

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

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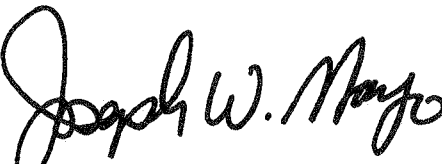
H.P. 1550

House of Representatives, January 28, 1998

An Act Concerning Disaster Assistance in 1998.

(EMERGENCY)

Reported by Representative KERR for the Joint Standing Committee on Appropriations and Financial Affairs pursuant to Joint Order H.P. 148.


JOSEPH W. MAYO, Clerk

2 may be used for any appropriate commercial purpose, as
determined by the authority, including working capital and
4 bridge loans pending other financing.

6 B. The authority must determine that the borrower is a
for-profit or nonprofit commercial entity and, except as
8 provided in subsection 4, that it is creditworthy and
reasonably likely to repay the loan.

10 C. The authority must determine that the borrower has
insufficient access to other funds and that the loan is
12 necessary in order for the public benefits of the
application to be realized.

14 D. The Except as provided in subsection 4, the authority
16 must determine that the borrower has exhausted all other
reasonably available sources of capital in order to minimize
18 the amount of the loan from the fund.

20 **Sec. A-2. 10 MRSA §1026-J, sub-§4** is enacted to read:

22 4. Business injured in 1998 ice storms. In order to
24 provide timely and effective assistance to businesses injured by
the 1998 ice storms, related power outages and other impacts, the
26 authority is authorized to provide loans of up to \$10,000 in
addition to and not to the exclusion of larger loans under the
28 program. For purposes of this subsection, the authority may
establish a streamlined application, loan approval and
disbursement process for borrowers that demonstrate that:

30 A. They have been damaged by the storm;

32 B. They have insufficient access to conventional sources of
34 capital or to federal disaster assistance in a timely
manner; and

36 C. Their credit history demonstrates a reasonable
38 willingness and ability to pay past debts and other
obligations or that any past credit problems can be
40 explained to the satisfaction of the authority.

42 The authority may require less than adequate collateral for loans
under this subsection, may provide for deferral of payments of
44 principal or both principal and interest, and may waive accrual
of interest for a period of up to 12 months. In order to process
46 loan requests as promptly as possible, the chief executive
officer is authorized to act on behalf of the authority and may
48 approve loans under this section on such terms and conditions as
the chief executive officer determines necessary or prudent,
50 without the need for rulemaking and without being

2 limited by the provisions of existing rules adopted in accordance
4 with subsection 3. Assistance under this subsection is limited
6 to an aggregate of no more than \$2,000,000, and all applications
8 under this subsection must be received no later than April 30,
10 1998.

PART B

12 **Sec. B-1. 5 MRS §1513, sub-§1-H** is enacted to read:

14 1-H. Transfer from the Maine Rainy Day Fund: disaster
16 assistance in 1998. The Finance Authority of Maine is authorized
18 to request a transfer or transfers in an amount not to exceed
20 \$2,000,000 in aggregate in fiscal year 1997-98 from the available
22 balance in the Maine Rainy Day Fund for the purpose of
24 replenishing funds in the Economic Recovery Program authorized in
Title 10, section 1026-J, subsection 4. A transfer or transfers
from the fund may take place only if funds are needed by the
Finance Authority of Maine to meet the needs of Title 10, section
1026-J, subsections 1 to 3. Notwithstanding subsection 2 and
section 1585, the Finance Authority of Maine may request such
transfer or transfers to be made available by financial order,
upon the recommendation of the State Budget Officer and approval
of the Governor.

26 **Sec. B-2. Repayment to Maine Rainy Day Fund.** All funds
28 transferred by operation of this Act to the Finance Authority of
30 Maine from the Maine Rainy Day Fund must be repaid by the
32 authority. As the amounts loaned using the Maine Rainy Day Fund
proceeds are repaid, the Finance Authority of Maine must deposit
those amounts, including interest, in the Maine Rainy Day Fund at
the end of each fiscal quarter.

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

FISCAL NOTE

40 This bill authorizes the transfer of up to \$2,000,000 from
42 the Maine Rainy Day Fund in fiscal year 1997-98 to the Finance
44 Authority of Maine to provide loans to businesses. As loans are
repaid to the authority, the amounts, including interest, will be
returned to the Maine Rainy Day Fund on a quarterly basis.

46 Should the Finance Authority of Maine request a transfer or
48 transfers from the Maine Rainy Day Fund, the amount of interest
50 earnings that will be lost to the fund as a result of the
transfer or transfers is expected to be less than \$100,000 on an
annual basis.

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SUMMARY

4 This bill provides financial assistance to businesses that
6 have suffered financial damage as a result of the ice storms of
8 1998. The assistance is designed to complement, not replace,
10 other sources of financial assistance, including both loans from
12 banks and loans from the United States Small Business
14 Administration. Assistance is capped at \$10,000 and is available
16 to businesses that have been unable to get financial assistance
 in a timely manner from other sources. The program is
 administered by the Finance Authority of Maine, which is
 authorized to establish repayment terms to fit the needs of a
 business applying for a loan, including deferrals of principal
 and interest if necessary.

 The bill authorizes an expedited loan approval process and
18 provides for up to \$2,000,000 in funds from the Economic Recovery
20 Program to be used for loans. Should the Finance Authority of
22 Maine need additional resources to meet the current Economic
24 Recovery Program, the authority may request a transfer, or
26 transfers, in an amount not to exceed \$2,000,000 in aggregate in
 fiscal year 1997-98 from the Maine Rainy Day Fund. Any funds
 transferred from the Maine Rainy Day Fund would have to be repaid
 by the authority to the Maine Rainy Day Fund including interest
 costs.