

A-Engrossed
House Bill 2012

Ordered by the House April 19
Including House Amendments dated April 19

Sponsored by Representatives KOTEK, BENTZ

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.

Defines Eastern Oregon Border Economic Development Region.

Establishes Eastern Oregon Border Economic Development Board, in collaboration with Oregon Business Development Department, to formulate and implement strategies and practices for strategic investment in workforce development and economic development in Eastern Oregon Border Economic Development Region and to make grants or loans to eligible applicants to encourage workforce development and economic development in region. Sets forth duties, functions and responsibilities of department and board.

Establishes Eastern Oregon Border Economic Development Board Fund and appropriates monies to department for board for purposes set forth in Act.

Authorizes issuance of lottery bonds for workforce development and economic development in region.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to Eastern Oregon Border Economic Development Region; 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 8 of this 2017 Act:**

5 (1) **"Eastern Oregon Border Economic Development Region" or "region," as defined in**
6 **rules adopted by the Eastern Oregon Border Economic Development Board in consultation**
7 **with the Oregon Business Development Department, means that part of the state that:**

8 (a) **Is within 20 miles of the Oregon border with the State of Idaho, and that includes,**
9 **but is not limited to, the cities of Ontario, Vale and Nyssa;**

10 (b) **Includes Willow Creek and Brogan;**

11 (c) **Is an area in Oregon that is across the Oregon border from Weiser, Idaho; and**

12 (d) **Is an area southwest of Vale for a distance of 10 miles.**

13 (2) **"Economic development" means development that:**

14 (a) **Relates to and supports:**

15 (A) **The economic health or recovery of the region;**

16 (B) **Business enterprise and activities in the region; or**

17 (C) **Development or certification of regionally significant industrial sites in the region;**

18 (b) **Creates jobs or prevents the loss of jobs in the region; or**

19 (c) **Promotes or expands businesses or prevents the decline of businesses located or to**
20 **be located in the region.**

21 (3) **"Local governing body" means either the county court or board of county commis-**
22 **sioners of the county.**

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 (4) "Local government" has the meaning given that term in ORS 174.116.

2 (5) "Regionally significant industrial site" has the meaning given that term in ORS
3 285B.626.

4 (6) "Traded sector" has the meaning given that term in ORS 285A.010.

5 (7) "Workforce development" means activities or services that assist individuals to attain
6 employment, progress along career pathways or establish and maintain businesses and that
7 promote economic development by making skilled employees more readily available.
8 "Workforce development" includes:

9 (a) Education, training and apprenticeships;

10 (b) Labor market analysis;

11 (c) Employment and reemployment assistance;

12 (d) Employee recruitment and retention;

13 (e) Workforce programs that have a primary mission of helping individuals become em-
14 ployed, retain employment, increase wages, progress along career pathways or establish and
15 maintain businesses; and

16 (f) Convening, coordinating, oversight and evaluation activities and services for business
17 and state workforce agencies.

18 **SECTION 2.** (1) The Eastern Oregon Border Economic Development Board is established
19 to formulate and implement strategies and practices for strategic investment in workforce
20 development and economic development in the Eastern Oregon Border Economic Develop-
21 ment Region and to make grants or loans to eligible applicants for the purpose of encour-
22 aging workforce development and economic development in the region.

23 (2) The board shall consist of seven voting members and one nonvoting member as fol-
24 lows:

25 (a) The Governor shall appoint seven voting members from a list of eligible appointees
26 with expertise in traded sector business, education, workforce development or economic de-
27 velopment provided by the local governing bodies within the Eastern Oregon Border Eco-
28 nomic Development Region. The Governor shall request an updated list of eligible appointees
29 from the local governing bodies within the region for the purpose of making appointments
30 when vacancies occur.

31 (b) The Director of the Oregon Business Development Department, or the director's
32 designee, is an ex officio nonvoting member of the board.

33 (3) The term of office of each voting member of the board is four years, but a member
34 serves at the pleasure of the Governor. Before the expiration of the term of a voting
35 member, the Governor shall appoint a successor whose term begins on January 1 next fol-
36 lowing. A member is eligible for reappointment for a total of two consecutive terms. If there
37 is a vacancy for any cause, the Governor shall make an appointment to become immediately
38 effective for the unexpired term.

39 (4) The Governor shall appoint one voting member of the board as the chairperson.

40 (5) A voting member of the board is entitled to compensation and expenses as provided
41 in ORS 292.495.

42 (6) A majority of the voting members of the board constitutes a quorum for the trans-
43 action of business.

44 (7)(a) The board shall meet at least once every three months at a time and place deter-
45 mined by the chairperson. The board also may meet at other times and places specified by

1 the call of the chairperson or of a majority of the members of the board.

