

B-Engrossed
House Bill 2406

Ordered by the Senate May 17
Including House Amendments dated March 2 and Senate Amendments
dated May 17

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Susan Morgan, Representative Tim Knopp and Representative Jeff Merkley for Oregon Micro Enterprise Network)

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.

Creates microenterprise development program to establish infrastructure for delivery of micro-lending services and training and technical assistance. [*Authorizes Economic and Community Development Department to make grants to local microenterprise support organizations.*] Authorizes **Economic and Community Development** Department to contract with statewide organizations to implement microenterprise development program under certain conditions.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to support services to microenterprises; creating new provisions; amending ORS 285A.045
3 and 285A.050; and declaring an emergency.

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

5 **SECTION 1. Sections 2 to 5 of this 2001 Act shall be known and may be cited as the**
6 **Microenterprise Development Act.**

7 **SECTION 2. As used in sections 2 to 5 of this 2001 Act:**

8 (1) "Local microenterprise support organization" means a community development cor-
9 poration, a nonprofit development organization, a nonprofit social services organization or
10 another locally operated nonprofit entity that provides services to disadvantaged entrepre-
11 neurs.

12 (2) "Low income" means income adjusted for family size that does not exceed:

13 (a) For metropolitan areas, 80 percent of median income; or

14 (b) For nonmetropolitan areas, the greater of 80 percent of the area median income or
15 80 percent of the statewide nonmetropolitan area median income.

16 (3) "Microenterprise" has the meaning given that term under 15 U.S.C. 6901, as amended
17 and in effect on the effective date of this 2001 Act.

18 (4) "Microentrepreneur" means an individual conducting a microenterprise.

19 (5) "Microlending" means the practice of lending moneys to microenterprises or micro-
20 entrepreneurs.

21 (6) "Statewide microenterprise support organization" means a community development
22 corporation, a nonprofit development organization, a nonprofit social services organization
23 or another nonprofit entity that serves as an intermediary between the Economic and Com-
24 munity Development Department and local microenterprise support organizations.

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 (7) "Training and technical assistance" means services and support offered to microen-
2 terprises and microentrepreneurs. "Training and technical assistance" includes, but is not
3 limited to, services to enhance business development, planning, marketing, management
4 skills and access to financial services.

5 (8) "Very low income" means income adjusted for family size that does not exceed 150
6 percent of the poverty level determined under 42 U.S.C. 9902, as amended and in effect on
7 the effective date of this 2001 Act.

8 SECTION 3. (1) The Legislative Assembly finds that:

9 (a) There is a need to develop and expand businesses in economically distressed commu-
10 nities in both rural and urban areas;

11 (b) There is a need to assist Oregonians who are unemployed, underemployed or in low
12 income jobs;

13 (c) Microenterprises can provide a means for unemployed, underemployed or low income
14 individuals to find and sustain productive work;

15 (d) Microenterprises, including self-employment, can enable people with disabilities to use
16 their management skills to create and provide products and services, to acquire new skills
17 in money management and business development and to develop pride and self-esteem;

18 (e) Microenterprises can provide opportunities for economically distressed communities
19 to thrive, one microentrepreneur at a time;

20 (f) Microenterprises, including self-employment and start-up businesses, are important
21 elements of the Oregon economy and play a vital role in job creation;

22 (g) There is a lack of access to capital and training and technical assistance for low in-
23 come and very low income microentrepreneurs;

24 (h) Many low income and very low income microentrepreneurs need microlending ser-
25 vices and training and technical assistance to start, operate or expand their businesses;

26 (i) Local microenterprise support organizations have demonstrated cost-effective delivery
27 methods for providing microlending services and training and technical assistance; and

28 (j) Local and state charitable foundation support, federal program funding and private
29 sector support can be leveraged by a statewide program for development of microenterprises.

30 (2) The purposes of sections 2 to 5 of this 2001 Act are to:

31 (a) Ensure that microenterprises in Oregon are able to realize their full potential to
32 create jobs, enhance entrepreneurial skills, expand entrepreneurial activity and increase the
33 capacity of low income and very low income households to become self-sufficient;

34 (b) Enhance the development of a statewide infrastructure for microenterprise support;
35 and

36 (c) Enable the Economic and Community Development Department to engage in con-
37 tractual relationships with statewide microenterprise support organizations that have the
38 capacity to administer grants to local microenterprise support organizations, subject to
39 sections 2 to 5 of this 2001 Act, and to leverage additional funds from sources other than
40 moneys appropriated from the General Fund.

41 SECTION 4. (1) The Economic and Community Development Department shall convene
42 a work group on microenterprise development.

