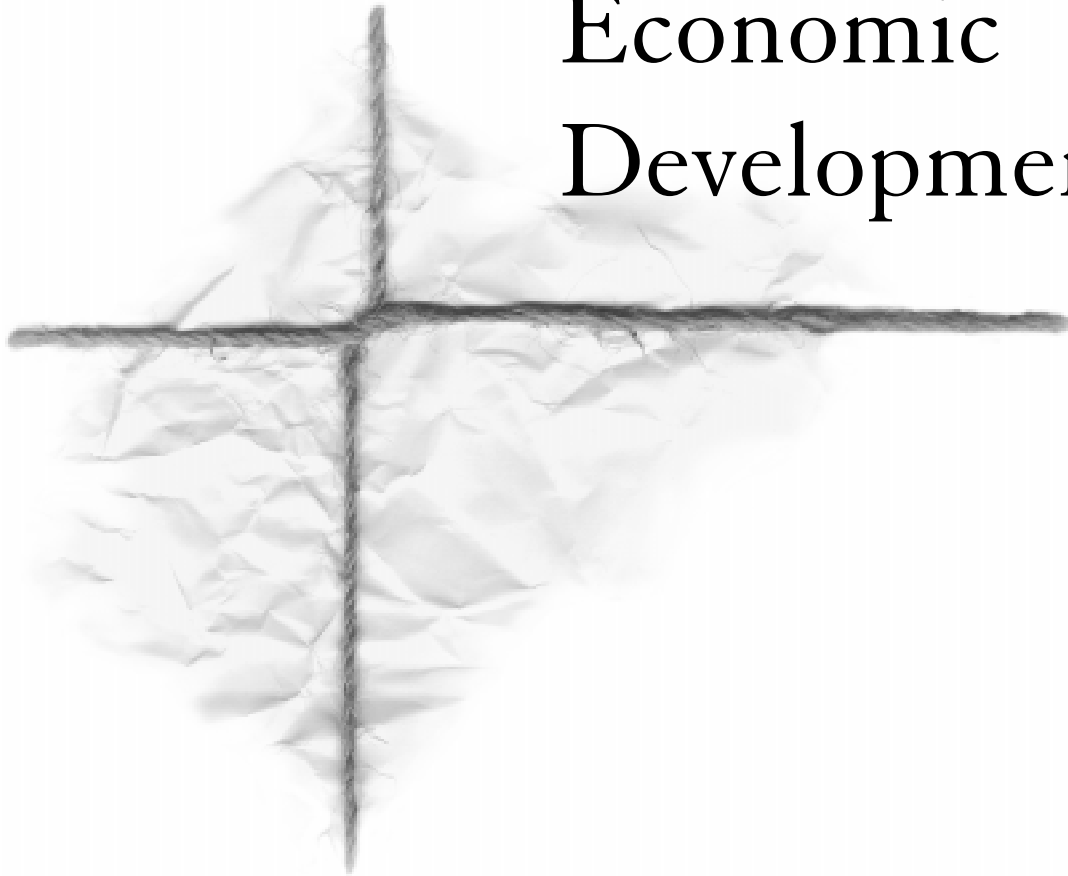


Trade and Economic Development



Press here to return to Table of Contents

Summary
of Major
Legislation

Senate Bill 211

Relating to regional economic development.

As a prerequisite for receiving regional guideline funding, the regional strategies program administered by the Oregon Economic Development Department requires Oregon regions (two or more cooperating counties) to design six-year economic development plans to build or expand two or three key industries. Plans are developed by regional boards and approved by the Governor as provided by ORS 285.643. Key industries are defined in statute at ORS 285.765(3).

SB 211 deletes the three-key-industry maximum on regional strategy economic development plans. The measure authorizes local regional strategy boards to amend their six-year "regional strategy" economic development plans every two years. The measure also eliminates the twenty-five percent maximum allowed for investment in private business fixed asset acquisition.

Several non-metropolitan regions have noted that the current regional strategy program restricts the flexibility needed to take advantage of development opportunities that are outside the approved plan. In addition, many of these same non-metropolitan regions assert they are unnecessarily constrained by the fixed-asset acquisition limitation because of their special needs to use fixed assets as collateral for business development loans in areas of high unemployment.

Effective Date: October 4, 1997

Senate Bill 212

Relating to economic development.

The Oregon Business Development Fund (OBDF) is one of five business finance programs administered by the Oregon Economic Development Department (OEDD). SB 212 increases from \$250,000 to \$500,000 the maximum loan amount the Oregon Economic Development Commission may approve. The OBDF maximum loan approval authority for the Director of the Economic Development Department is increased from \$50,000 to \$100,000. The OBDF is a revolving loan fund providing fixed-rate financing for land, buildings, equipment, and machinery for manufacturing, processing, and tourism projects. Construction loans for office buildings, shopping centers, retail business, food service, and product distribution facilities are not eligible. Other restrictions include a forty-percent-of-

project-cost maximum and approval by an OEDD finance committee for loans that exceed \$50,000.

SB 212 also changes the eligibility criteria and loan maximums for the Entrepreneurial Development Loan Fund (EDLF), another OEDD-administered business finance program. The maximum single loan amount is increased from \$15,000 to \$25,000 and the maximum multiple loan amount to any single applicant is increased from \$25,000 to \$40,000. The measure changes the EDLF eligibility criteria to allow applicants whose businesses have operated for up to 24 months (rather than 15) and whose revenues were up to \$100,00 per year (rather than \$50,000). The EDLF provides initial loans for business start-ups for applicants that meet specified criteria: 1) the applicant must be enrolled in a small business management program with a small business development center; 2) the applicant must have prepared an approved business plan; 3) the applicant has developed an expenditure plan for the loan monies; and 4) the applicant is not owned or controlled by another business.

