

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1500

H.P. 984

House of Representatives, April 8, 2025

**An Act to Establish the Maine Community Development Financial
Institution Fund to Support Small Businesses, Rural Economic
Development and Affordable Housing**

Reference to the Committee on Housing and Economic Development suggested and
ordered printed.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative SACHS of Freeport.
Cosponsored by President DAUGHTRY of Cumberland and
Representatives: DANA of the Passamaquoddy Tribe, DUCHARME of Madison, Speaker
FECTEAU of Biddeford, GERE of Kennebunkport, MALON of Biddeford, ROEDER of
Bangor, Senators: RENY of Lincoln, STEWART of Aroostook.

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

2 **Sec. 1. 5 MRSA §13056-K** is enacted to read:

3 **§13056-K. Maine Community Development Financial Institution Program**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Community development financial institution" means an institution that, as
7 determined by the Secretary of State, is:

8 (1) Legally qualified to do business within the State;

9 (2) Subject to oversight by applicable federal or state financial institution or
10 insurance regulatory agencies, if applicable; and

11 (3) Certified by the United States Department of the Treasury as a community
12 development financial institution.

13 B. "Financing" means any combination of loans, grants and forgivable loans.

14 C. "Fund" means the Maine Community Development Financial Institution Fund
15 established in subsection 2.

16 D. "Program" means the Maine Community Development Financial Institution
17 Program established in subsection 3.

18 E. "Project" means a project funded under the program.

19 F. "Underserved community" means a geographic area or targeted population identified
20 by the Community Development Financial Institutions Fund at the United States
21 Department of the Treasury as a target market for financing from community
22 development financial institutions.

23 **2. Fund established.** The Maine Community Development Financial Institution Fund
24 is established within the department for the purpose of providing funds for the program.
25 The fund consists of money transferred to the fund by the Legislature in the form of
26 appropriations, which may be provided as grants or loans, or by the Treasurer of State in
27 the form of low-cost or no-cost loaned capital, which may be provided as loans.

28 The Treasurer of State may deposit an amount not to exceed \$10,000,000 in each calendar
29 year with community development financial institutions authorized to do business in the
30 State at a rate of return not more than 2% per year below the rate of return otherwise
31 obtainable had the funds been invested with other financial institutions for a similar term,
32 as determined by the Treasurer of State, for periods not to exceed 2 years.

33 Other funds may include grants and loans from federal, state and private sources and other
34 types of funding from private sources. The fund is a dedicated nonlapsing fund, and all
35 revenues deposited in the fund remain in the fund and must be disbursed in accordance
36 with this section. The department may dedicate up to 10% of the appropriated and granted
37 money in the fund for the administrative and operational costs required to administer and
38 manage the program, and any interest earned on money in the fund remains in the fund and
39 must be credited to the fund.

40 **3. Program established; duties.** The Maine Community Development Financial
41 Institution Program is established within the department to provide capital through grants

and loans to community development financial institutions. The program must provide grants and loans to community development financial institutions for purposes that align with the program's goal of promoting housing and economic and community development, capital access, housing access and small business support. Community development financial institutions must deploy the funds in the form of loans, grants and forgivable loans to provide financial products to underserved communities in the State.

4. Rulemaking. The department shall adopt rules to implement this section. Rules must include, but are not limited to, monitoring and accountability mechanisms for organizations receiving funding under the program. Rules adopted pursuant to this subsection are routine technical rules as defined in chapter 375, subchapter 2-A.

5. Reporting. Beginning January 1, 2026, and biannually thereafter, the department shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters on such matters regarding the fund as the department considers appropriate, including the amount of funding committed to projects from the fund, and other items as may be requested by the joint standing committee of the Legislature having jurisdiction over economic development matters. After reviewing the report, the committee may report out legislation to implement any recommendations contained in the report or address any other issues identified in the report.

Sec. 2. Transfer from General Fund unappropriated surplus; Department of Economic and Community Development, Maine Community Development Financial Institution Fund. Notwithstanding any provision of law to the contrary, on or before November 1, 2025, the State Controller shall transfer \$500,000 from the unappropriated surplus of the General Fund to the Department of Economic and Community Development, Maine Community Development Financial Institution Fund pursuant to the Maine Revised Statutes, Title 5, section 13056-K, subsection 2 to provide payments to fund costs related to eligible projects under the Maine Community Development Financial Institution Program pursuant to Title 5, section 13056-K, subsection 3.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF
Maine Community Development Financial Institution Fund N506**

Initiative: Allocates one-time funds for grants and loans to eligible institutions and enterprises to promote housing and community development, capital access, housing access and small business support.

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
All Other	\$500,000	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	\$500,000	\$0

SUMMARY

This bill establishes the Maine Community Development Financial Institution Fund and the Maine Community Development Financial Institution Program within the Department of Economic and Community Development. The program will provide loans

1 and grants to community development financial institutions to provide financing to
2 underserved communities in Maine. The bill also requires a \$500,000 transfer from the
3 unappropriated surplus of the General Fund to the fund.