

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 954

S.P. 353

In Senate, March 28, 1989

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ANDREWS of Cumberland.

Cosponsored by Senator PERKINS of Hancock, Representative KILKELLY of Wiscasset and Representative PAUL of Sanford.

STATE OF MAINE

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

An Act to Provide Assistance to Businesses Adversely Affected by Snow Drought.

(EMERGENCY)
(After Deadline)



1 **Emergency preamble.** Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
3 as emergencies; and

5 Whereas, the lack of snowfall in much of the State during
6 December and January of the winter of 1988-89 has had a
7 detrimental effect on many of the businesses which depend on
8 snowfall for sales and services, threatening the survival of some
9 businesses and threatening some employees with loss of their
10 jobs; and

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

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

17
18 **Sec. 1. 10 MRSA §1012, sub-§1,** as enacted by PL 1987, c. 159,
19 §1, is repealed and the following enacted in its place:

20 **1. Purpose.** The authority shall administer the Maine
21 Natural Disaster Business Assistance Program for the purpose of
22 providing assistance to businesses that are victims of natural
23 disasters which have either:

24 **A.** Caused the State or portions of the State to be declared
25 disaster areas by the President of the United States or the
26 President's authorized representative; or

27 **B.** Been designated by the Legislature as natural disasters
28 for purposes of the program and for which appropriations
29 have been made to the Natural Disaster Business Assistance
30 Fund.

31 **Sec. 2. 10 MRSA §1012, sub-§4,** as enacted by PL 1987, c. 159,
32 §1, is amended to read:

33 **4. Criteria.** No financial assistance may be approved
34 unless the authority determines that there is a reasonable
35 likelihood that the applicant will be able to repay any loan made
36 or secured under the program, that the applicant has demonstrated
37 that it has insufficient access to other sources of funds and
38 that the financial assistance is needed to assure the recovery of
39 the applicant from the effects of the natural disaster. ~~All~~
40 ~~applications must be received not later than June 30, 1987.~~ The
41 authority, by rules adopted in accordance with the Maine
42 Administrative Procedure Act, Title 5, chapter 375, may establish
43 temporary reservations for geographic areas of the State and may
44 establish such other criteria as may be consistent with the
45 purposes of the program.

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49
51

Sec. 3. 10 MRSA §1012, sub-§5, ¶¶B and D, as enacted by PL 1987, c. 159, §1, are amended to read:

B. Loans pursuant to this subchapter shall ordinarily be made at interest rates not exceeding higher than 2% per year below the prime rate of interest as reported in national financial publications and for terms not exceeding 20 years, provided that the authority may in its discretion vary those limitations if necessary to ensure the viability of the enterprise and repayment of the loan, and provided further that the authority may charge a higher rate of interest after default.

D. The amount of financial assistance to an applicant from the fund shall not exceed \$50,000 \$100,000, provided that the initial amount of each loan shall not exceed the minimum amount necessary for operation ~~of the applicant's business during the initial 6 month term~~ to recover from the effects of the natural disaster, as determined by the authority.

Sec. 4. Application for assistance. The emergency referred to in the emergency preamble is deemed to be a natural disaster for purposes of the Maine Revised Statutes, Title 10, chapter 110, subchapter I-C. Applications for assistance under this Act must be received by the authority on or before June 30, 1989.

Sec. 5. Appropriation. Notwithstanding the limitations of the Maine Revised Statutes, Title 5, section 1513, subsection 2, the following funds are appropriated from the Rainy Day Fund in the General Fund to carry out the purposes of this Act.

1989-90

FINANCE, DEPARTMENT OF

Unallocated (\$1,000,000)

**DEPARTMENT OF FINANCE
TOTAL**

(\$1,000,000)

FINANCE AUTHORITY OF MAINE

**Natural Disaster Business
Assistance Fund**

All Other \$1,000,000

Transfers \$1,000,000 from the
Rainy Day Fund to the Finance
Authority of Maine for the
Natural Disaster Business

1 Assistance fund. All amounts
2 in the fund on December 31,
3 1989, and all amounts
4 received in repayment of
5 loans from the fund
6 thereafter shall be repaid to
7 the Department of Finance and
8 deposited in the Rainy Day
9 Fund, except that the
10 authority may retain an
11 amount equal to 2% of the
12 principal amount of each loan
13 from loan repayments and
14 deposit that amount in the
15 Mortgage Insurance Fund.

17

18 **FINANCE AUTHORITY OF MAINE**
19 **TOTAL**

\$1,000,000

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

23

25

STATEMENT OF FACT

27

28 This bill provides \$1,000,000 from the Rainy Day Fund to be
29 used for direct loans to businesses which have been adversely
30 affected by the lack of snow experienced in many areas of the
31 State during December 1988 and January 1989. The money would be
32 deposited in the Natural Disaster Business Assistance Fund
33 administered by the Finance Authority of Maine. In order to be
34 eligible for loan funds, businesses would have to demonstrate
35 that they have been injured due to lack of snow, that they have
36 insufficient access to other sources of financing, that they have
37 repayment ability and that the loan will assist them in
38 recovering from the effects of the snow drought. The bill would
39 declare the snow drought to be a natural disaster for purposes of
40 the Maine Revised Statutes, Title 10, chapter 110, subchapter I-C
41 only.

41