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## Inside this Brief

- **Background**
- **Oregon Economic and Community Development Department**
- **Business and Community Development and Assistance**
- **Recent Legislative Action**
- **Staff and Agency Contacts**

Legislative Committee Services  
State Capitol Building  
Salem, Oregon 97301  
(503) 986-1813

Background Brief on ...

# Oregon Economic and Community Development

*Prepared by: Jim Keller*

## Background

As one of the fastest growing economies in the country, Oregon is poised to capitalize on developments in new technologies, alternative energy production and its favorable west coast manufacturing location to increase the state's competitiveness in the global economy.

State economic development efforts are carried out by, and coordinated through, the Oregon Economic and Community Development Department (OECD). With affiliated state boards and commissions, OECD cooperates with a wide variety of regional and local economic development agencies to further the state's business interests.

## Oregon Economic and Community Development Department

The mission of OECD is to "Advance Oregon's Economy." The department works with communities, organizations, and businesses statewide as directed by ORS 285A.020 and 285A.045. OECD is structured into divisions, regional offices, advisory commissions and funding programs that work together to develop Oregon businesses and Oregon communities.

## Business and Community Development and Assistance

OECD provides integrated services to companies and organizations doing business in Oregon. These services include: direct business assistance; promotion of traded-sector industry clusters both domestic and international; assistance with commercialization of new technologies; financing of public infrastructure; preparation of industrial sites for immediate development; promotion of arts programs as opportunities for economic growth; and marketing Oregon to encourage new economic investment and increase sales of Oregon products.

*Direct Business Assistance* helps new businesses come to Oregon and current businesses expand their operations throughout the state. Business finance programs administered by OECD provide direct funding to Oregon businesses looking to expand their operations in various regions and markets. OECD-administered funds include the

Brownfields Redevelopment Fund, the Business Development Fund, the Business Retention Program, Capital Access Program, the Credit Enhancement Fund, the Entrepreneurial Development Loan Fund, Industrial Development Revenue Bonds, Local Revolving Loan Funds, and the Oregon Trade Promotion Program.

Business Incentives deliver cost savings to firms investing or doing business in the state, and generally come in three forms: expense reducing incentives, such as Workers' Compensation insurance; exemptions from taxation on new property through enterprise zones and the Strategic Investment Program (**SIP**); and reductions in State taxes levied on Oregon-based incomes.

Small Business Assistance is an important development component, as 90 percent of all business enterprises in Oregon employ 100 or fewer people. The department works to connect small business ventures with regional and industry-specific organizations that specialize in small business support. For a full listing of small business support organizations see: <http://www.oregon4biz.htm>

*Promotion of Traded Sector Industry Clusters* focuses the state's efforts on key industry clusters to encourage coordination among companies to improve their competitiveness nationally and internationally and attract new companies and their suppliers. These clusters currently include Agriculture and Food Processing, Apparel and Sporting Goods, Biomedical, Creative Services, Value-added Forest Products, High Technology/Software, Metals/Machinery, Professional Services, and Manufacturing.

Business Development Officers work with rural communities to identify competitive industry clusters and support and promote their expansion. The Industry Sector Outreach program provides funding to targeted industry associations to assist with cluster development and promotion. Industry Trade officers in the International Trade Section focus on clusters with international business potential and offer a range of programs and services to help the state's small and medium-

sized (non-agricultural) firms compete in today's marketplace.

*Commercialization of New Technologies* accelerates the transfer of research and technology into high-value products and encourages the growth of new and existing companies throughout the state.

The Oregon Nanoscience and Microtechnologies Institute (**ONAMI**), a public-private partnership, attracts top-notch scientists, engineers and researchers who work together in nanotechnology, microtechnology and biotechnology. It has generated a return of \$10 for every dollar of state investment.

The Oregon Innovation Council (**Oregon InC**) is specifically charged with advancing a statewide innovation agenda. The 40 leaders from private industry, higher education and government that make up the council identify Oregon's top innovation-driven growth opportunities to maximize the state's competitive advantages in the global economy.

*Financing Public Infrastructure* gives communities the ability to attract new companies and expand opportunities for existing companies and provides for the health and safety of citizens throughout the state.

*Project development assistance* is provided to communities and ports to help with infrastructure planning and ensure that they can meet the needs of an expanding economy and population. Infrastructure financing programs that provide loans and grants to communities and ports include the Special Public Works Fund, Brownfields Redevelopment Fund, the Water/Wastewater Fund, Safe Drinking Water Program, Community Development Block Grant, Port Revolving Loan Fund, and the Marine Navigation Improvement Fund. These programs use funds from the Oregon Lottery and federal programs to expand sewer and water systems, build necessary community facilities and improve and maintain the state's 23 river and ocean ports.

