

SB 759 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 3/25, 4/1

WHAT THE MEASURE DOES:

The measure directs the Oregon Business Development Department (department) to conduct a study of the use of a loan loss reserve fund to support infrastructure improvement projects undertaken by underserved communities in Oregon. The measure directs the department to submit a report of the study to the interim committees of the Legislative Assembly related to economic development by September 15, 2026. Sunsets on January 2, 2027.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Mechanics of a loan loss reserve program
- Need for this program in rural and underserved communities
- Reason for the appropriation
- Types of eligible infrastructure projects

EFFECT OF AMENDMENT:

-1 Replaces the measure. The amendment directs the State Department of Energy (department) to establish a loan loss reserve program to provide loans and grants to eligible public bodies to support the development of eligible infrastructure projects in rural and underserved communities in Oregon. States the purpose of this program. The amendment permits an eligible public body to apply to the department to enroll an eligible infrastructure project into the program and specifies how an eligible infrastructure project must qualify for enrollment. The amendment also permits an eligible public body that is unable to make a payment on a construction or financing loan of an enrolled eligible infrastructure project to request for the program to cover the loan payment. Permits the department to adopt rules to administer this program and what these rules must include. The amendment establishes the Public Infrastructure Project Loan Loss Reserve Fund in the State Treasury. The amendment appropriates to the department, for the biennium beginning July 1, 2025, \$3,000,000 out of the General Fund for deposit into the Public Infrastructure Project Loan Loss Reserve Fund. Specifies that the loan loss reserve program becomes operative on November 1, 2026. Defines key terms. Takes effect on the 91st day following adjournment sine die.

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-2 Replaces the measure. The amendment directs the State Department of Energy (department) to establish a loan loss reserve program to provide loans and grants to eligible public bodies to support the development of eligible infrastructure projects in rural and underserved communities in Oregon. The amendment establishes the Public Infrastructure Project Loan Loss Reserve Fund in the State Treasury and appropriates \$3,000,000 from the General Fund to the State Department of Energy for deposit into the Public Infrastructure Project Loan Loss Reserve Fund for the biennium beginning July 1, 2025. Program becomes operative on November 1, 2026. Takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Section 1

Defines key terms. Directs the State Department of Energy (department) to establish a loan loss reserve program to provide loans and grants to eligible public bodies to support the development of eligible infrastructure projects in rural and underserved communities in Oregon. Specifies process for an eligible public body to apply to the department to enroll an eligible infrastructure project in the program. Permits an eligible public body that is unable to make a construction or financing loan payment on an enrolled eligible infrastructure project to request that the program cover the loan payment. Specifies that moneys used to cover a loan payment are a loan from the program to the eligible public body. Specifies that the department may make grants available to eligible public bodies to be used for grant writing, interest rate buydowns, and other downpayment assistance for eligible infrastructure projects, from earnings received on moneys in the Public Infrastructure Project Loan Loss Reserve Fund. Requires the department to adopt rules to administer this program and specifies what the rules must include.

Section 2

Establishes the Public Infrastructure Project Loan Loss Reserve Fund in the State Treasury.

Section 3

Appropriates \$3,000,000 from the General Fund to the State Department of Energy for deposit into the Public Infrastructure Project Loan Loss Reserve Fund for the biennium beginning July 1, 2025.

Section 4

Program becomes operative on November 1, 2026.

Section 5

Takes effect on the 91st day following adjournment sine die.

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REVENUE: No revenue impact

BACKGROUND:

The Oregon Business Development Department (department) has many responsibilities, one of which is coordinating state and federal economic and community development programs. The department currently administers over 80 grant, loan, tax incentive, and other related programs in Oregon. One current program is the Community Lender Loan Loss Account Program, which provides capitalized loan loss reserves for participating community lenders. The Oregon Business Development Commission (Commission) provides oversight and direction to the department. The Commission consists of nine members, with most members serving four-year terms.

Senate Bill 759 directs the Oregon Business Development Department to conduct a study of the use of a loan loss reserve fund to support infrastructure improvement projects undertaken by underserved communities in Oregon.