2 (b) Meetings of the board are subject to ORS 192.610 to 192.690 governing public meetings
3 and ORS 192.410 to 192.505 governing public records.

4 (8) The board may establish any advisory or technical committees the board considers
5 necessary to aid and advise the board in the performance of its functions. The committees
6 may be continuing or temporary committees. The board shall determine the representation,
7 membership, terms and organization of the committees and shall appoint the members of the
8 committees.

9 (9) The Oregon Business Development Department shall provide staff to the board as
10 necessary to allow the board to carry out the board's responsibilities under sections 1 to 8
11 of this 2017 Act. The department may contract with a third party to provide staff to the
12 board under this subsection, provided that the third party remains subject to the direction
13 and control of the department.

14 **SECTION 3.** Notwithstanding the term of office specified by section 2 of this 2017 Act,
15 of the voting members first appointed to the board:

16 (1) Two shall serve for a term ending December 31, 2018.

17 (2) Two shall serve for a term ending December 31, 2019.

18 (3) Two shall serve for a term ending December 31, 2020.

19 (4) One shall serve for a term ending December 31, 2021.

20 **SECTION 4.** The Eastern Oregon Border Economic Development Board, in collaboration
21 with and with the assistance of the Oregon Business Development Department, has the fol-
22 lowing duties, functions and powers:

23 (1) To identify policies and strategies that will:

24 (a) Promote workforce and economic growth;

25 (b) Facilitate development or prevent decline of regionally significant industrial sites;

26 (c) Create or maintain jobs in the Eastern Oregon Border Economic Development Region;
27 and

28 (d) Improve access to career and technical education, workforce training programs and
29 higher education to enhance the availability of a qualified workforce for employers in the
30 region.

31 (2) To make recommendations to the Legislative Assembly for policies and strategies that
32 improve the availability of career and technical education, workforce training programs and
33 higher education for the purpose of improving the availability of a qualified workforce for
34 employers in the Eastern Oregon Border Economic Development Region.

35 (3) To identify specific laws, rules and regulations that place specific workforce develop-
36 ment or economic development efforts in the Eastern Oregon Border Economic Development
37 Region at a competitive disadvantage to the same type of efforts in the areas across the
38 Oregon border as described in section 5 of this 2017 Act.

39 (4) Subject to the availability of funds in the Eastern Oregon Border Economic Develop-
40 ment Board Fund, to make grants or loans to qualified applicants pursuant to section 6 of
41 this 2017 Act, not to exceed a total of 10 active grants at any one time.

42 (5) To establish a means to evaluate grants or loans made by the board and the depart-
43 ment, including, but not limited to, the number of businesses or regionally significant in-
44 dustrial sites assisted, the types and amount of resources leveraged, return on investment
45 criteria, performance and outcome measures and methods to evaluate the impact on jobs and

1 wages in the area of the Eastern Oregon Border Economic Development Region to which
2 grant or loan moneys were applied or utilized.

3 (6) To facilitate collaboration among employers, local governments, state agencies and
4 stakeholders for the purpose of enhancing and expanding workforce development and eco-
5 nomic development in the region.

6 (7) To consult with affected school districts, community colleges and universities and the
7 Employment Department in identifying policies and strategies that will enhance and promote
8 workforce development to improve the availability of a qualified workforce for employers in
9 the Eastern Oregon Border Economic Development Region.

10 (8) To report annually on or before December 31 of each year to standing and interim
11 committees of the Legislative Assembly related to business and economic development re-
12 garding implementation and administration of the Eastern Oregon Border Economic Devel-
13 opment Board and grants or loans made by the board and the Oregon Business Development
14 Department pursuant to section 6 of this 2017 Act. The report may include recommendations
15 regarding proposed legislation and strategies to improve workforce development and eco-
16 nomic development in the region.

17 **SECTION 5.** (1) The Eastern Oregon Border Economic Development Board may identify
18 specific laws, rules and regulations that repeatedly place specific workforce development or
19 economic development efforts in the Eastern Oregon Border Economic Development Region
20 at a competitive disadvantage to the same type of efforts in the areas across the Oregon
21 border. Upon identifying a specific law, rule or regulation, the board:

22 (a) May recommend to the agency, board or commission that imposes such a law, rule
23 or regulation that the agency, board or commission consider an exception or waiver to the
24 law, rule or regulation, where permitted by law, to assist in workforce development and
25 economic development efforts in the region. Within 60 days of receiving a recommendation
26 from the Eastern Oregon Border Economic Development Board under this paragraph, the
27 agency, board or commission shall review the recommendation and hold a public hearing in
28 the region or otherwise consider information from the public and stakeholder entities to
29 determine whether:

30 (A) The law, rule or regulation has posed a repeated disadvantage to workforce develop-
31 ment and economic development in the region in the last five years compared to comparable
32 laws, rules or regulations applied in Idaho; and

33 (B) An exception or waiver to the specific law, rule or regulation can be made for the
34 purpose of furthering workforce development or economic development in the Eastern
35 Oregon Border Economic Development Region.