43 (2) The work group established under this section shall consist of representatives from:

44 (a) The Adult and Family Services Division of the Department of Human Services;

45 (b) The Employment Department;

1 **(c) The Economic and Community Development Department;**

2 **(d) The Housing and Community Services Department;**

3 **(e) The State Department of Agriculture;**

4 **(f) The Advocate for Minority, Women and Emerging Small Business in the Office of the**
5 **Governor;**

6 **(g) The Department of Community Colleges and Workforce Development;**

7 **(h) The Oregon State University Extension Service;**

8 **(i) Other entities whose work relates to microenterprise activity in Oregon; and**

9 **(j) Statewide microenterprise support organizations.**

10 **(3) The work group established under this section shall meet regularly to coordinate the**
11 **work of state agencies and other entities related to microenterprise activity and to develop**
12 **a coherent framework for state agency efforts related to microenterprise activity.**

13 **SECTION 5. The Economic and Community Development Department shall submit a**
14 **biennial report to the Governor and the Legislative Assembly outlining the actions that the**
15 **department has taken related to microenterprise development pursuant to ORS 285A.045 and**
16 **285A.050.**

17 **SECTION 6. Section 4 of this 2001 Act is repealed on January 2, 2004.**

18 **SECTION 7. ORS 285A.045 is amended to read:**

19 285A.045. (1) As its primary duty, the Oregon Economic and Community Development Commis-
20 sion shall develop and maintain an economic and community development policy for this state that
21 implements the strategy declared in ORS 285A.020 (4) and that includes policies that:

22 (a) Maintain and create jobs that raise real wage levels of Oregon workers.

23 (b) Increase the skill levels of the Oregon workforce.

24 (c) Improve the competitiveness of this state's traded sector industries and achieve benchmarks
25 for those industries established by the Oregon Progress Board.

26 (d) Invest public moneys in a manner that produces the greatest possible return on investment.

27 (e) Support statewide and regional strategies to develop and maintain the infrastructure neces-
28 sary to support and strengthen the economy of this state.

29 (f) Identify and eliminate barriers that impede the competitiveness of Oregon businesses.

30 (g) Encourage expansion of existing Oregon businesses and the attraction of new business and
31 industry to those communities that desire such development.

32 **(h) Assist in the development of microenterprise businesses in Oregon, including in-**
33 **creasing the availability of training and technical assistance available to serve microenter-**
34 **prises.**

35 (2) It is the function of the Oregon Economic and Community Development Commission to es-
36 tablish the policies for economic and community development in this state in a manner consistent
37 with the policies and purposes set forth in this section and ORS 285A.050. In addition, the commis-
38 sion shall perform any other duty vested in it by law.

39 (3) The commission shall keep complete and accurate records of all the meetings, transactions
40 and business of the commission at the office of the Economic and Community Development Depart-
41 ment.

42 (4) The commission shall set policy for and monitor programs relating to economic development
43 and rural and community development and such other programs related to economic and community
44 development that may be assigned by law to the department.

45 (5) In carrying out its duties under subsection (1) of this section, the commission shall:

1 (a) Place priority on those policies that achieve benchmarks established by the Oregon Progress
2 Board; and

3 (b) Coordinate its activities with the policies of the Education and Workforce Policy Advisor
4 and the policymaking bodies of the Housing and Community Services Department, the Department
5 of Transportation, the Department of Environmental Quality, the Department of Land Conservation
6 and Development and the Employment Department, as well as other appropriate state and federal
7 agencies.

8 **SECTION 8.** ORS 285A.050 is amended to read:

9 285A.050. (1) The Oregon Economic and Community Development Commission shall report
10 biennially to the Governor and the Legislative Assembly on the success of economic development
11 efforts. The report, at a minimum, shall include the following:

12 (a) For the overall Economic and Community Development Department effort and for each
13 identifiable program and significant project or service:

14 (A) The impact of that program on the competitiveness of traded sector industries and the skill
15 levels of the Oregon workforce;

16 (B) The impact on the number of jobs, including jobs created and retained;

17 (C) The impact on the wage levels of Oregon workers, including increases in wage levels; and

18 (D) The actual or anticipated impact of public investments at all levels, in terms of measurable
19 outcomes wherever possible.

20 (b) The status of the Oregon economy related to:

21 (A) Changes in employment and wage levels in Oregon industries;

22 (B) Changes in employment, wage levels and competitiveness of traded sector industries; and

23 (C) Barriers that have been identified as impeding business competitiveness and productivity in
24 this state.

25 (c) Progress made toward achievement of the Oregon Benchmarks.

26 (d) Recommendations for removing identified barriers and additional suggestions for improving
27 the performance of Oregon's economy.

28 (e) Recommendations on this state's investment in its public ports, on this state's response to
29 policy issues that affect ports and for the strategic development of port facilities that promote
30 maritime commerce, recreational opportunities and the economy of Oregon.

31 (f) Progress made toward elimination of economically distressed areas of this state.

32 (g) Recommendations regarding improving the international competitiveness of Oregon.

33 **(h) Progress made in serving microenterprise businesses and recommendations for in-**
34 **creasing the success of microenterprises.**

35 (2) Whenever a power is granted to the commission, the power may be exercised by such offi-
36 cers, employees or commission-appointed committees as are designated in writing by the commission.

37 **SECTION 9. This 2001 Act being necessary for the immediate preservation of the public**
38 **peace, health and safety, an emergency is declared to exist, and this 2001 Act takes effect**
39 **on its passage.**