

**SB 4 A BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Matt Stayner, Legislative Fiscal Office

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**Oregon Business Development Department**

**2023-25**

**2021-23**

PRELIMINARY

**Budget Summary\***

	2021-23 Legislatively Approved Budget <sup>(1)</sup>	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	100.0%
Other Funds Limited	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	100.0%
Total	\$ -	\$ -	\$ 20,000,000	\$ 20,000,000	100.0%

**Position Summary**

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

<sup>(1)</sup> Includes adjustments through January 2023

\* Excludes Capital Construction expenditures

**21-23 Budget Actions**

	2021-23 Legislatively Approved Budget <sup>(1)</sup>	2023 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
			\$ Change	% Change
General Fund	\$ 273,338,524	\$ 473,338,524	\$ 200,000,000	73.2%
Other Funds Limited	\$ 1,271,428,840	\$ 1,471,428,840	\$ 200,000,000	15.7%
Total	\$ 1,544,767,364	\$ 1,944,767,364	\$ 400,000,000	25.9%

**Position Summary**

Authorized Positions	183	184	1
Full-time Equivalent (FTE) positions	167.04	167.12	0.08

<sup>(1)</sup> Includes adjustments through January 2023

\*Excludes Capital Construction expenditures

## Summary of Revenue Changes

In 2023-25, the bill appropriates \$10 million General Fund to the Oregon Business Development Department (OBDD) on a one-time basis for deposit into the University Innovation Research Fund (UIRF). The bill also establishes \$10 million Other Funds expenditure limitation for the expenditure of those funds from the UIRF.

For the 2021-23 biennium, the measure appropriates \$200 million General Fund to OBDD on a one-time basis, of which \$190 million is for deposit into the Oregon CHIPS Fund created by the bill, and \$10 million is for deposit into the Industrial Land Loan Fund (ILLF) also created by the bill. Additionally, the bill establishes \$200 million Other Funds expenditure limitation for the expenditure of moneys from the Oregon CHIPS fund and the ILLF.

## Summary of Transportation and Economic Development Subcommittee Action

### 2023-25 Biennium

**University Innovation Research Fund (UIRF)**- for the 2023-25 biennium, the bill provided a \$10 million General Fund appropriation and established \$10 million Other Funds expenditure limitation for the UIRF, which is for economic development purposes permitted by the fund. In particular, the moneys in the UIRF are continuously appropriated to OBDD to make grants to public universities, or the Oregon Health and Science University for the purposes of providing matching funds for competitive federal research grant awards.

### 2021-23 Biennium

**Oregon CHIPS Fund** - for the 2021-23 biennium, the bill directs OBDD to develop a grant and loan program from which funds deposited into the Oregon CHIPS fund may be used. The bill includes \$190 million General Fund for deposit into the Oregon CHIPS fund. These funds are for the program, including the award of grants and provision of loans of up to \$50 million to businesses applying for federal semiconductor financial assistance. Grants and loans may be used for activities undertaken in connection with the federal semiconductor financial assistance program; development of sites for semiconductor or other advanced manufacturing facilities; research and development with respect to semiconductors and advanced manufacturing; or partnering with institutions of higher education, for workforce development and training, and registered apprenticeship and internship opportunities, with respect to semiconductors and advanced manufacturing. Contractors or subcontractors on construction projects funded by these grants or loans must pay the prevailing rate of wage. The bill authorizes the Governor to approve grants or loans of more than \$50 million after giving notice to the Legislative Assembly. Loans are for a term of up to 10 years at zero interest. In addition to grants and loans, businesses awarded grants or loans under this program may also be awarded application assistance grants of up to \$50,000 for the costs associated with applying for the federal semiconductor financial assistance. Funding for grants and loans is to come from moneys in the Oregon CHIPS Fund and all repayments are to be made to this fund.

The bill requires OBDD to develop the application process. OBDD and the Governor are to jointly administer the program and review and make decisions within 90 days of receipt of completed applications. Decisions are not subject to appeal. For every \$1 million provided as a grant or loan, the recipient business must generate a certain amount of state and local revenue or commit to creation of new jobs in Oregon. The bill requires the Governor to convene an advisory panel with at least seven members to assist the Governor and OBDD in establishing a statewide strategy to promote and expand Oregon's semiconductor and advanced manufacturing industry, and work on the grant and loan program.

