



February 20, 2020

Chair Holvey, Vice Chair Smith Warner, & Vice Chair Drazan:

For the record, my name is Heidi Khokhar, and I am proud to serve as the Executive Director of Rural Development Initiatives (RDI). RDI's mission is to strengthen rural people, places, and economies in the Pacific Northwest. RDI works across the Pacific Northwest alongside rural communities to build networks of rural leaders, revitalize rural economies, and elevate rural voices to create community vitality.

I am very happy to share RDI's support for HB 4033, which will help ensure that underserved entrepreneurs in rural communities across Oregon can get access to capital to start and strengthen their businesses. While metropolitan counties in Oregon have fully recovered from the Great Recession, the reality is that same recovery has not been experienced in the vast majority of the communities that RDI works in. According to "The Employment Landscape of Rural Oregon" published by the Oregon Department of Economic Development, 17 of Oregon's 23 rural counties still remain below peak employment.

For many rural communities, the answer to this challenge is strengthening small businesses and entrepreneurs in rural Oregon who currently lack access to capital and the technical assistance needed to be successful. We believe that HB 4033 is an important first step to support rural businesses and entrepreneurs, and we commend the Legislature for taking up this important issue.

As economic recovery in rural Oregon has remained stagnant, it makes the perceived risk appear to be higher in rural Oregon and can deter critical investments, which help start and grow businesses. I am hopeful that HB 4033, with the -2 amendments, will direct more investment in rural Oregon and strengthen their local economies, and help remove the perceived risk that has slowed some of these investments already.

RDI strongly supports the creation of Lender Loan Loss Accounts, as outlined in the -2 amendment, because this will allow CDFI's, nonprofits, and economic development districts, to make loans that are needed in some of Oregon's most economically hard-hit communities. We know these investments will make critical impacts in many of the communities we serve, and will help demonstrate the important needs that still exist in rural Oregon.

We also are very supportive of the language in the bill that will ask the review committee to evaluate the extent to which a lender provides technical assistance as part of their lending. In our experience in rural communities across Oregon, technical assistance is a vital resource because it helps to build trust and relationships in communities, which is necessary to fully leverage financial resources. By asking lenders about the technical assistance they provide upfront in the Request for Proposal process, we hope that it will demonstrate technical assistance as a priority when awarding funds to lenders. RDI remains committed to expanding technical assistance to entrepreneurs in rural Oregon and hopes that this bill will help catalyze a conversation for future legislative sessions about the urgent need to invest in more technical assistance.

RDI urges your support of HB 4033 with the -2 amendment, and we look forward to continue working with the Legislature to ensure that issues facing rural Oregon are prioritized.

Rurally yours,



Heidi Khokhar
Executive Director
Rural Development Initiatives