*Industrial Site Development* increases the state's

competitiveness by maintaining an inventory of marketable industrial sites that are ready for immediate development. OECDD provides technical assistance and funding to help property owners and communities ensure that environmental, permitting, transportation, and other barriers to development are resolved so that business siting decisions can be made quickly.

Through permit streamlining assistance, OECDD helps move projects from conception to completion. Infrastructure support is accomplished through the Special Public Works Fund, which provides Oregon Lottery money for public infrastructure to support business development projects that created or retain permanent jobs. OECDD offers project siting assistance by providing a customized proposal of available sites to traded sector companies interested in Oregon.

By creating “*Brand Oregon*” marketing campaigns for Oregon products, industry clusters, business recruitment and business expansion, OECDD will increase the ability of Oregon companies to compete in the global economy as well as attract international investment, new businesses and jobs to the state.

*Promotion of Arts Programs* is an important component of economic growth in urban and rural Oregon. Monies from the General Fund, federal programs, and other matching sources provide funding for arts activities that promote tourism and attract a creative and innovative workforce to the state.

The Oregon Cultural Trust manages a statewide initiative intended to build a \$200 million endowment to invest in Oregon’s arts, humanities, heritage and culture. Using a combination of advocacy, education and community engagement, supported by a tax credit program, the Trust’s mission is to enhance the cultural lives of Oregonians. Since inception, the Trust has raised \$7.5 million, with an endowment capital of \$4.7 million. Since 2003, \$3.5 million has been distributed in cultural grants.

## Recent Legislative Action

House Bill 2011, passed during the 2003 Legislative Session, had the purpose of reorganizing Oregon’s development efforts to better reflect the state’s current economic needs. The measure established the multi-agency Governor’s Economic Revitalization Team (formerly the Community Solutions Team) for the purpose of coordinating and streamlining state policies, programs and procedures and providing coordinated assistance between state agencies and local governments.

To address a lack of industrial land in Oregon, HB 2011 directed the Oregon Economic and Community Development Department and the Economic Revitalization Team to identify critical industrial sites that would make a difference in the Oregon economy.

Executive Order #03-02 mandated the creation of a site certification program. This program ensures prospective developers that building can begin on certified industrial sites within 180 days of acquisition.

An infusion of Lottery Bond capital earmarked for industrial land development into OECDD’s Special Public Works Fund resulted in the certification of 48 sites that are now ready for development. To date, over 19 sites are under development attracting more than \$350 million in new investment. Businesses locating on these first 19 sites are expected to create or retain more than 2500 jobs.

Recognizing the increasing demand for venture capital funding, the Legislature adopted House Bill 3613 (2003), which increased the venture capital resources available to Oregon businesses. The bill also directed the Oregon Investment Council (OIC) to place emphasis on investing venture capital in minority or woman operated business enterprises, and in “emerging growth businesses” as defined by ORS 348.701.

The 2005 Legislature enacted Senate Bill 838, which built on the foundation laid by the Oregon Council for Knowledge and Economic

Development (**O**CKED) by creating a new, 16-member, Oregon Innovation Council and charging it with developing a state innovation plan to guide the Governor and Legislature. The Council is a mix of business, education, and government leaders from around the state and across industry sectors. Oregon InC's mission is "to identify Oregon's top innovation-driven growth opportunities, maximize the state's competitive advantages and establish Oregon's niche in the global economy."

Senate Bill 853 (2005) created a \$2 million fund for small businesses to commercialize university research into venture-ready business concepts. Supported by a tax credit program, the fund connects the skills, talents and resources of Oregon's higher education and research community with its entrepreneurs.

Senate Bill 1098 (2005) streamlined statutes guiding the state's infrastructure financing programs, particularly the Special Public Works Fund. This streamlining made it possible for OECDD to fund new infrastructure and other public works programs throughout the state.

A budget note in the agency's appropriation bill for 2005-2007 directed a full review of all agency statutes. The agency conducted an extensive internal and external review process and submitted statutory streamlining recommendations in September 2006.

Senate Bill 71 (2005) implemented ConnectOregon, to improve the state's intermodal transportation system. OECDD supported this effort by the Oregon Department of Transportation to invest in family wage jobs and improve access to work opportunities. Nearly half of the ConnectOregon projects funded in the first round will enhance the development potential of the state's Certified Industrial Sites.

### **Staff and Agency Contacts**

Oregon Economic & Community Development  
Department  
503-986-0123  
<http://www.econ.oregon.gov>

Jim Keller, Legislative Committee Services  
503-986-1644

*Lynn Beaton, Economic and Community Development  
Department, assisted with the development of this  
document.*