MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

Legislative Document

No. 2179

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.

OSEPH W. MAYO, Clerk

	Emergency preamble. Whereas, acts of the Legislature do not
2	become effective until 90 days after adjournment unless enacted as emergencies; and
4	Whereas, the State has been declared to be a Federal
6	Disaster Area as a result of an ice storm, which has resulted in massive power outages and significant damages to individuals,
8	businesses and communities throughout most of the State; and
10	Whereas, a 2nd ice storm has caused further power outages and additional damages to businesses and individuals in southern
12	Maine; and
14	Whereas, these natural disasters have had a serious adverse impact on many businesses, which require some assistance in order
16	to recover from the damage suffered as a result of the storms and the resulting power outages; and
18	Whereas, without additional sources of financial assistance
20	many businesses may not be able to continue operation or may have to reduce employment levels; and
22	Whereas, there may be other issues of an emergency nature
24	that need to be addressed; and
26 28 30	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,
32	Be it enacted by the People of the State of Maine as follows:
34	PART A
36	Sec. A-1. 10 MRSA §1026-J, sub-§1, as enacted by PL 1991, c.
38	849, §1 and affected by §7, is amended to read:
40	1. Eligibility for loans. Businesses may apply to the authority for loans under the program.
42	A. The projects to be financed must pertain to manufacturing, industrial, recreational or natural resource
44	enterprises, be located in the State and provide significant public benefit in relation to the amount of the loan, as
46	determined by the authority. Public benefits include, but are not limited to, preservation of jobs, increased
48	opportunities for employment, increased capital flows, particularly capital flowing in from outside the State, and
50	increased state and municipal tax revenues. Loan proceeds

	may be used for any appropriate commercial purpose, as
2	determined by the authority, including working capital and bridge loans pending other financing.
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_	B. The authority must determine that the borrower is a
6	for-profit or nonprofit commercial entity and, except as provided in subsection 4, that it is creditworthy and
8	reasonably likely to repay the loan.
10	C. The authority must determine that the borrower has
12	insufficient access to other funds and that the loan is necessary in order for the public benefits of the
	application to be realized.
14	
16	D. The Except as provided in subsection 4, the authority must determine that the borrower has exhausted all other
10	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
	provide timely and effective assistance to businesses injured by
24	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
20	program. For purposes of this subsection, the authority may
28	establish a streamlined application, loan approval and
	disbursement process for borrowers that demonstrate that:
30	
	A. They have been damaged by the storm;
32	P. They have inquédicient agges to conventional courses of
34	B. They have insufficient access to conventional sources of capital or to federal disaster assistance in a timely
3.4	manner; and
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	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
48	officer is authorized to act on behalf of the authority and may approve loans under this section on such terms and conditions as
3£ U	the chief executive officer determines necessary or prudent,
50	without the need for rulemaking and without being

limited by the provisions of existing rules adopted in accordance with subsection 3. Assistance under this subsection is limited 2 to an aggregate of no more than \$2,000,000, and all applications 4 under this subsection must be received no later than April 30, 1998. 6 PART B 8 Sec. B-1. 5 MRSA §1513, sub-§1-H is enacted to read: 10 1-H. Transfer from the Maine Rainy Day Fund; disaster assistance in 1998. The Finance Authority of Maine is authorized 12 to request a transfer or transfers in an amount not to exceed \$2,000,000 in aggregate in fiscal year 1997-98 from the available 14 balance in the Maine Rainy Day Fund for the purpose of replenishing funds in the Economic Recovery Program authorized in 16 Title 10, section 1026-J, subsection 4. A transfer or transfers 18 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 20 section 1585, the Finance Authority of Maine may request such 22 transfer or transfers to be made available by financial order, upon the recommendation of the State Budget Officer and approval 24 of the Governor. Sec. B-2. Repayment to Maine Rainy Day Fund. 26 All funds transferred by operation of this Act to the Finance Authority of 28 Maine from the Maine Rainy Day Fund must be repaid by the authority. As the amounts loaned using the Maine Rainy Day Fund 30 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. 32 Emergency clause. 34 In view of the emergency cited in the preamble, this Act takes effect when approved. 36 FISCAL NOTE 38 40 This bill authorizes the transfer of up to \$2,000,000 from the Maine Rainy Day Fund in fiscal year 1997-98 to the Finance 42 Authority of Maine to provide loans to businesses. As loans are repaid to the authority, the amounts, including interest, will be

Should the Finance Authority of Maine request a transfer or transfers from the Maine Rainy Day Fund, the amount of interest 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.

returned to the Maine Rainy Day Fund on a quarterly basis.

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This bill provides financial assistance to businesses that have suffered financial damage as a result of the ice storms of The assistance is designed to complement, not replace, other sources of financial assistance, including both loans from loans from the United States Small Administration. Assistance is capped at \$10,000 and is available to businesses that have been unable to get financial assistance 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.

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The bill authorizes an expedited loan approval process and provides for up to \$2,000,000 in funds from the Economic Recovery Program to be used for loans. Should the Finance Authority of Maine need additional resources to meet the current Economic Recovery Program, the authority may request a transfer, or 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.