

HB 2518 -1 STAFF MEASURE SUMMARY

House Committee On Economic Recovery and Prosperity

Prepared By: Wenzel Cummings, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/2, 3/16

WHAT THE MEASURE DOES:

Requires the Oregon Business Development Department (Department) to establish a forgivable loan program for the purpose of reimbursing costs to the owner or operator of a brownfield property that incurs specified eligible costs of removal or remedial action at the brownfield property. Specifies amount of forgivable loan equal to the lesser of 50 percent of eligible costs incurred by owner or operator or \$250,000. Allows additional forgivable loan equal to 25 percent of eligible costs for up to two specified enhancements owner or operator includes in removal or remedial action. Limits total amount of forgivable loan to lesser of 100 percent of eligible costs incurred by owner or operator or \$500,000. Allows additional forgivable loan enhancement for specified uses of brownfield property after completion equal to lesser of 25 percent of eligible costs incurred by owner or operator or \$125,000. Establishes Oregon Brownfield Properties Revitalization Fund with an appropriation of \$5,000,000 from the General Fund to the Department for purposes of the forgivable loan program. Requires Department to consider how to encourage participation in forgivable loan program by minority-owned businesses and woman-owned businesses, as well as to submit a report to the Legislative Assembly by September 15, 2022, detailing recipients of forgivable loans under the program as well as third parties who were contracted by recipients to complete removal and remedial actions.

ISSUES DISCUSSED:

- Health and safety risks in development of brownfields
- Ability of purchasers to obtain loan proceeds
- Return on investment in development of brownfields
- Sources of funds available

EFFECT OF AMENDMENT:

-1 Requires Oregon Business Development Department (Department) to establish by rule the procedures and criteria for program administration. Specifies that rules must include methods of distributing forgivable loans, loan amount, and term of loan. Requires Department to consider means by which participation by minority-owned businesses, women-owned businesses, and emerging small businesses may be encouraged. Requires Department report to the Legislative Assembly by January 1, 2023, the data regarding recipients of forgivable loans and any third parties with which recipients contracted. Takes effect on the 91st day following adjournment sine die.

BACKGROUND:

The Oregon Business Development Department, more commonly known as Business Oregon, is the state's economic development agency. Its mission is to invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy. Business Oregon operates infrastructure financing programs that are available to local municipalities for water systems, wastewater systems, port development, roads, and other infrastructure needs related to business growth and community development.

ORS 285A.185 defines "brownfield" as real property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Business Oregon's Brownfields Program is available to provide

HB 2518 -1 STAFF MEASURE SUMMARY

financing for the full range of environmental activities, assessment through cleanup, associated with brownfields redevelopment. Business Oregon works closely with the Oregon Department of Environmental Quality to ensure that a project's scope and scale of work will not only achieve environmental compliance but also will meet the needs of the redevelopment project.

The purpose of Business Oregon's Brownfields Program is to assist individuals, non-profit organizations and local governments with financing to evaluate, cleanup and redevelop brownfields. The Department manages two brownfields financing programs: the Oregon Brownfields Redevelopment Fund funded by proceeds from the sale of state revenue bonds; and, the Oregon Coalition Brownfields Cleanup Fund capitalized through a revolving loan grant from the U.S. Environmental Protection Agency.

House Bill 2518 establishes and allocates funding to the Oregon Brownfield Properties Revitalization Fund to support a forgivable loan program for owners or operators of brownfield properties that incur eligible costs in the recovery of the brownfield property. The measure requires Business Oregon to develop the forgivable loan program and establishes limits on total forgivable loans and purposes for which loan proceeds may be used.