has lending experience relevant to providing loans for clean technology sector devel-
30 opment projects; and

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

33 (8) "Resource efficiency" means the use of energy, water or natural resources in a
34 sustainable manner while minimizing impacts on the environment.

35 **SECTION 2.** (1) The Clean Technology Sector Development Fund is established in the
36 State Treasury, separate and distinct from the General Fund. Moneys in the Clean Technol-
37 ogy Sector Development Fund are continuously appropriated to the Oregon Business Devel-
38 opment Department to be used to award grants pursuant to section 3 of this 2019 Act.

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

40 (a) Moneys appropriated or otherwise transferred to the fund by the Legislative Assem-
41 bly;

42 (b) Moneys donated to the fund; and

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

44 **SECTION 3.** (1) The Legislative Assembly declares that it is the purpose of sections 1 to
45 4 of this 2019 Act to leverage public and private partnerships to provide public benefits by

1 creating access to affordable, flexible capital that enables the clean technology sector to
2 prosper throughout this state.

3 (2) In furtherance of the purpose described in subsection (1) of this section, the Oregon
4 Business Development Department shall establish a competitive clean technology sector de-
5 velopment grant program. The department shall award grants under the program to qualified
6 lenders to be used for developing and administering loan programs to provide loans to qual-
7 ified borrowers for clean technology sector development projects.

8 (3) Grants awarded under this section shall be funded by moneys deposited in the Clean
9 Technology Sector Development Fund established under section 2 of this 2019 Act.

10 (4) The department may not disburse grant funds under this section unless the depart-
11 ment and the qualified lender that is an intended grant award recipient first enter into a
12 grant agreement. The grant agreement must:

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

16 (b) Require the qualified lender to provide a mechanism for documenting that clean
17 technology sector development projects financed by loans provided under a loan program
18 comply with all relevant local, state and federal laws;

19 (c) Require the qualified lender to use accounting, auditing and fiscal procedures that
20 conform to generally accepted government accounting standards;

21 (d) Require the qualified lender to provide at least biannual reporting to the department
22 on the clean technology sector development projects financed by loans provided under a loan
23 program that includes, but is not limited to, reporting on the jobs created or maintained and
24 the number of work hours associated with each financed clean technology sector develop-
25 ment project; and

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

28 (5) In selecting qualified lenders to receive grants under this section, the department
29 shall evaluate qualified lenders based on criteria that must include, but need not be limited
30 to, a qualified lender's:

31 (a) Organizational capacity to attract matching capital;

32 (b) Organizational capacity to conduct business development resulting in the receipt of
33 business proposals or investment offers that are revenue- or equity-generating opportunities
34 for the qualified lender;

35 (c) Participation in job growth and economic development in Oregon;

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

37 (e) Dedication to supporting growth of clean technology sector development projects that
38 may otherwise be inhibited by a lack of access to capital;

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

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

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

45 (B) The regions of Oregon in which the clean technology sector development projects

1 funded through the loans are developed, demonstrated or deployed;

2 (C) Greenhouse gas emissions avoided or sequestered due to clean technology sector de-
3 velopment projects funded by the loans;

4 (D) Kilowatt hours of energy saved or renewable energy produced through clean tech-
5 nology sector development projects funded by the loans; and

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

8 **SECTION 4. (1) The Oregon Business Development Department shall:**

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

11 (b) Report at least annually to the Oregon Business Development Commission on the
12 performance of existing loan programs and other matters related to ensuring that loan pro-
13 grams are administered in a manner that furthers the purposes of sections 1 to 4 of this 2019
14 Act.

15 **(2) The commission shall:**

16 (a) Offer at least one opportunity annually for public comment on the information re-
17 ported to the commission by the Oregon Business Development Department under subsection
18 (1) of this section;

19 (b) Utilize the information and public comments gathered and developed pursuant to this
20 section to provide oversight and direction to the Oregon Business Development Department
21 in carrying out the provisions of sections 1 to 4 of this 2019 Act; and

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

25 (3) The Oregon Business Development Department may adopt rules necessary to imple-
26 ment the provisions of sections 1 to 4 of this 2019 Act.

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