

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2002

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Legislative Document

No. 2203

H.P. 1709

House of Representatives, March 26, 2002

**An Act to Increase the Cap on Funds Available through the Regional  
Economic Development Revolving Loan Program.**

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Reported by Representative RICHARDSON for the Joint Standing Committee on Business and Economic Development pursuant to Joint Order 2001, H. P. 1610.

Reference to the Joint Standing Committee on Business and Economic Development suggested and printing ordered under Joint Rule 218.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

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

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**Sec. 1. 10 MRSA §1026-M, sub-§3**, as enacted by PL 1993, c. 722, Pt. C, §1 and affected by §2, is amended to read:

**3. Disbursements from fund.** If an application is approved, the authority shall determine the amount to be disbursed to the corporation, taking into account:

- A. The size of the region served by the corporation and the expected demand for loan funds in that region;
- B. The demand for funds from other eligible corporations in relation to the total amount available in the fund; and
- C. Whether an eligible corporation will serve a geographic area or segment of potential business borrowers not served by other applicants.

A corporation may not receive more than ~~\$1,250,000~~ \$2,500,000 from the fund. Funds must be disbursed directly to and retained by the eligible corporation in accordance with the contract between the corporation and the authority. Funds must be disbursed to the corporation in the form of a loan or a grant. The authority may, in its discretion, disburse fund amounts in one lump sum or periodic disbursements.

**Sec. 2. 10 MRSA §1026-M, sub-§5**, as amended by PL 1999, c. 401, Pt. 000, §1, is further amended to read:

**5. Administrative costs.** A corporation may not use any money disbursed from the fund by the authority for administrative expenses, but may charge a commitment fee of up to ~~1%~~ 2% and may use interest earnings not to exceed ~~5%~~ 7% of each loan annually on loans to cover reasonable administrative, technical assistance and education costs. The authority shall review and approve a corporation's administrative expenses on an annual basis. The authority may establish by rule reasonable administrative fees for its administration of the fund.

**FISCAL NOTE**

The additional costs associated with increasing the cap on funds available through the Regional Economic Development Revolving Loan program can be absorbed by the Finance Authority of Maine utilizing existing budgeted resources.

## SUMMARY

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4           This bill increases the amount a corporation may receive  
6           from the Regional Economic Development Revolving Loan Program  
8           Fund from \$1,250,000 to \$2,500,000 and makes more money available  
          to corporations to use for reasonable administrative expenses by  
          increasing the commitment fee from 1% to 2% and increasing the  
          interest earnings cap from 5% to 7%.