

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)



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1906

H.P. 1320

House of Representatives, May 28, 1991

Reference to the Committee on Housing and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative DUTREMBLE of Biddeford.
Cosponsored by Senator DUTREMBLE of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Create the Maine Economic Recovery Trust.

(EMERGENCY)



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

Whereas, the State faces a fiscal crisis of unprecedented proportions; and

Whereas, innovative approaches are necessary to resolve this fiscal crisis; and

Whereas, creative remedies to improve the economic climate in the State need to be adopted as an integral part of any set of solutions; and

Whereas, it is necessary for revenues to be increased before the expiration of the 90-day period; and

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

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

PART A

10 MRSA c. 110, sub-c. II-C is enacted to read:

SUBCHAPTER II-C

LOAN INCENTIVES TO MEET ECONOMIC DEVELOPMENT NEEDS

§1040. Maine Economic Recovery Trust

1. Creation. There is created and established, under the jurisdiction and control of the authority, the Maine Economic Recovery Trust.

2. Sources of trust. The following must be paid into the trust:

A. All money appropriated for inclusion in the trust;

B. Subject to any pledge, contract or other obligation, any money that the authority receives in repayment of advances from the trust;

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

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50
52

D. Any other money available to the authority and directed by the authority to be paid into the trust.

3. Application of trust. The authority may apply money in the trust for purposes authorized by this subchapter. Money in the trust not needed currently for purposes of this subchapter may be deposited with the authority to the credit of the trust or may be invested in such manner as is provided for by law.

4. Accounts within trust. The authority may divide the trust into such separate accounts as it determines necessary or convenient for carrying out this subchapter.

5. Revolving trust. The trust is a nonlapsing revolving fund. All money in the trust must be continuously applied by the authority to carry out this subchapter.

6. Commitment and administrative fees. The authority may fix commitment fees in an amount not to exceed 1% of the initial principal amount of a loan made or insured under this subchapter. Such fees may, at the discretion of the authority, be deposited into the trust created under this section or into the Mortgage Insurance Fund or Loan Insurance Reserve Fund.

§1040-A. Maine Job Development Program

1. Operation. Upon transfer or appropriation of money for the Maine Economic Recovery Trust created by section 1040, the authority shall operate the Maine Job Development Program. This program must be operated in conjunction with or as a part of one or more other programs of the authority.

2. Permitted uses of trust. Money in the trust may be applied to carry out the powers of the authority, including:

A. Making loans or loan guarantees to businesses eligible for assistance under this subchapter with such collateral as the authority may determine to be adequate; and

B. Providing financial assistance to businesses eligible for assistance under this subchapter. The financial assistance may be used to finance the production of new products and to help finance innovations, inventions and new processes that may lead to the production of new products or enable the applicant to reduce significantly production costs and increase market share for the product without reducing existing employment levels, provided that the authority has no liability to any claimant for claims arising directly or indirectly from the use or operation of the product or process.

2 3. Limitations. Financial assistance under this subchapter
3 may not exceed \$250,000 to any one business, or \$150,000 in the
4 case of businesses assisted under subsection 2, paragraph B, nor
5 may it exceed 50% of the total project costs as approved by the
6 authority. At a minimum, 10% of the total project costs must be
7 equity provided by the recipient of the loan or financial
8 assistance.

9
10 4. Criteria. The authority shall establish program
11 criteria and procedures by rule pursuant to Title 5, chapter 375,
12 subchapter II, and shall include limits on the amounts of
13 financial assistance provided from the funds to any one business
14 and requirements for sources of financial assistance in addition
15 to the trust. The program must be directed at small-sized and
16 medium-sized businesses, as defined by the authority. The
17 authority shall establish incentives to:

18 A. Stimulate investment in economically distressed
19 geographical areas of the State;

20 B. Stimulate investment in businesses in economically
21 distressed industries in the State;

22 C. Provide benefits, in addition to those provided to a
23 business, to the geographical area in which the business is
24 located or to a business sector;

25 D. Solve problems widespread in particular business sectors;

26 E. Develop quality full-time jobs;

27 F. Minimize adverse environmental impact;

28 G. Provide for employee safety;

29 H. Make new or additional jobs available to Maine citizens,
30 including economically disadvantaged persons;

31 I. Utilize a significant amount of financial assistance in
32 addition to that provided from the trust;

33 J. Provide for training or retraining of displaced,
34 dislocated or unskilled persons, in cooperation with the
35 appropriate state agencies; and

36 K. Develop new products, technology, inventions or
37 production processes that can help increase exports of Maine
38 products and services out of the State.

