



SB 817 – Low-Income Community Investment Initiative

What it is:

The Low-Income Community Investment Initiative provides an indirect subsidy to businesses, which lowers the cost of financing business development in low-income regions of Oregon. Banks and investors that provide capital for projects in qualified low-income areas receive State tax credits over seven years equal to 39 percent of the investment amount. The capital must stay invested in the low-income area for seven years. The investor cannot begin using the credit for two years after its investment, and then receives credits totaling 39 percent of the investment over the next five years. No project can receive more than \$4 million in capital under this Initiative (equaling \$1.56 million in tax credits over seven years).

What it does:

The basic purpose of SB 817 is to leverage a modest investment of State funding to spur significant private job creation and rehabilitation in underserved communities.

- The Initiative lowers the risk of business borrowing: partial support by the State means that banks can reduce lending risk, which is critical in the current economy.
- Unlike the Federal program, SB 187 can be used to support direct loans by community banks to smaller businesses.
- The “multiplier effect” on the State’s investment is increased: the Tax Credit “piggy-backs” on the Federal New Markets Tax Credit Program.
- The Initiative provides an extremely flexible tool to help support and encourage business and job growth: Capital can be used to leverage funding for almost any type of business.
- Increased investment from the Initiative will increase State and local revenues over time.
- Qualifying projects must demonstrate job creation.
- A significant portion of the Initiative is reserved for businesses in renewable energy industries.

Who Benefits:

Any business located in a qualified low-income area anywhere in the state of Oregon is eligible to receive funding through this Initiative. Capital can be used for almost any business purpose other than development of residential rental housing (and certain other prohibited enterprises such as massage parlors).