

# MAINE STATE LEGISLATURE

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L.D. 2357

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(Filing No. H- 646 )

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
113TH LEGISLATURE  
SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 1718, L.D. 2357,  
Bill, "AN ACT to Improve the Linked Investment Program  
for Agricultural Loans."

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10 Amend the bill in the first line after the  
11 enacting clause (page 2, line 21 in L.D.) by inserting  
12 at the beginning the following: 'Sec. 1.'

13 Further amend the bill by inserting before the  
14 emergency clause the following:

15 'Sec. 2. 5 MRSA §135, as amended by PL 1987, c.  
16 247, §1, and c. 402, Pt. A, §10, is further amended by  
17 adding at the end a new paragraph to read:

18 The Treasurer of State may deposit an amount not  
19 to exceed \$4,000,000 in each calendar year with  
20 responsible financial institutions authorized to do  
21 business in the State at a rate of return not more  
22 than 2% per year below the rate of return otherwise  
23 obtainable had the funds been invested with such  
24 financial institutions for a similar term, as  
25 determined by the treasurer, for periods not to exceed  
26 one year, provided that each such financial  
27 institution covenants with the treasurer as a  
28 condition of the deposit to loan an amount at least  
29 equal to the amount so deposited with the financial  
30 institution by the treasurer under this paragraph to  
31 commercial enterprises approved by the treasurer

1 pursuant to this paragraph. All the loans shall be  
2 at interest rates which are below the interest rates  
3 the loans would have borne under existing market  
4 conditions and loan standards of the financial  
5 institution but for the deposit by the treasurer under  
6 this paragraph, and the interest rates shall fully  
7 reflect the savings to the financial institution due  
8 to the reduced interest rate paid on the deposit.  
9 Notwithstanding any provisions of this section to the  
10 contrary, the treasurer shall not be obligated to seek  
11 competitive bids for investments or deposits pursuant  
12 to this paragraph. The Finance Authority of Maine  
13 shall provide assistance to the treasurer in  
14 implementing this paragraph. For purposes of this  
15 paragraph, eligible commercial enterprises are  
16 for-profit businesses with 20 or fewer employees or  
17 annual sales of less than \$2,500,000, whose sales of  
18 services or products are primarily out of state or  
19 which are manufacturers, which are primarily owned and  
20 operated by Maine residents or by corporations which  
21 are primarily owned and operated by Maine residents,  
22 when the treasurer determines that not less than one  
23 job will be created or retained per \$20,000 of  
24 deposited funds. The maximum loan to any borrower for  
25 which a deposit may be applied under this paragraph is  
26 \$200,000, and businesses shall be eligible to receive  
27 subsidies pursuant to this paragraph for a maximum of  
28 an aggregate of 24 months. In adopting rules to  
29 implement this paragraph, the treasurer shall consider  
30 criteria targeting loans under the program to  
31 geographic areas of financial need, and may establish  
32 limits on deposits to any one financial institution,  
33 further limits on deposits supporting loans to any one  
34 borrower, and further restrictions on eligibility.'

35 Further amend the bill by inserting before the  
36 statement of fact the following:

37 'FISCAL NOTE

38 Enactment of this bill will result in a loss of  
39 revenue to the State of approximately \$127,000 per  
40 year, \$106,400 of which will be revenue lost to the  
41 General Fund.

42 The bill amends the existing statutory language

COMMITTEE AMENDMENT "A" to H.P. 1718, L.D. 2357

1 for the Linked Investment Program for agricultural  
2 loans in order that the Treasurer of State will  
3 receive certificate of deposit interest rates 0.3%  
4 less than the originally authorized 2% lower yield,  
5 resulting in a revenue loss of \$12,000 annually. The  
6 bill also extends the \$4,000,000 program to "any  
7 calendar year" which may result in an additional  
8 \$2,000,000 being invested at an interest rate 2.3%  
9 less for a period of 4 months. This will result in a  
10 revenue loss of \$15,333 annually.

11 The committee amendment creates another \$4,000,000  
12 linked investment program which will provide reduced  
13 interest rates to Maine-owned small businesses which  
14 are primarily export-based. The Treasurer of State  
15 will receive approximately 2.3% less interest income  
16 under the small business program than will be  
17 experienced under the agricultural program, resulting  
18 in an additional loss of revenue of \$92,000 annually.  
19 As with the agricultural loans, there may be a short  
20 period of time during which the total amount invested  
21 under the small business program exceeds \$4,000,000,  
22 if investments in one calendar year are made before  
23 investments in the prior calendar year are repaid.  
24 The Finance Authority of Maine has estimated that on  
25 overlap of \$2,000,000 might occur for a period of 2  
26 months, producing an additional loss of revenue of  
27 \$7,667 annually.'

28 STATEMENT OF FACT

29 The purpose of this amendment is to authorize the  
30 Treasurer of State to invest up to \$4,000,000 with  
31 financial institutions in the State at an interest  
32 rate up to 2% below the rate of return otherwise  
33 obtainable from that institution provided that the  
34 financial institution makes a corresponding loan at a  
35 correspondingly reduced interest rate to a Maine-owned  
36 small business which is primarily export based. The  
37 reduced interest rates would benefit Maine  
38 export-based businesses which generally bring more  
39 capital into the State and generate the highest job  
40 multiplier effects.

