

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4033

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes community lender loan loss account program, authorizing Oregon Business Development Department to enter into contracts with lenders pursuant to which department shall reimburse lenders from moneys in lenders' loan loss accounts for principal financial losses incurred due to default on qualified loans to small Oregon businesses.

Government Unit(s) Affected:

Department of Administrative Services (DAS), Department of Consumer and Business Services (DCBS), Oregon Business Development Department (OBDD)

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Economic Development to the House Committee on Rules.

The measure establishes the community lender loan loss account program, authorizing Oregon Business Development Department (OBDD) to enter into contracts with lenders to reimburse lenders for principal financial losses incurred due to default on a qualified loan to a small Oregon business, defined as a business with less than 20 employees. Qualified loans do not include refinancing, for working capital for a term exceeding five years, and for fixed assets that exceed the useful life of the assets; and loans may not have a variable interest rate or an annual interest rate that exceeds the prime rate plus five percent. OBDD must establish procedures for lenders to submit claims for reimbursement of losses.

Fees paid by a borrower will be matched from the Community Lender Loan Loss Account Fund; this amount is not to be greater than \$7,500 per enrolled loan, or \$15,000 if the loan is given to certain person who are disadvantaged and qualify for a double match. Moneys in a loan loss account cannot exceed \$1 million.

This measure appropriates \$5 million General Fund to the Community Lender Loan Loss Account Fund, and allocates \$250,000 in Lottery Funds to the Department of Administrative Services for distribution to the Oregon Entrepreneurs Network to interview entrepreneurs in order to analyze economic needs for Oregon small business ecosystem, and make recommendations to the Legislature. This study requires matching funds of at least \$150,000 from private, nonprofit or philanthropic sources before distributions may be made. The measure further allocates \$3 million in Lottery Funds from the Administrative Services Economic Development Fund to the Oregon Growth Fund, continuously appropriated to the department for use of the Oregon Growth Board, to fill capital gaps encountered by Oregon businesses.

The measure is anticipated to have an impact on DAS, DCBS and OBDD.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the House Committee on Rules.

Further Analysis Required