

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1726

H. P. 1616

Office of the Clerk of the House

Governor's Bill. Reference to the Committee on State Government suggested.

EDWIN H. PERT, Clerk of the House

Presented by Mr. Rolde of York.

Cosponsors: Mr. Dow of W. Gardiner, Mr. Pearson of Old Town and Mrs. Masterton of Cape Elizabeth.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT Revising the Maine Capital Corporation.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 10 MRSA § 950, first ¶, as enacted by PL 1977, c. 531, § 1, is repealed and the following enacted in its place:

The Legislature finds that one of the limiting factors on the beneficial economic development of the State is the limited availability of investment capital for financing the development and growth of Maine businesses. This lack of investment capital for new and existing businesses may inhibit otherwise viable business expansion and may also force businesses to use financing techniques which impede capital reinvestment, thus shifting the focus from long-term growth to short-term survival.

Sec. 2. 10 MRSA § 950, last sentence, as enacted by PL 1977, c. 531, § 1, is repealed and the following enacted in its place:

This can be accomplished by establishing a corporation to provide investment capital to existing and proposed Maine firms with growth potential; and by establishing limited tax credits for investors in the corporation to encourage the formation and use of private capital for the critical public purposes of maintaining and strengthening the state's economy.

Sec. 3. 10 MRSA § 951, as enacted by PL 1977, c. 531, § 1, is repealed and the following enacted in its place:

§ 951. Formation; name; purposes

There is hereby authorized the formation, under Title 13-A, of a private investment corporation to be named "The Maine Capital Corporation" for the purpose of providing investment capital to new Maine business firms or in existing Maine business firms for purposes of expansion.

Sec. 4. 10 MRSA § 952, sub-§ 1, as enacted by PL 1977, c. 531, § 1, is repealed and the following enacted in its place:

1. **Investments and related business dealings.** Its financings and related business dealings shall be restricted to Maine business firms which, for the purposes of this chapter, shall be defined as Maine business entities, including, without limitation, corporations and limited partnerships, whether or not the same are subsidiaries of foreign corporations, which are doing business primarily in Maine or do substantially all of their production in Maine. Any funds so invested in Maine business firms by purchase of stock or otherwise shall be used by the firms solely for the purpose of enhancing their productive capacities or ability to do business within the State, or to facilitate their ability to generate value added within the State to goods or services for export to out-of-state markets. The Maine Capital Corporation's financings may include, in any combination and without limitation, equity investments, loans, guarantees and commitments for such financings;

STATEMENT OF FACT

Formation of the Maine Capital Corporation as a private investment corporation, to provide additional capital for the long-term needs of Maine businesses and entrepreneurs, was authorized by the 108th Legislature. To capitalize the corporation, a \$1,000,000 stock offering to private investors was also authorized. The prospect of acquiring this capital is excellent.

This legislation will provide the Maine Capital Corporation with additional operating flexibility, enhancing its ability to function as a small business investment company (SBIC), licensed by the federal Small Business Administration. As an equity-oriented small business investment company, the corporation will be able to borrow, from the Federal Financing Bank, at favorable interest rates, up to 4 times its private capital for reinvestment in Maine businesses. This will create additional jobs and income in Maine at no cost or liability to the State.

Specifically, the corporation will be authorized explicitly to employ, consistent with its purpose of providing investment capital for the long-term development of Maine businesses, any combination of equity, debt and other financing techniques complementary to bank credit and other established forms of business finance. Investment capital does not supplant bank credit; rather it expands the capital base of enterprises to enhance their access to bank credit.

The corporation will also be authorized to invest in any form of business entity,

with the original restriction retained that the entity must be doing business primarily in Maine or do substantially all its production in Maine.