

House Bill 3605

Sponsored by Representative DOHERTY (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 **as introduced**.

Deletes maximum loan amount permitted from Oregon Business Development Fund for applicants proposing business development projects. Increases maximum amount of loan that may be approved by Director of Oregon Business Development Department. Removes security and collateral requirements for business development loans.

Appropriates moneys from Tax Amnesty Fund or General Fund to Oregon Business Development Fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the Oregon Business Development Fund; amending ORS 285B.059, 285B.065 and 285B.080;
3 appropriating money; and declaring an emergency.

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

5 **SECTION 1.** ORS 285B.059 is amended to read:

6 285B.059. (1) The Oregon Business Development Commission may approve a business develop-
7 ment project proposed in an application filed under ORS 285B.050 to 285B.098 if, after investigation,
8 the commission finds that:

9 (a) The proposed business development project is feasible and a reasonable risk from practical
10 and economic standpoints, and that the loan has reasonable prospect of repayment.

11 *[(b) The applicant can provide good and sufficient collateral for the loan.]*

12 *[(c)]* **(b)** Moneys in the Oregon Business Development Fund are or will be available for the
13 proposed business development project.

14 *[(d)]* **(c)** There is a need for the proposed business development project.

15 *[(e)]* **(d)** The applicant has not received or entered into a contract or contracts exceeding \$1
16 million with the commission, under authority of ORS 285B.050 to 285B.098, for the previous 365 days.

17 *[(2) The total amount of moneys loaned from the fund for any business development project shall
18 not exceed 50 percent of the cost of the project.]*

19 *[(3)]* **(2)(a)** *[Except when the applicant is a county or municipality or when there are payments
20 other than the scheduled principal and interest payments, no money shall]* **Except as provided in
21 paragraph (b) of this subsection, moneys may not** be loaned from the fund for *[any]* **a** business
22 development project unless there exists a commitment from a commercial or private lender, or a
23 local development group, to participate in the financing of the project.

24 **(b) Moneys may be loaned from the fund for a business development project without a
25 commitment from a commercial or private lender, or a local development group, to partic-
26 ipate in the financing of the project if:**

27 **(A) The applicant is a county or municipality;**

28 **(B) There are payments other than the scheduled principal and interest payments; or**

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.

(C) The business development project is 100 percent funded by moneys from the fund.

[(4)] **(3)** To encourage private sector and local development group participation in the financing of business development projects, the commission may subordinate the security position of the fund to that of other lenders.

[(5)] **(4)** In each fiscal year of a biennium, not less than 15 percent of all moneys available for lending from the fund *[are]* **is** reserved for loans to certified emerging small business enterprises which are located in or draw their workforces from within distressed areas as determined by the Oregon Business Development Department in cooperation with the Employment Department of this state. Any amounts reserved for loans to such businesses that are not loaned in one fiscal year shall be added to the amount reserved for loans to such businesses in the subsequent fiscal year. If the Oregon Business Development Department is unable to obtain a sufficient number of approvable applications to meet the requirements of this subsection, it may, notwithstanding the limitations imposed by ORS 285B.050 (2)(g)(B), make loans to service and retail businesses operated by emerging small business enterprises.

SECTION 2. ORS 285B.065 is amended to read:

285B.065. The Oregon Business Development Department may make loans *[in distressed areas, as defined by the department,]* without regard to *[the requirements]* **any requirements** for security and collateral *[under ORS 285B.059 and 285B.062 that are otherwise applicable].*

SECTION 3. ORS 285B.080 is amended to read:

285B.080. (1) The Oregon Business Development Commission may appoint the Director of the Oregon Business Development Department as the commission’s representative and agent in all matters pertaining to ORS 285B.050 to 285B.098.

(2) The director shall ensure that all provisions of ORS 285B.050 to 285B.098 are complied with and that appropriately trained personnel are employed to properly administer the fiscal and other portions of ORS 285B.050 to 285B.098.

(3) The director shall have the authority in the director’s sole discretion to approve loans for business development projects in the amount of *[\$100,000]* **\$250,000** or less and to disburse funds for such projects.

SECTION 4. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Business Development Department, for the biennium ending June 30, 2011, out of the Tax Amnesty Fund created under section 7, chapter 710, Oregon Laws 2009, the amount of \$_____ for the purpose of carrying out the provisions of ORS 285B.050 to 285B.098.

SECTION 5. This 2010 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2010 Act takes effect on its passage.
