

**A-Engrossed**  
**House Bill 2345**

Ordered by the House June 23  
Including House Amendments dated June 23

Sponsored by Representatives BONHAM, LIVELY; Representatives BYNUM, EVANS, LEIF, LEVY, MORGAN, PRUSAK (Pre-session filed.)

**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.

Requires Oregon Business Development Department to distribute moneys in Oregon Rural Capacity Fund to Oregon's Economic Development Districts for purpose of assisting rural jurisdictions to apply for and administer grants and other forms of funding available from any source. Requires rural jurisdictions to use funding solely to attain staffing and capacity necessary for workforce, infrastructure, economic and community development.

Directs department to develop policy for assistance program and determine amount of moneys for distribution to districts. Requires districts to file quarterly reports with department about assistance given to rural jurisdictions. Requires department to submit annual reports about assistance program to interim committees of Legislative Assembly related to economic development. Establishes Oregon Rural Capacity Fund and continuously appropriates net moneys in fund to department for distribution to districts.

Appropriates moneys to department for purposes related to operation of program for assistance to rural jurisdictions.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to a rural service center for economic development; and declaring an emergency.

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

4 **SECTION 1. As used in sections 1 to 6 of this 2021 Act, unless the context clearly re-**  
5 **quires another meaning:**

6 (1) "City" means a city, town or other community located in this state with a population  
7 of 2,500 or less.

8 (2) "District association" means Oregon's Economic Development Districts, an organiza-  
9 tion consisting of member districts designated by the United States Economic Development  
10 Administration.

11 (3) "Grant administrator" means a person that provides fiscal administration, grant  
12 compliance, grant reporting and other similar administrative services required by grant-  
13 awarding entities.

14 (4) "Member district" means a district that is a member of Oregon's Economic Develop-  
15 ment Districts.

16 (5) "Rural area" means an area located in this state that is entirely outside the ac-  
17 knowledged Portland Metropolitan Area Regional Urban Growth Boundary and the acknowl-  
18 edged urban growth boundaries of all cities with populations of 30,000 or more.

19 (6) "Rural capacity builder" means a person that assists communities in rural areas:

20 (a) To determine local priorities for community and economic development;

**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 (b) To develop tools, processes and partnerships to address local needs; or

2 (c) By providing grant writing services.

3 (7) "Rural county" means a county of this state with a population of 12,000 or less.

4 (8) "Rural grant services" means assistance to communities in rural areas in:

5 (a) Identifying funding opportunities to meet community and economic development  
6 needs; and

7 (b) Applying for grants.

8 (9) "Rural jurisdictions" means:

9 (a) Rural counties; and

10 (b) Federally recognized Indian tribes, cities, school districts and special districts located  
11 in rural areas.

12 **SECTION 2.** (1) The Oregon Business Development Department shall distribute moneys  
13 in the Oregon Rural Capacity Fund established under section 6 of this 2021 Act to provide  
14 resources to Oregon's Economic Development Districts for the purposes of assisting rural  
15 jurisdictions to learn about, successfully apply for and administer grants and other forms  
16 of funding available from any public or private source. The rural jurisdictions shall use such  
17 resources solely to attain the staffing and financial and technical capacity necessary to carry  
18 out proactive strategies for workforce, infrastructure, economic and community develop-  
19 ment in the rural jurisdictions.

20 (2) The district association shall assist, or provide for assistance to, rural jurisdictions  
21 by means that include, but are not limited to:

22 (a) Outreach to the rural jurisdictions about grants and other forms of funding;

23 (b) Employment of grant writers or grant administrators to directly assist the rural ju-  
24 risdications in applying for grants and other forms of funding;

25 (c) Direct assistance in administering grants awarded to the rural jurisdictions; and

26 (d) Working with state agencies to coordinate investments in water and sewer systems,  
27 roads and other elements of basic infrastructure needed in cities in rural areas.

28 **SECTION 3.** The Oregon Business Development Department shall:

29 (1) Develop the policy guiding the implementation of sections 1 to 6 of this 2021 Act.

30 (2) Communicate the policy and the purposes set forth in section 2 of this 2021 Act to  
31 underserved rural jurisdictions.

32 (3) Determine the amount of moneys available for distribution to Oregon's Economic  
33 Development Districts under section 2 of this 2021 Act.

34 (4) Consult and coordinate with the district association on the distribution of moneys  
35 under section 2 of this 2021 Act. When consulting with the district association on the use  
36 of moneys, the department and the district association shall consider:

37 (a) Which rural jurisdictions are most in need of the assistance provided under sections  
38 1 to 6 of this 2021 Act; and

39 (b) The geographical balance of the distributions and assistance.

40 (5) Work with the district association to determine the number and location of the grant  
41 writers and rural capacity builders to be hired with the moneys distributed.

42 (6) Make the distributions under section 2 of this 2021 Act in accordance with the policy  
43 and priorities developed under this section from moneys in the Oregon Rural Capacity Fund  
44 established under section 6 of this 2021 Act.

45 (7) Oversee the rural grant services provided under sections 1 to 6 of this 2021 Act.

1 (8) Periodically consult with the League of Oregon Cities, the Association of Oregon  
2 Counties, the Oregon School Boards Association and the Special Districts Association of  
3 Oregon on the implementation of sections 1 to 6 of this 2021 Act.