Effective Date: October 4, 1997

Senate Bill 213

Relating to credit enhancement for Oregon businesses.

SB 213 establishes export financing as an eligible use of the Credit Enhancement Fund within the Oregon Economic Development Department (OEDD) and authorizes creation of an application procedure and separate fee for a preliminary guarantee commitment under the Credit Enhancement Fund. The Credit Enhancement Fund (CEF) is a business finance program administered by OEDD. The purpose of the CEF is to provide guarantees to banks in order to increase capital available to small Oregon firms. Program eligibility is restricted to firms that compete in national or international markets. Fifty percent of the guarantee authority is set aside for value-added wood products and agricultural firms and twenty percent is set aside for emerging small businesses.

SB 213 states that the availability of credit for exports influences the competitiveness of Oregon small and medium-sized businesses. The measure adds encouragement of exports as a purpose of the CEF, and authorizes creation of a preliminary guarantee commitment application procedure and fee for the CEF.

Effective Date: October 4, 1997

Senate Bill 932

Relating to expenditure of lottery revenues by the Economic Development Department

SB 932 requires the Oregon Economic Development Department to give priority to areas of the state designated as “distressed” based on rates of unemployment, poverty, and job loss when funding projects, programs, and providing technical assistance.

The following counties were consistently higher than the national average unemployment rate between 1990 and 1995: Baker, Coos, Crook, Douglas, Grant, Harney, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Linn, Morrow, Sherman, Umatilla, Union, Wallowa, Wheeler, and Wasco.

Effective Date: October 4, 1997

Senate Bill 1214

Relating to the International Trade Commission.

SB 1214 changes the name of the International Trade Advisory Committee to the International Trade Commission within the Oregon Economic Development Department (OEDD). The measure gives the commission policy-setting responsibility for the International Trade Division of OEDD and also specifies the duties of the commission. Oregon’s official international commerce functions reside within the International Trade Division with a budget of approximately \$3 million. The division maintains Oregon’s overseas trade offices in Japan, Taiwan, and South Korea.

The International Trade Advisory Committee was created in 1995 and charged with the duties of analyzing the effectiveness of Oregon’s international trade program and making recommendations to the 1997 legislature.

Effective Date: October 4, 1997

House Bill 2143

Relating to enterprise zones.

HB 2143 modifies restrictions on enterprise zones. The measure provides added property tax abatement, corporate income tax exemptions and credits for business investments located in enterprise zones in counties with chronic unemployment. Enterprise zones are economically impoverished geographic areas no greater than 12 square miles within which property tax abatements can be awarded as incentives for businesses to estab-

lish or expand. An enterprise zone is designated by the Oregon Economic Development Department (OEDD) in consultation with the Oregon Department of Revenue. The designation stands for ten years. There are 35 enterprise zones in Oregon with a maximum of 37 allowable under current law.

HB 2143 allows nonurban enterprise zones in sparsely populated counties to have separate areas of zone that are more than 12 miles apart, relaxing the requirement that the enterprise zone be in a contiguous area. The measure establishes employment levels and other conditions for business investment within enterprise zones. HB 2143 also clarifies the role of OEDD, Oregon Department of Revenue, and county assessors in certifying businesses eligible for property tax abatement within enterprise zones. The measure specifies that businesses within enterprise zones lose one year’s tax exemption for the first notice of failure to meet employment or certain other requirements. HB 2143 also defines conditions under which a business within an enterprise zone may be sold or transferred with its property tax abatement intact and provides sanctions for closure or curtailment of business operations during the property tax abatement period.

HB 2143 contains a business-investment incentive package for firms willing to consider locating in distressed rural areas of the state. The package allows up to fifteen years of property tax exemption if the following conditions are met: facility investment of more than \$50 million, at least 100 employees hired, and average wage of at least 150% of the county-wide average wage. HB 2143 also authorizes corporate income and excise tax credits equal to 62.5 percent of the employee costs for a period of fifteen years, but only after the firm pays the first \$1 million in taxes each year.

Effective Date: October 4, 1997

House Bill 3382

Related to capital access for small businesses.

HB 3382 continues to June 30, 1999, the extra loss-reserve payment made by the Oregon Economic Development Department (OEDD) for the Capital Access Program (CAP) loans in distressed areas of the state. The measure reduces minimum loan fee for CAP borrowers and lenders from 2 percent to 1.5 percent of the loan.

The CAP is one of five business finance programs administered by OEDD. The CAP increases the avail-

ability of bank loans to Oregon small business by providing loan portfolio insurance to lenders. OEDD establishes a loss reserve fund earmarked for each participating lender to cover loans made under the program. When a CAP loan is made, the borrower and the lender each pay a fee ranging from 2 to 3.5 percent, and OEDD pays an amount equal to the combined total of the fees from the Capital Access Fund. All of the fees and the OEDD payment are deposited in the lender's loss-reserve fund.

In distressed areas of the state, the amount paid into the loss-reserve account by OEDD is not less than one and one-half the total fee (borrower plus lender). OEDD currently pays an amount that is twice the fee. The added payment is an incentive to banks to make loans in distressed areas of the state. HB 3382 extends this provision for two more years, to June 30, 1999.

Effective Date: July 30, 1997

Major Legislation

Not Enacted

Senate Bill 16

Relating to advertising the Oregon State Lottery.

SB 16 would have eliminated lottery game advertising following expiration of current contracts, while allowing Oregon Lottery public information and public service advertising to continue.

Senate Bill 314

Relating to video lottery games.

SB 314 would have prohibited the operation of video lottery game terminals in establishments where the dominant use is lottery sales, defining dominant use as video lottery exceeding 15 percent of the floor space or total lottery compensation exceeding 55 percent of gross receipts.