36 (b) If the agency, board or commission determines that an exception or waiver may not
37 be made under paragraph (a) of this subsection, may recommend to the agency, board or
38 commission or to the Legislative Assembly that a specific exception or waiver be allowed for
39 the purpose of workforce development or economic development in the region.

40 (2) The Eastern Oregon Border Economic Development Board may not recommend an
41 exception or waiver to a specific law, rule or regulation that is related to employment or
42 state taxation.

43 **SECTION 6.** (1) Subject to the availability of funds in the Eastern Oregon Border Eco-
44 nomic Development Board Fund, the Eastern Oregon Border Economic Development Board
45 may award grants or loans to eligible applicants to enhance and expand workforce develop-

1 ment or economic development in the Eastern Oregon Border Economic Development Re-
2 gion. Repayment of loans made under this section is subject to subsection (8) of this section.
3 The board shall make the decision to approve and award grants or loans under this section,
4 but the Oregon Business Development Department shall be responsible for the actual pay-
5 ment of the grants or loans from the Eastern Oregon Border Economic Development Board
6 Fund.

7 (2) Eligible applicants include, but are not limited to:

8 (a) Local governments;

9 (b) Institutions of higher education as defined in ORS 348.582;

10 (c) Private or nonprofit businesses with their principal places of business or the majority
11 of their workforces located in the Eastern Oregon Border Economic Development Region;

12 (d) Small business development centers established under ORS 285B.165 to 285B.171;

13 (e) Economic development organizations;

14 (f) School districts; and

15 (g) Other entities as defined by the board by rule.

16 (3) An eligible applicant may apply for a grant or loan by submitting an application and
17 paying the required application fee, if any, in accordance with rules adopted by the board in
18 consultation with the department. The rules must, at a minimum:

19 (a) Establish criteria for the award of grants or loans under this section that provide
20 that the applicant must demonstrate the grant or loan moneys will be used for:

21 (A) Economic development that will lead to private investment, job creation or retention
22 and the establishment or expansion of viable businesses in the region;

23 (B) Expansion of a transportation infrastructure sufficient to facilitate moving traded
24 sector goods or services in the region to market;

25 (C) Enhancement and expansion of workforce development in the region that is respon-
26 sive to the needs of the region's businesses and industries;

27 (D) Certification of regionally significant industrial sites within the region;

28 (E) Extension of private utilities, including but not limited to gas and electrical con-
29 nections, to regionally significant industrial sites within the region;

30 (F) A due diligence assessment pursuant to the Oregon Industrial Site Readiness As-
31 sessment Program under ORS 285B.635 to 285B.640 or other assessments or evaluations that
32 prepare a site for development; or

33 (G) Provision of support services and technical assistance to entrepreneurs and business
34 owners in the region, including but not limited to small business development centers es-
35 tablished under ORS 285B.165 to 285B.171; and

36 (b) Establish criteria for repayment of loans, collection of moneys owed and repayment
37 of grant proceeds in the event of default.

38 (4) Applications for loans must contain:

39 (a) A plan for repayment by the applicant to the Eastern Oregon Border Economic De-
40 velopment Board Fund of moneys borrowed from the fund plus interest; and

41 (b) If required by the department and the board, evidence of debt assurance of, or secu-
42 rity for, repayment by the applicant.

43 (5) Loans made under this section:

44 (a) May not be for a loan term that exceeds the usable life of the work or project for
45 which the loan funds will be used or a specified number of years from completion, whichever

1 is less; and

2 (b) Are subject to subsection (8) of this section regarding repayment of loans made by
3 the department.

4 (6) Grants or loans made under this section are payable solely from the Eastern Oregon
5 Border Economic Development Board Fund established under section 8 of this 2017 Act.
6 Amounts paid as grants or loans shall not constitute a debt of the state or a lending of the
7 credit of the state within the meaning of any constitutional or statutory limitation, although
8 nothing in this section is intended to impair the exercise of rights granted against the se-
9 curity for a loan, if any.

