

# MAINE STATE LEGISLATURE

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(EMERGENCY)  
(AFTER DEADLINE)  
SECOND REGULAR SESSION

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ONE HUNDRED AND THIRTEENTH LEGISLATURE

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Legislative Document

NO. 2309

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H.P. 1680                    House of Representatives, February 19, 1988  
Approved for introduction by a majority of the  
Legislative Council pursuant to Joint Rule 27.  
Reference to the Committee on Economic Development  
suggested and ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative CROWLEY of Stockton Springs.  
Cosponsored by Senator ANDREWS of Cumberland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-EIGHT

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1                    AN ACT to Remove the Statutory Loan  
2                    Guarantee Ceiling on the Small Business  
3                    Mortgage Insurance Program of the Finance  
4                    Authority of Maine.  
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6                    Emergency preamble.            Whereas, Acts of the  
7                    Legislature do not become effective until 90 days  
8                    after adjournment unless enacted as emergencies; and

9                    Whereas, the Small Business Mortgage Insurance

1 Program administered by the Finance Authority of Maine  
2 is committed to more than \$9,000,000 of loans to small  
3 businesses; and

4 Whereas, this commitment has been made on the  
5 basis of a legislative Act repealing the previous  
6 \$4,500,000 ceiling on the program; and

7 Whereas, the legislative Act was in conflict with  
8 another Act during the same legislative session, and  
9 the \$4,500,000 ceiling was restored in the errors bill  
10 of the First Regular Session of the 113th Legislature;  
11 and

12 Whereas, the reinstatement of the ceiling  
13 jeopardizes the financing programs for Maine  
14 businesses; and

15 Whereas, in the judgment of the Legislature, these  
16 facts create an emergency within the meaning of the  
17 Constitution of Maine and require the following  
18 legislation as immediately necessary for the  
19 preservation of the public peace, health and safety;  
20 now, therefore,

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

23 Sec. 1. 10 MRSA §1026-B, sub-§2, ¶¶A and B, as  
24 amended by PL 1987, c. 402, Pt. B, §14, are further  
25 amended to read:

26 A. The original principal amount of mortgage  
27 insurance shall not exceed \$500,000; and

28 B. The authority may insure no more than 85% of  
29 the mortgage payments; ~~and~~ .

30 Sec. 2. 10 MRSA §1026-B, sub-§2, ¶C, as enacted  
31 by PL 1987, c. 402, Pt. B, §14, is repealed.

32 **Emergency clause.** In view of the emergency  
33 cited in the preamble, this Act shall take effect when  
34 approved.

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STATEMENT OF FACT

2 This bill removes the \$4,500,000 ceiling on the  
3 Small Business Mortgage Insurance Program administered  
4 by the Finance Authority of Maine. The ceiling was  
5 added by the errors bill during the First Regular  
6 Session of the 113th Legislature as the result of a  
7 misunderstanding regarding 2 bills in conflict with  
8 each other.

9 The First Regular Session of the 112th Legislature  
10 enacted Public Law 1985, chapter 198 and Public Law  
11 1985, chapter 344, respectively. Both laws revised  
12 provisions relating to the Small Business Mortgage  
13 Insurance Program as described below.

14 1. Chapter 198 raised the debt limit on mortgage  
15 guarantees that the Finance Authority of Maine makes  
16 to small businesses from \$2,500,000 to \$4,500,000.

17 2. Chapter 344, without reference to the earlier  
18 changes made by chapter 198, entirely repealed the  
19 Maine Revised Statutes, Title 10, section 1094 as part  
20 of a reorganization of the Finance Authority of Maine  
21 laws. Those provisions were rewritten and reallocated  
22 in the laws by chapter 344, but the new laws do not  
23 include the change made by chapter 198.

24 During the First Regular Session of the 113th  
25 Legislature, the discrepancy was uncovered, and the  
26 \$4,500,000 ceiling on the Small Business Mortgage  
27 Insurance Program, the Maine Revised Statutes, Title  
28 10, section 1026-B, was restored in the errors bill,  
29 Public Law 1987, chapter 402. The reason for  
30 restoring the ceiling was based on the absence of  
31 clear legislative intent to eliminate the debt  
32 limitation enacted by chapter 198.

33 The Finance Authority of Maine, acting on the  
34 basis of Public Law 1985, chapter 344, has very  
35 actively assisted small businesses in Maine.  
36 Currently, the Finance Authority of Maine has  
37 committed itself to \$9,055,000 of guaranteed loans.

1 The Finance Authority of Maine sincerely believed that  
2 the Legislature understood the intent of chapter 344  
3 and that the later enactment of chapter 344 took  
4 precedence over the earlier enactment of chapter 198.

5 Since the Finance Authority of Maine has committed  
6 itself to guaranteed loans that exceed the recently  
7 enacted statutory ceiling by more than 100%, the  
8 financial markets are very concerned about these loan  
9 guarantees. The financial markets could give the  
10 Finance Authority of Maine or the State a questionable  
11 rating.

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