

MAINE STATE LEGISLATURE

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OK
R. of S.

L.D. 1769

(Filing No. S-425)

STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P.
1211, L.D. 1769, Bill, "An Act to Encourage Business Investments"

Amend the amendment by striking out all of the first paragraph after the title (page 1, lines 16 and 17 in amendment) and inserting in its place the following:

'Amend the bill by striking out all of Parts A and B and inserting in their place the following:'

Further amend the amendment in section A-3 by striking out all of subsection 6 (page 3, lines 25 to 32 in amendment) and inserting in its place the following:

'6. Program: administration. The Commissioner of Economic and Community Development shall administer a state tax increment financing program. The commissioner shall adopt rules pursuant to the Maine Administrative Procedure Act for implementation of the program, including, but not limited to, rules for determining and certifying eligibility and the amount of the tax increment attributable to particular districts. The commissioner may also establish by rule fees for administration of the program.'

Further amend the amendment by inserting after section A-4 the following:

'PART B

Maine World Trade Association. To the extent possible with available resources, the Maine World Trade Association will work to increase trade between Maine and Canada with special emphasis on Quebec.'

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

Further amend the amendment on page 4 by striking out all of the last paragraph (page 4, lines 47 and 48 in amendment) and inserting in its place the following:

'Further amend the bill in Part D by striking out all of section D-6 and inserting in its place the following:'

Further amend the amendment by striking out all of section D-5 (page 5, lines 1 to 4 in amendment).

Further amend the amendment by inserting after section D-6 the following:

'Further amend the bill in Part D in section D-7 in the last line (page 7, line 32 in L.D.) by striking out the following: "December" and inserting in its place the following: 'November'

Further amend the bill in Part D by striking out all of section D-8 and inserting in its place the following:

'Sec. D-8. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1991-92

LEGISLATURE

Commission to Study State Permitting and Reporting Requirements

Personal Services	\$660
All Other	1,000

Provides funds to the Commission to Study State Permitting and Reporting Requirements for the per diem and expenses of legislative members, printing and miscellaneous commission expenses.

LEGISLATURE TOTAL

\$1,660'

Further amend the amendment in section F-1 in that part designated "~~\$1026-I.~~" by striking out the first paragraph (page 6, lines 12 to 15 in amendment) and inserting in its place the following:

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

'The Maine Street Investment Program is established to provide loans to businesses for investments in downtown areas and business districts.'

Further amend the amendment in section F-1 in that part designated "\$1026-I." by striking out all of subsections 2 and 3.

Further amend the amendment in section F-1 in that part designated "\$1026-I." in subsection 4 by striking out the first 2 lines (page 7, lines 47 and 48 in amendment) and inserting in their place the following:

'4. Eligibility for loans. Businesses may apply to the authority for loans under the program.'

Further amend the amendment in section F-1 in that part designated "\$1026-I." by renumbering the subsections to read consecutively.

Further amend the amendment by inserting after section G-3 the following:

'PART H

Sec. H-1. 5 MRSA c. 383, sub-c. III, Art. 5 is enacted to read:

Article 5

ECONOMIC OPPORTUNITY

\$13089. Economic Opportunity Fund

1. Creation. The Economic Opportunity Fund, referred to in this section as the fund, is created under the jurisdiction and control of the department.

2. Sources of money. The fund consists of the following:

A. All money appropriated or allocated for inclusion in the fund, from whatever source;

B. Subject to any pledge, contract or other obligation, all interest, dividends or other pecuniary gains from investment of money from the fund;

C. Subject to any pledge, contract, fee or other obligation, any money that the department receives in repayment of advances from the fund; and

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

D. Any other money available to the department and directed by the department to be paid into the fund.

3. Application of fund. Money in the fund may be applied to carry out any power of the department under or in connection with section 13090 or to pay obligations incurred in connection with the fund. Money in the fund not needed currently to meet the obligations of the department as provided in this section may be invested in a manner permitted by law.

4. Accounts within fund. The department may divide the fund into separate accounts it determines necessary or convenient for carrying out this section.

5. Revolving fund. The fund is a nonlapsing, revolving fund. All money in the fund must be continuously applied by the department to carry out this section and section 13090.

§13090. Economic Opportunity Program

The Economic Opportunity Program, referred to in this section as the "program," is established to provide loans to municipalities for public and private investments to stimulate economic growth.

1. Eligibility for loans. Municipalities may apply to the department for loans under the program to be, in turn, loaned to business entities based on the following eligibility criteria.

A. The projects to be financed must pertain to manufacturing, industrial, real estate development, recreational or natural resource enterprises or activities supporting those businesses, must be located in the State or establishing a presence in the State and must provide significant public benefit in relation to the amount of the loan, as determined by the department. Public benefits include, but are not limited to, increased opportunities for employment, increased capital flows, particularly capital flowing in from outside the State, increased state and municipal tax revenues, rehabilitation of blighted or underutilized areas and provision of necessary services. Loan proceeds may be used for any appropriate commercial purpose, as determined by the department, including working capital.

