



## HB 4033: Because Oregon small businesses are where new jobs are made

### WANT MORE OREGON-BASED JOBS? THEN HELP SMALL BUSINESS.

In Oregon, small businesses employ the majority (55%) of the private workforce<sup>1</sup>. Nationwide, new businesses are the primary source of almost all net new jobs.<sup>2</sup> Yet state economic development strategies mostly focus on fewer, more fickle<sup>3</sup>, bigger businesses. To create *new* jobs that stay in Oregon, invest in Oregonians who are starting and growing businesses.

### FOR TOO MANY ENTREPRENEURS, NEEDED FUNDS ARE NEARLY IMPOSSIBLE TO FIND.

HB 4033 is anything but a handout. It's a targeted infusion of funds to address the reasons why small business owners, particularly rural, minority, veteran, LGBTQ, and women, have such a hard time getting the loans and investments they need to start and grow. Traditional bank loans for entrepreneurs without personal collateral have gone from scarce to nearly extinct, and only

<sup>1</sup> [US Small Business Administration: 2018 Oregon Small Business Profile.](#)

<sup>2</sup> [MIT Press: The Review of Economics and Statistics, "WHO CREATES JOBS? SMALL VERSUS LARGE VERSUS YOUNG."](#)

<sup>3</sup> "Oregon paid \$900,000 to a business that promised 1,600 jobs; now it's closing Beaverton site and laying off the whole staff", <https://www.oregonlive.com/business/2020/01/oregon-paid-900000-to-a-business-that-promised-1600-jobs-now-its-closing-beaverton-site-and-laying-off-the-whole-staff.html>, Oregonian, January 2020, Business

7% of Angel investment in the U.S.<sup>4</sup> goes to the Pacific Northwest, of which only a slim fraction to women and minority-owned businesses.

### **IT'S TIME FOR POLICY TO CATCH UP WITH SMALL BUSINESS.**

Small business owners are just now finding their voice in Salem. HB 4033 is proudly sponsored by a coalition of homegrown small business organizations based around geography or culturally specific community, whose members have devoted time they can barely spare to advocate for the resources they know will make Oregon a better place for small businesses and hence job creation.

### **LET'S REDEFINE "BUSINESS FRIENDLY" TO INCLUDE TARGETED ASSISTANCE.**

It is smarter to invest in the vibrant diversity of Oregon's economic ecosystem—be it geographic, gender, ethnic, or other quality (e.g., veteran, LGBTQ+, disabled)—than to “chase the smokestacks” of bigger businesses. HB 4033 would make three preliminary investments to catalyze support for this critical economic sector:

1. **A collective loan reserve so the state can “co-sign” loans for entrepreneurs.** A one-time \$5 million loan guarantee investment will make lending to qualified small businesses less risky. Oregon CDFIs, re-lenders, and other innovative, character-based loan and debt funds will be emboldened to make more loans to those who may lack the full personal credit typically required.
2. **New investments in the Oregon Growth Fund.** A one-time \$3 million state investment in this existing program would provide more capital and technical assistance to support new and existing initiatives that prioritize economic development in Oregon with an emphasis on underserved entrepreneurs.
3. **Much-needed research into what Oregon's small businesses need to thrive.** We consider the loan reserve and Growth Fund investment to be a first step in Oregon's expanded definition of business friendliness. Next, we need to comprehensively evaluate the needs of businesses led by women, people of color, veterans and rural entrepreneurs. This should include a synthesis and landscape analysis of existing data as well as new quantitative and qualitative research to provide a more complete overview of the economic impact of these businesses.

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<sup>4</sup> [University of Oregon Lundquist College of Business. 2018 Oregon Capital Scan: Trends for the Future.](#)