39 With respect to any loan made under this subchapter, the
40 authority, subject to rules adopted under this subchapter, shall
41 give preferred rates and terms to businesses meeting the criteria
42 and procedures by rule pursuant to Title 5, chapter 375,
43 subchapter II, and shall include limits on the amounts of
44 financial assistance provided from the funds to any one business
45 and requirements for sources of financial assistance in addition
46 to the trust. The program must be directed at small-sized and
47 medium-sized businesses, as defined by the authority. The
48 authority shall establish incentives to:
49
50
51
52

2 of this section based on the extent to which they meet these
3 criteria.

4 5. Assistance to municipalities to generate economic
5 growth. Up to \$1,000,000 may be provided to municipalities with
6 the resources for a program to generate jobs and business
7 development. Potential uses of this money include, but are not
8 limited to, infrastructure development, planning and technical
9 assistance, marketing and other types of capacity building.
10 Money available for the purpose of this subsection may not be
11 used to provide financial assistance to businesses.

12
13 6. Recovery. To the extent permitted by law, and except
14 for financial assistance provided pursuant to subsection 2,
15 paragraph B, the authority, by agreement, shall require repayment
16 of amounts by any business on behalf of which money from the
17 trust has been applied or pledged to carry out this subchapter
18 and, by agreement, shall require interest or other premium on
19 those amounts at such rate as the authority may determine, and
20 shall require such collateral to secure repayment as may be
21 reasonably available, including junior liens as appropriate. The
22 recovery may be deferred until such time as the authority
23 determines.

24
25 7. Report. The authority shall file and present a report
26 to the joint standing committee of the Legislature having
27 jurisdiction over economic development matters showing the
28 balance of the Maine Economic Recovery Trust, the status of all
29 outstanding direct and insured loans and a report on all other
30 program activities as part of the annual report required by
31 section 974.

32 PART B

33
34 Sec. B-1. 36 MRSA §5200, as amended by PL 1985, c. 675, §§1
35 and 5, is further amended by adding at the end a new paragraph to
36 read:

37
38 In addition to the tax established in this section, a
39 special tax assessment is imposed that is equal to 3% of adjusted
40 gross income collected or accrued in any tax year that begins in
41 1991.

42
43 Sec. B-2. 36 MRSA §5203, sub-§4 is enacted to read:

44
45 4. Special tax assessment. In addition to the tax
46 established in subsection 2, a special tax assessment is imposed
47 that is equal to 3% of adjusted gross income collected or accrued
48 in any tax year that begins in 1991.

49
50 Sec. B-3. Revenues credited. The additional incremental
51 revenues generated by this Part must be credited to General Fund
52

2 unappropriated surplus for application toward fiscal year 1991-92
3 revenue needs.

4 PART C

6 **Sec. C-1. Study of sales and use tax exemption.** The Joint
8 Standing Committee on Taxation shall study all existing items and
10 purchasers that have been exempted from the sales and use tax in
11 Title 36, section 1760.

12 **Sec. C-2. Report.** The committee shall submit its findings
13 and recommendations, along with any necessary implementing
14 legislation, to the Second Regular Session of the 115th
15 Legislature no later than November 1, 1991.

16 **Sec. C-3. Revenues credited.** The revenues generated by this
17 Part in fiscal years 1991-92 and 1992-93 must be credited to the
18 Maine Job Development Fund. Revenues generated by this Part in
19 and after fiscal year 1993-94 must be credited to the General
20 Fund.

22 **Sec. D-4. Legislative intent.** It is the intent of the
23 Legislature that the committee submit legislation to eliminate
24 sufficient sales and use tax exemptions to realize additional
25 revenues of \$85,000,000 on an annual basis.

26 **Emergency clause.** In view of the emergency cited in the
27 preamble, this Act takes effect when approved.

30 STATEMENT OF FACT

32 Part A of this bill creates the Maine Job Development
33 Program, that utilizes funds generated by Part C. This program
34 will be administered by the Finance Authority of Maine to provide
35 grants and below market rate loans to businesses and
36 municipalities to finance the creation of new jobs.

37 Part B imposes a 3% special assessment on corporate gross
38 income for the 1991 tax year, and the proceeds from this
39 assessment are credited for fiscal year 1990-91 revenue needs.

40 Part C instructs the Joint Standing Committee on Taxation to
41 study exemptions now provided from the sales and use tax and to
42 submit a report by November 1, 1991 to the Legislature that
43 includes legislation raising at least \$85,000,000 on an annual
44 basis from the elimination or modification of exemptions. These
45 revenues will be credited to the Maine Job Development Fund and
46 used to fund the Maine Job Development Program through fiscal
47

2

year 1992-93 and will be credited to the General Fund in later years.