B. The department must determine that the borrower is a for-profit or nonprofit commercial entity, that it is creditworthy and reasonably likely to repay the loan.

R. of S.

SENATE AMENDMENT "X" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

2 C. The department must determine that the loan is necessary
4 to implementation of the project either because the borrower
6 has insufficient access to other funds or because the
borrower demonstrates and the department determines that the
project would not provide the projected public benefits
without the availability of the loan.

8 D. The department must determine that the project will not
10 result in a substantial detriment to existing business in
12 the State. In making this determination, the department
14 shall consider such factors it determines necessary to
measure and evaluate the effect of the project on existing
business, including considering:

16 (1) Whether a loan for a project should be approved
18 if, as a result of the project, there will not be
20 sufficient demand within the market area of the State
to be served by the project to employ the efficient
capacity of existing business; and

22 (2) Whether any adverse economic effect of the project
24 on existing business or other municipalities is
outweighed by the contribution that the project will
make to the economic growth and vitality of the State.

26 The application has the burden of demonstrating a reasonable
28 likelihood that the project will not result in a substantial
30 detriment to existing business or other municipalities,
32 except in cases where no interested parties object to the
34 project, in which event the requirements of this paragraph
36 are deemed satisfied. Interested parties must be given an
38 opportunity, with or without a hearing at the discretion of
40 the department, to present their objections to the project
42 on grounds that the project will result in a substantial
detriment to existing business or other municipalities. If
any such party presents such objections with reasonable
specificity and persuasiveness, the department may divulge
whatever information concerning the project that it deems
necessary for a fair presentation by the objecting party and
evaluation of such objections. If the department finds that
the applicant has failed to meet its burden of proof as
specified in this paragraph, the application must be denied.

44 2. Loan terms and conditions. The department may establish
46 prudent terms and conditions for loans, including limits on the
48 amount of loans for any one project and requiring adequate
collateral for the loans. Loan terms may not exceed 20 years in
the case of loans primarily secured by real estate, 10 years in
the case of loans primarily secured by machinery and equipment

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

and 7 years for other loans. The interest rate charged on each
loan is determined on a case-by-case basis.

3. Rulemaking. The department shall establish rules for
the implementation of the program established by this section.

Sec. H-2. Repeal. Unless the referendum for a bond issue in
an amount not to exceed \$7,500,000 for the purposes of
capitalizing the Economic Investment Fund and other funds is
approved by the voters in November 1991, this Part is repealed on
November 15, 1991.'

Further amend the amendment by striking out all of the
fiscal note and inserting in its place the following:

FISCAL NOTE

APPROPRIATIONS/ALLOCATIONS 1991-92

General Fund \$1,660

Part A of this bill expands the tax increment financing
program to include state income and sales taxes by establishing a
state tax increment contingent account. The State Tax Assessor
must deposit up to 25% of the net annual gain in tax revenue
resulting from the activities of designated businesses within a
tax increment financing district. Since the amounts to be
transferred into the contingent account will be new revenues not
included in the budget estimates, as determined by the State Tax
Assessor, this program will not appreciably affect General Fund
revenues collected through income and sales taxes. The
Department of Economic and Community Development will be able to
administer the program through fees charged to applicants. The
dedicated revenues generated through these fees and the resulting
allocations required by the Department of Economic and Community
Development can not be determined at this time.

Part B requires the Maine World Trade Association to work to
increase trade between Maine and Canada to the extent possible
within existing resources.

Part C establishes the Jump Start Program to be administered
by the Maine State Housing Authority. The program is to be
funded by a set aside of funds from the proceeds of mortgage
purchase bonds. No General Fund appropriations are required for
administration.

Part D establishes the Commission to Study State Permitting
and Reporting Requirements and provides a General Fund
appropriation to the Legislature of \$1,660 for the per diem and

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1211,
L.D. 1769

expenses of legislative members, printing costs and other meeting expenses.

Part F establishes the Maine Street Investment Program to be administered by the Department of Economic and Community Development. No General Fund appropriations are required for program administration, as the department may establish fees for administration by rule. Funding for this program is contingent on the passage of a bond issue in a companion bill.

Part G establishes the Economic Opportunity Fund under the Department of Economic and Community Development. The fund would be capitalized by a companion bond issue.'

STATEMENT OF FACT

This amendment removes the ability to make grants under the Maine Street Investment Program. This amendment would also transfer administration of the state tax increment financing program from the Finance Authority of Maine to the Department of Economic and Community Development.

This amendment establishes the Economic Opportunity Fund and the Economic Opportunity Program. Both are to be administered by the Department of Economic and Community Development to provide loans to municipalities for public and private investment.

This amendment also deletes the appropriation to the Maine World Trade Association and encourages increased trade with Canada.

This amendment also replaces the fiscal note, removes language requiring that staff assistance be provided by the business community and changes the reporting date of the Commission to Study State Permitting and Reporting Requirements from December 1, 1991 to November 1, 1991.

(Senator BRANNIGAN)
SPONSORED BY:

COUNTY: Cumberland

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