The bill requires recipient businesses to report to OBDD every six months on their application for federal semiconductor financial assistance, and progress on the projects funded by the grant or loan. The bill also requires OBDD to submit a report by September 15 of each year to the interim committees of the Legislative Assembly related to economic development on information received.

Under the bill, recipient businesses must pay back the full amount of the grant or loan immediately under certain circumstances and the amounts slated for repayment are considered liquidated and delinquent and are to be assigned to the Department of Revenue (DOR) for collection. The bill authorizes OBDD to add 20 percent of the principal, plus any interest and fees associated with DOR collections, as penalties if a business willfully misrepresents or misreports material facts related to the grant or loan. All repayments, penalties, interest, fees, and other charges are to be transferred to the Oregon CHIPS Fund, created by the measure. Moneys in the fund are continuously appropriated to OBDD for the purposes of the program, including administrative costs, and are to be retained in the fund at the end of the 2021-23 biennium; any moneys remaining in the fund on June 30, 2025, are to be transferred to the General Fund. The Oregon CHIPS Fund sunsets on January 2, 2033.

**Industrial Land Loan Fund** – The IILF created by the bill is for the purposes of allowing OBDD to provide financial assistance in the form of a repayable or forgivable loan, or through the purchase of bonds issued by a project sponsor, to a project sponsor (a public entity or private owner of industrial land that is investing in the preparation of the land for a development project). The bill authorizes OBDD to provide moneys from the fund for planning projects and certain other expenses incurred by a project sponsor. The measure lays out requirements for applications for financial assistance and repayment provisions.

The funds in the IILF are continuously appropriated to OBDD for the financial assistance provisions and for administrative costs. The bill provides that OBDD may establish other accounts within the fund for the payment of project costs, reserves, debt service payments, credit enhancement, administrative costs, and operation expenses or any other purpose relevant to this portion of the measure. Moneys in the fund may be invested as provided by ORS 293.701 to 293.857, and the earnings from the investments are to be credited to the account in the fund designated by OBDD. The bill also permits OBDD to commit moneys in the fund or reserve future income of the fund, for expenditure in future years, if the agency allows for contingencies and determines there will be sufficient unobligated net moneys in the fund to make the future payments.

**OBDD Administrative Expenses** – For 2021-23, the committee provided OBDD with resources to administer these new funds, including one position (0.08 FTE). For the bill, the committee did not provide administrative expenditures for 2023-25. However, the resources for the administration in 2023-25 are included in the funds and it is assumed that Other Funds expenditure limitation for anticipated expenditures from the Oregon CHIPS Fund and the ILLF in the 2023-25 biennium will be provided to the OBDD in subsequent 2023 budgetary legislation.

PRELIMINARY

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

Oregon Business Development Department  
 Tamara Brickman -- (971) 719-3492

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>2023-25 Budget Actions</u>									
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 210 - Business, Innovation, Trade</b>									
Special Payments - 6060	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000		
Special Payments	\$ -	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ 10,000,000		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000,000</b>	<b>0</b>	<b>0.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000,000</b>	<b>0</b>	<b>0.00</b>

\*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>2021-23 Budget Actions</u>									
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 210 - Business, Innovation, Trade</b>									
Personal Services	\$ -	\$ -	\$ 29,472	\$ -	\$ -	\$ -	\$ 29,472	1	0.08
Services and Supplies	\$ -	\$ -	\$ 9,250	\$ -	\$ -	\$ -	\$ 9,250		
Special Payments - 6060	\$ 190,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,000,000		
Special Payments	\$ -	\$ -	\$ 189,961,278	\$ -	\$ -	\$ -	\$ 189,961,278		
<b>SCR 300 - Infrastructure</b>									
Special Payments -6060	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000		
Special payments	\$ -	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ 10,000,000		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 200,000,000</b>	<b>\$ -</b>	<b>\$ 200,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000,000</b>	<b>1</b>	<b>0.08</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 200,000,000</b>	<b>\$ -</b>	<b>\$ 200,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000,000</b>	<b>1</b>	<b>0.08</b>

PRELIMINARY