MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1997

Legislative Document

No. 1697

H.P. 1197

House of Representatives, April 1, 1997

An Act to Encourage Employee Stock Ownership.

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

OSEPH W. MAYO, Clerk

Presented by Representative BRENNAN of Portland.
Cosponsored by Senator RAND of Cumberland and
Representatives: BERRY of Livermore, CAMERON of Rumford, FARNSWORTH of
Portland, HATCH of Skowhegan, SAMSON of Jay, SHIAH of Bowdoinham, TOWNSEND
of Portland, WRIGHT of Berwick.

Sec. 1. 10 MRSA §1026-O is enacted to read:

§1026-0. Employee stock ownership program

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1. Insurance. In addition to its other powers under this chapter, the authority may maintain an employee stock ownership program under which the authority may insure up to 90% of payments with respect to loans made to assist employees seeking to purchase an interest in the business by which they are employed.

12 <u>employ</u>

2. Reservation of insurance. The authority shall reserve \$1,000,000 of the amounts available pursuant to section 1032 for the insurance of loans to employees seeking to purchase an interest in the business by which they are employed.

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Sec. 2. 10 MRSA §1032, sub-§6, as repealed and replaced by PL 1993, c. 680, Pt. A, §19, is amended to read:

any one time up to \$3,500,000 of obligations relating to direct

2.2 6. Obligations outstanding. The authority may not have at any one time outstanding obligations to which this section is stated in any agreement of the authority to apply in principal 24 amount exceeding \$150,000,000, less the amount of revenue 26 obligation securities to which section 1053 is stated in the trust agreement or other document to apply. Amounts of revenue 28 obligation securities that are not taken into account pursuant to section 1053, subsection 6, may not be taken into account for purposes of determining the amount that may be outstanding under 30 this section. Of the \$150,000,000, \$1,000,000 must be reserved for loans insured pursuant to section 1026-O. Notwithstanding 32 the foregoing, the authority may additionally have outstanding at

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SUMMARY

loans to students pursuing higher education.

This bill creates a program whereby the Finance Authority of Maine must reserve \$1,000,000 of its moral obligation authority to insure up to 90% of payments with respect to loans to employees to purchase an ownership interest in the business by which they are employed.