

1 2 3	(EMERGENCY) FIRST REGULAR SESSION
4 5	ONE HUNDRED AND TWELFTH LEGISLATURE
6 7	Legislative Document No. 1280
8	H.P. 891 House of Representatives, April 9, 1985
9 10	Submitted by the Finance Authority of Maine pursuant to Joint Rule 24. Referred to the Committee on State Government. Sent up for concurrence and ordered printed.
11	EDWIN H. PERT, Clerk
12	Presented by Representative Gwadosky of Fairfield. Cosponsored by Speaker Martin of Eagle Lake, President Pray of Penobscot and Representative Murphy of Kennebunk.
13 14	STATE OF MAINE
15 16 17	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-FIVE
18 19 20 21 22 23	AN ACT to Reallocate Mortgage Insurance Authority from the Mortgage Insurance Program of the Finance Authority of Maine to the Maine Small Business Loan Program.
24 25 26	Emergency preamble. Whereas, Acts of the Legis- lature do not become effective until 90 days after adjournment unless enacted as emergencies; and
27 28 29 30 31	Whereas, the Finance Authority of Maine is autho- rized to insure payment of up to 85% of mortgage loans to Maine small businesses not exceeding an ag- gregate principal amount of \$2,500,000 at any one time; and
32 33 34 35	Whereas, the aggregate principal amount of mort- gage loans so insured has increased to the point that the \$2,500,000 maximum may be reached in the near fu- ture; and

Whereas, if the \$2,500,000 maximum is reached,
 small businesses may not be able to obtain adequate
 financing at reasonable terms and rates; and

4 Whereas, the Finance Authority of Maine currently 5 has unused loan insurance authority under its Mort-6 gage Insurance Program which can be reallocated on a 7 short-term basis to the Maine Small Business Loan 8 Program to permit the program to continue to operate 9 without interruption; and

10 Whereas, in the judgment of the Legislature, 11 these facts create an emergency within the meaning of 12 the Constitution of Maine and require the following 13 legislation as immediately necessary for the preser-14 vation of the public peace, health and safety; now, 15 therefore,

16 Be it enacted by the People of the State of Maine as 17 follows:

18 Sec. 1. 10 MRSA §1024, sub-§2, ¶B, as amended by 19 PL 1983, c. 4, is further amended to read:

20 B. In the amount required, but not exceeding in the aggregate at any one time outstanding the 21 amount set forth in the Constitution of Maine, 22 Article IX, Section 14-A, as it may be from time 23 time amended, except that bonds issued under 24 to the Constitution of Maine, Article IX, 25 Section 14-A under this subchapter shall not exceed in 26 outstanding the the aggregate at any one time 27 28 amount of \$60,000,000;

 29
 Sec. 2.
 10 MRSA §1094, first ¶, as enacted by PL

 30
 1983, c.
 519, §20, is amended to read:

31 authority may, upon application of the pro-The 32 posed lender, insure loan payments to small businesses required by the first mortgage on any eligible 33 project, upon such terms and conditions as the lean 34 authority beard may prescribe, provided that the ag-35 gregate amount of principal obligations of all mort-36 gages so insured outstanding at any one time shall not exceed \$2,500,000 \$4,500,000. To be eligible for 37 38 insurance under this subchapter a loan shall: 39

1 **Emergency clause.** In view of the emergency cited 2 in the preamble, this Act shall take effect when ap-3 proved.

STATEMENT OF FACT

5 The Finance Authority of Maine administers both 6 the Maine Small Business Loan Program and the Mort-7 gage Insurance Program. By statute, the aggregate principal amount of insured loans under the Maine 8 9 Small Business Loan Program cannot currently exceed \$2,500,000 at any time and under the Mortgage Insur-10 11 ance Program cannot currently exceed \$60,000,000 at 12 any time.

13 The success of the Maine Small Business Loan Program has resulted in a portfolio rapidly approaching 14 15 the \$2,500,000 maximum. As the maximum is ap-16 proached, the authority would have to cut back on the 17 number and size of loans it could insure, resulting 18 in the possibility that eligible Maine small busi-19 nesses will not be able to obtain the financing they 20 need.

21 This bill will resolve the current problem by 22 temporarily moving the \$2,000,000 in loan insurance 23 authority from the Mortgage Insurance Program to the 24 Maine Small Business Loan Program, ensuring that 25 small businesses will continue to be able to obtain 26 insured commercial loans that they would not other-27 wise be able to obtain. Legislation is also being 28 submitted this session to provide a permanent solu-29 tion to the problem by giving the authority power to 30 allocate loan insurance authority among programs by 31 rulemaking.

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