10 (7) The department shall assist the board in evaluating applications for grants or loans
11 under this section by:

12 (a) Evaluating timelines for accomplishment of work and projects for which grant or loan
13 moneys requested in the application will be used;

14 (b) Investigating whether necessary permits for development, if needed, have been or can
15 be secured in a timely manner;

16 (c) Recommending how to maximize use of grant or loan moneys to ensure successful
17 completion of the work or project for which the grant or loan moneys will be used;

18 (d) Assessing the ability of the applicant to repay the grant or loan;

19 (e) Documenting the strengths, weaknesses and risks of the applicant and project; and

20 (f) Making recommendations regarding terms and conditions for approval of a grant or
21 loan.

22 (8) The department shall adopt rules governing repayment of loans made under this sec-
23 tion and collection of moneys owed the Eastern Oregon Border Economic Development Board
24 Fund. The department may seek appropriate legal remedies to secure repayment of any loans
25 made under this section that are due to the fund.

26 (9) The department may assess and charge fees, including but not limited to application
27 fees, for loans or grants made under this section.

28 **SECTION 7.** The Eastern Oregon Border Economic Development Board, in consultation
29 with the Oregon Business Development Department, shall adopt rules to implement and ad-
30 minister the provisions of sections 1 to 8 of this 2017 Act.

31 **SECTION 8.** (1) The Eastern Oregon Border Economic Development Board Fund is es-
32 tablished in the State Treasury, separate and distinct from the General Fund. Interest
33 earned by the Eastern Oregon Border Economic Development Board Fund shall be credited
34 to the fund.

35 (2) Moneys in the fund are continuously appropriated to the Oregon Business Develop-
36 ment Department for the use of the Eastern Oregon Border Economic Development Board
37 for the purposes set forth in sections 1 to 8 of this 2017 Act, including but not limited to
38 administrative costs of the department incurred in processing grant or loan applications,
39 investigating the eligibility of applicants and servicing outstanding grants and loans, not to
40 exceed an annual amount greater than the total revenues received in that year from appli-
41 cant fees assessed and charged by the department under section 6 of this 2017 Act, plus four
42 percent of the total asset value of the fund.

43 (3) Moneys in the Eastern Oregon Border Economic Development Board Fund consist of:

44 (a) Applicant fees for grants or loans assessed, charged and paid pursuant to section 6
45 of this 2017 Act;

1 (b) Moneys received as repayment of principal and interest on loans made from the fund
2 under sections 1 to 8 of this 2017 Act;

3 (c) Amounts appropriated or otherwise transferred to the fund by the Legislative As-
4 sembly;

5 (d) Amounts donated to the fund;

6 (e) Moneys transferred to the fund from the federal government, state agencies or local
7 governments;

8 (f) Lottery bond proceeds approved by the Legislative Assembly for deposit in the fund;

9 (g) Earnings received on moneys in the fund; and

10 (h) Other amounts deposited in the fund from any source.

11 (4) All repayments of grants or loans, interest and other receipts from outstanding
12 indebtedness or any other sources shall be retained and accumulated in the fund and shall
13 be used for the purposes set forth in sections 1 to 8 of this 2017 Act.

14 **SECTION 9.** (1) For the biennium beginning July 1, 2017, at the request of the Oregon
15 Business Development Department, after the department consults with the Eastern Oregon
16 Border Economic Development Board, the State Treasurer is authorized to issue lottery
17 bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$10 million in net
18 proceeds and interest earning for the purpose described in subsection (2) of this section, plus
19 an additional amount estimated by the State Treasurer to be necessary to pay bond-related
20 costs.

21 (2) Net proceeds of lottery bonds issued under this section in an amount sufficient to
22 provide \$10 million in net proceeds and interest earnings must be transferred to the depart-
23 ment for deposit in the Eastern Oregon Border Economic Development Board Fund estab-
24 lished under section 8 of this 2017 Act for distribution to the Eastern Oregon Border
25 Economic Development Board for the purposes set forth in sections 1 to 8 of this 2017 Act
26 as those purposes relate to workforce development and economic development.

27 (3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs,
28 further economic development, finance public education and restore and protect parks,
29 beaches, watersheds and native fish and wildlife, and is authorized based on the following
30 findings:

31 (a) Workforce development as defined in section 1 of this 2017 Act, including but not
32 limited to activities or services that assist individuals to attain employment, progress along
33 career pathways or establish and maintain businesses and that promote economic develop-
34 ment by making skilled employees more readily available will create jobs and lead to en-
35 hanced economic development; and

36 (b) Making grants or loans to eligible entities in the Eastern Oregon Border Economic
37 Development Region will create jobs and promote, expand or prevent the decline of busi-
38 nesses that lead to economic development in the region.

39 **SECTION 10.** This 2017 Act being necessary for the immediate preservation of the public
40 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
41 on its passage.