

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1911
6

7 H.P. 1459

House of Representatives, January 10, 1984

8 Approved for introduction by the Legislative Council pursuant to Joint
9 Rule 26.

10 Reference to the Committee on Appropriations and Financial Affairs is
suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Mitchell of Vassalboro.

11 Cosponsors: Senator Pray of Penobscot, Senator Najarian of
Cumberland and Representative Gwadosky of Fairfield.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FOUR
16

17 AN ACT to Establish the Maine
18 Job-start Program.
19

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

22 Sec. 1. 10 MRSA §1001, sub-§30, as enacted by PL
23 1983, c. 519, §7, is amended to read:

24 30. Small business, subchapters V and VI and
25 VII "small business," as used in subchapters V and
26 VI and VII, means any business or employee coope-
27 rative corporation subject to Title 13, chapter 85,
28 subchapter III, employing 20 persons or less or with
29 sales of \$2,500,000 or less.

30 Sec. 2. 10 MRSA §1002, sub-§1, ¶¶D and E, as en-
31 acted by PL 1983, c. 519, §7, are amended to read:

32 D. Maine Small Business Loan Program; and

1 E. Maine Veterans' Small Business Loan Program;
2 ; and

3 Sec. 3. 10 MRSA §1002, sub-§1, ¶F is enacted to
4 read:

5 F. Maine Job-start Program.

6 Sec. 4. 10 MRSA c. 110, sub-c. VII is enacted to
7 read:

8 SUBCHAPTER VII

9 MAINE JOB-START PROGRAM

10 §1100-M. Authorization

11 The Finance Authority of Maine may administer a
12 statewide program to make low interest loans to stim-
13 ulate the development and expansion of small business
14 in this State pursuant to contracts between the au-
15 thority and local community action agencies desig-
16 nated under Title 5, chapter 330. This program shall
17 be known as the Maine Job-start Program.

18 §1100-N. Administration

19 1. Contracts. The authority shall contract with
20 each community action agency who seeks to participate
21 in this program in order to organize a job-start pro-
22 gram within the region served by the community action
23 agency. The contract shall provide as a minimum:

24 A. Each community action agency shall designate
25 a coordinator who shall be the executive officer
26 of the job-start program in that region;

27 B. The board of directors of a community action
28 agency shall appoint a separate job-start advis-
29 ory board or a subcommittee of the board of di-
30 rectors to review and approve or deny loan appli-
31 cations and offer other advice to small busi-
32 nesses, which board shall consist of 5 members
33 who represent low income people, as well as rep-
34 resentatives knowledgeable of business and finan-
35 cial matters. Members shall serve for a maximum
36 of 2 years; and

1 C. A participating community action agency shall
2 be responsible for at least 50% of the adminis-
3 trative costs of implementing the job-start pro-
4 gram, which costs may be derived from direct fi-
5 ancial support or in-kind services, or both.

6 2. Loan criteria. The authority may, in cooper-
7 ation with the Community Services Advisory Board,
8 promulgate rules to implement the Maine Job-start
9 Program which shall include, but not be limited to,
10 the following loan criteria:

11 A. The purpose of the loan shall be to establish
12 or expand a small business;

13 B. Loans may be made to applicants with insuffi-
14 cient access to conventional sources of credit
15 and whose gross annual household income does not
16 exceed \$12,000 to \$16,000, depending on the size
17 of the household;

18 C. Flexibility shall be granted to the community
19 action agency advisory board as to the terms of
20 the loans, but no loan may be made in an amount
21 in excess of \$5,000 to any single applicant, nor
22 at an interest rate to exceed 8 1/2% simple annu-
23 al interest;

24 D. A majority vote of the community action agen-
25 cy advisory board shall be necessary to approve a
26 loan, which shall then be transmitted to the Di-
27 vision of Maine Business Development and Finance
28 which shall transmit the application with a rec-
29 ommendation for action to the authority for final
30 disposition in accordance with the policies
31 adopted by the authority;

32 E. Loans shall be reviewed by both the community
33 action agency advisory board and the authority
34 for feasibility, that is, for the general reason-
35 ableness of the business proposal, whether the
36 applicant has sufficient capital, whether an ade-
37 quate market analysis has been completed, whether
38 the applicant is credit worthy and whether the
39 collateral offered to secure the loan is ade-
40 quate;

1 F. Loans shall not be insured or guaranteed by
2 the State, but the authority may require collat-
3 eral in the form of security for the loan and
4 may, in appropriate cases, take a mortgage on
5 real estate; and

6 G. Loan funds shall be made available by the au-
7 thority to community action agencies on the basis
8 of a formula that takes into consideration both
9 the population served by the agency and the eco-
10 nomical conditions of the region, as evidenced by
11 unemployment statistics and per capita income.

12 §1100-O. Revolving loan fund

13 1. Creation of fund. A Job-start Revolving Loan
14 Fund shall be established by the authority for the
15 job-start program. The fund shall contain appropria-
16 tions provided for that purpose and all repayments of
17 principal and interest of loans under this subchap-
18 ter. Interest and principal payments required by
19 loan defaults shall be charged to this fund. The
20 authority shall have the sole responsibility for the
21 allocation and distribution of the fund. This fund
22 shall initially be the sum of \$500,000, for which a
23 maximum of 10% may be used by the authority for ad-
24 ministrative costs of the authority and community ac-
25 tion agencies with whom the authority has contracted
26 under section 1100-N. Any funds appropriated for
27 this purpose shall not lapse, but shall remain avail-
28 able for the purposes set forth in this subchapter.

29 2. Deposited with Treasurer of State or in-
30 vested. Moneys in the fund, not needed currently to
31 meet the obligations of the authority as provided for
32 in this subchapter, shall be deposited with the Treas-
33 urer of State to the credit of the fund or may be
34 invested in such manner as is provided for by stat-
35 ute.

36 §1100-P. Reports

37 1. Regional. Each community action agency
38 job-start program shall file the reports as required
39 by the authority.