4 **SECTION 4.** (1) This section applies to a member district that receives moneys pursuant  
5 to section 2 of this 2021 Act.

6 (2)(a) The member district shall expend the moneys solely to provide grant writing, grant  
7 administration, rural grant and rural capacity building services to rural jurisdictions for the  
8 purposes set forth in section 2 of this 2021 Act.

9 (b) The moneys received by the member district, and the activities of the member district  
10 in expending the moneys, shall supplement and may not supplant the resources and activities  
11 of the member district.

12 (c) The member district may not use moneys received pursuant to section 2 of this 2021  
13 Act to apply for grants for purposes unrelated to the purposes set forth in section 2 of this  
14 2021 Act.

15 (d) For purposes of a member district's assistance to rural jurisdictions under this sec-  
16 tion, the Oregon Business Development Department may enter into an agreement with a  
17 regional solutions advisory committee appointed pursuant to ORS 284.754 for a region in  
18 which the member district is located in order to coordinate the activities of the member  
19 district, including the use of the moneys distributed to the member district, and the regional  
20 solutions team for the region.

21 (e) The member district shall manage, document and submit quarterly reports to the  
22 department about the assistance the member district provides to rural jurisdictions under  
23 this section. The reports shall contain at a minimum all applicable information required un-  
24 der section 5 (2) of this 2021 Act.

25 (3)(a) The member district may hire an individual under this section as an employee or  
26 an independent contractor.

27 (b) The member district may assign individuals hired under this section to provide the  
28 services described in subsection (2)(a) of this section to more than one rural jurisdiction.

29 **SECTION 5.** (1) Not later than September 15 of each year, the Oregon Business Devel-  
30 opment Department shall provide a brief report, in the manner required under ORS 192.245,  
31 to the interim committees of the Legislative Assembly related to economic development, that  
32 describes the activities that Oregon's Economic Development Districts engaged in for the  
33 previous 12-month period under sections 1 to 6 of this 2021 Act and the results of those ac-  
34 tivities.

35 (2) At a minimum, the report required under this section shall identify:

36 (a) The rural jurisdictions that requested assistance funded by the district association;

37 (b) The rural jurisdictions that received such assistance;

38 (c) The populations served by the rural jurisdictions that requested assistance funded by  
39 the district association;

40 (d) The populations served by the rural jurisdictions that received such assistance;

41 (e) The number of funding opportunities, and the dollar amount of private and public  
42 funds, separately stated, that the rural jurisdictions applied for with assistance funded by the  
43 district association;

44 (f) The number of funding opportunities from which the rural jurisdictions received  
45 funding with such assistance, and the dollar amount of private and public funding so re-

1 received, separately stated;

2 (g) The multiplier effects of grants and other forms of funding received by the rural ju-  
3 risdictions with assistance funded by the district association;

4 (h) The expected effect of grants and other forms of funding received by the rural juris-  
5 dictions with assistance funded by the district association on the timing of the commence-  
6 ment and completion of projects;

7 (i) The number of jobs created by rural jurisdictions that received assistance under  
8 sections 1 to 6 of this 2021 Act;

9 (j) The return on investment of moneys distributed to member districts under section 2  
10 of this 2021 Act; and

11 (k) Any other information the department considers important to include in the report.

12 **SECTION 6.** (1) The Oregon Rural Capacity Fund is established in the State Treasury,  
13 separate and distinct from the General Fund. Interest earned by the Oregon Rural Capacity  
14 Fund shall be credited to the fund.

15 (2) Moneys in the fund consist of:

16 (a) Amounts appropriated or otherwise transferred or credited to the fund by the Legis-  
17 lative Assembly;

18 (b) Moneys from the federal government, state agencies or local governments transferred  
19 or otherwise credited to the fund;

20 (c) Amounts donated or otherwise given to the fund;

21 (d) Earnings received on moneys in the fund; and

22 (e) Other amounts from any source transferred or otherwise credited to the fund.

23 (3)(a) Moneys in the fund are continuously appropriated to the Oregon Business Devel-  
24 opment Department for the purpose of making the expenditures set forth in this subsection.

25 (b) The department may retain an amount equal to five percent of moneys appropriated  
26 or otherwise transferred or credited to the fund to pay the for the administrative and oper-  
27 ational expenses of department under sections 1 to 6 of this 2021 Act.

28 (c) The department shall distribute the balance of the moneys in accordance with section  
29 2 of this 2021 Act.

30 **SECTION 7.** There is appropriated to the Oregon Business Development Department, for  
31 the biennium beginning July 1, 2021, out of the General Fund, the amount of \$500,000, for  
32 deposit in the Oregon Rural Capacity Fund established under section 6 of this 2021 Act.

33 **SECTION 8.** (1) Sections 1 to 6 of this 2021 Act become operative on January 1, 2022.

34 (2)(a) As used in this subsection, "person" means each of:

35 (A) The Director of the Oregon Business Development Department; and

36 (B) Oregon's Economic Development Districts.

37 (b) Notwithstanding the date specified in subsection (1) of this section, a person may take  
38 any action before the date specified in subsection (1) of this section that is necessary for the  
39 person to exercise, on and after the date specified in subsection (1) of this section, all of the  
40 duties, functions and powers respectively conferred on the person by sections 1 to 6 of this  
41 2021 Act.

42 **SECTION 9.** This 2021 Act being necessary for the immediate preservation of the public  
43 peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect  
44 on its passage.