

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1825

S.P. 656

In Senate, February 1, 1994

Resolve, to Create Regional Funds for Self-employment.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Reference to the Committee on Housing and Economic Development suggested and ordered
printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator HARRIMAN of Cumberland.
Cosponsored by Senators: McCORMICK of Kennebec, PINGREE of Knox, Representatives:
ADAMS of Portland, LEMKE of Westbrook.

2 **Sec. 1. Department of Economic and Community Development**
3 **directed to establish Funds for Self-employment and State Venture Fund.**

4 **Resolved:** That the Department of Economic and Community
5 Development is directed to create, separate from the department,
6 a statewide system of several private, nonprofit, regional,
7 equity-capital investment organizations, to be known as the
8 regional Funds for Self-employment. The department shall design
9 this statewide system in accordance with the following
10 guidelines. It is intended that:

11 1. The Funds for Self-employment be controlled by citizen
12 boards and focus on small-business stimulation;

13 2. The department establish a State Venture Fund, to be a
14 depository for all money raised under the Funds for
15 Self-employment, to give final approval on all investments made
16 by the Funds for Self-employment and to monitor the performance
17 of the Funds for Self-employment. The State Venture Fund is
18 controlled by a citizen board;

19 3. The Funds for Self-employment give advice to would-be
20 entrepreneurs, match investors with entrepreneurs and, with the
21 approval of the State Venture Fund, make equity investments in
22 small businesses, giving priority to people who are at the time
23 of application employees or unemployed and who wish to go into
24 business for themselves, and to beginning entrepreneurs. The
25 Funds for Self-employment should also give priority to investing
26 in and assisting new and emerging technologies and services that
27 have a promising potential for the creation of jobs in the State;

28 4. The Funds for Self-employment and the State Venture Fund
29 coordinate their activities with the Finance Authority of Maine
30 and other public and private business-assistance and
31 loan-granting agencies, including banks;

32 5. The money for the equity investments come from federal,
33 state and private grants, grass-roots fund raising by the Funds
34 for Self-employment, state bond issues, the Maine State
35 Retirement System and private stock subscriptions;

36 6. Repayment of equity investments would be made first to
37 the Maine State Retirement System and the private investors.
38 Profits to private investors receive a 10% discount on the state
39 income tax rate the investors would otherwise pay and investors
40 may sell their equity free of capital gains tax if they kept
41 their investment for at least 10 years; and

42 7. Existing personnel of the Department of Economic and
43 Community Development be allocated to implement the Funds for
44 Self-employment; and be it further
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Sec. 2. Report. Resolved: The Department of Economic and Community Development shall submit a report detailing the establishment of the Funds for Self-employment, along with any necessary implementing legislation, to the Joint Standing Committee on Housing and Economic Development by December 1, 1994.

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STATEMENT OF FACT

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The purpose of this resolve is to establish a program within the Department of Economic and Community Development to create statewide regional small-business stimulation organizations that give grants, loans and advice to people who wish to go into business for themselves.

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This document has not yet been reviewed to determine the need for cross-reference, stylistic and other technical amendments to conform existing law to current drafting standards.

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