L.D. 949

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BUSINESS AND ECONOMIC DEVELOPMENT

Reported by:

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STATE OF MAINE
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119TH LEGISLATURE
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COMMITTEE AMENDMENT " A " to S.P. 315, L.D. 949, Bill, "An Act to Encourage Economic Development in the State"

Amend the bill in section 1 in subsection 1 in the last line (page 1, line 18 in L.D.) by inserting after the following: "process." the following: 'A person or business engaged in the growing of Christmas trees is not excluded from the definition of "agricultural enterprise" under this subsection.'

Further amend the bill in section 6 in subsection 1 in the last line (page 2, line 7 in L.D.) by inserting after the following: "entity." the following: 'The Finance Authority of Maine shall report annually by December 20th of each year to the joint standing committee of the Legislature having jurisdiction over business and economic development matters on all disbursements made under this subsection.'

Further amend the bill in section 7 by striking out the first 2 lines (page 2, lines 9 and 10 in L.D.) and inserting in their place the following:

'**Sec. 7. 10 MRSA §388, sub-§§2 and 3,** as enacted by PL 1995, c. 699, §3, are repealed and the following enacted in their place:

2. Provide evidence. The qualifying small business shall provide evidence satisfactory to the board that the small business has obtained or will obtain, prior to the board's disbursement, matching funds in an amount at least equal to the board's investment in the form of debt or equity that is at risk in the small business.'

Further amend the bill by inserting after section 7 the following:

'**Sec. 8. 10 MRSA §963-A, sub-§31-A,** as enacted by PL 1995, c. 4, §4, is amended to read:

31-A. Major business expansion project. "Major business expansion project" means any building, structure, machinery, equipment or facility proposed to be constructed, rehabilitated, expanded, modernized or acquired in the State by a business entity~~,~~ that has a projected cost of ~~$5,000,000~~ $1,000,000 or more, that is projected to result in a net gain of at least ~~100~~ 50 job opportunities within the State or the retention of at least ~~100~~ 50 jobs, directly or indirectly, and that benefits from financing assistance from the authority including use of a capital reserve fund pursuant to section 1053. A major business expansion project does not include electric rate stabilization projects or projects primarily involved in the provision of housing or retail sales to consumers.

Sec. 9. 10 MRSA §1026-B, sub-§4, as amended by PL 1991, c. 511, Pt. A, §6, is further amended to read:

4. Retail store projects. The authority may insure mortgage loans for a retail store project, provided that:

A. The principal amount of mortgage insurance for the project does not exceed ~~$200,000;~~ $400,000 in the aggregate for all retail projects insured.

~~B. The project includes only one retail store that is not attached or does not adjoin another retail store that has received an insured mortgage loan under this chapter; and~~

~~C. The applicant has not received mortgage insurance under this subsection for any other retail store.~~

Sec. 10. 10 MRSA §1100-T, sub-§2, ¶B, as amended by PL 1991, c. 854, Pt. A, §8, is further amended to read:

B. The Maine business must be a manufacturer; must provide a product or service that is sold or rendered, or is projected to be sold or rendered, predominantly outside of the State; must be engaged in the development or application of advanced technologies; or must bring capital into the State, as determined by the authority.

Sec. 11. 38 MRSA §568-A, sub-§2, ¶A, as enacted by PL 1995, c. 361, §5, is amended to read:

A. <u>For purposes of this paragraph, the number of facilities or capacity in gallons owned by the facility owner must be determined at the time of the discovery of the discharge. A facility owner includes any entity that is directly owned by the facility owner or owns the facility owner; any entity of which the facility owner is a franchisee; any entity that is a member of a partnership or limited partnership that includes the facility owner; any entity of which the facility owner is a subsidiary corporation, a parent corporation or a sibling corporation; or any entity that is related, whether directly or indirectly, to a person who owns a majority of shares in any other entity described in this paragraph.</u> Standard deductibles are as follows.

(1) For expenses related to a leaking underground oil storage facility, the deductible amount is determined in accordance with the following schedule:

Number of underground storage facilities owned by the facility owner	Deductible
1	$2,500
2 to 5	5,000
6 to 10	10,000
11 to 20	25,000
21 to 30	40,000
over 30	62,500

(2) For expenses related to a leaking aboveground oil storage facility, the deductible amount is determined in accordance with the following schedule:

Total aboveground oil storage capacity in gallons owned by the facility owner	Deductible
Less than 1,320	$500
1,321 to 50,000	2,500
50,001 to 250,000	5,000
250,001 to 500,000	10,000
500,001 to 1,000,000	25,000
1,000,001 to 1,500,000	40,000
greater than 1,500,000	62,500

(3) For facilities with both aboveground and underground tanks when the source of the discharge can not be determined or when the discharge is from both types of tanks, the standard deductible is the

applicable amount under subparagraph (1) or (2), whichever is greater.'

Further amend the bill by inserting at the end before the summary the following:

'FISCAL NOTE

The bill expands the pool of applicants that are eligible for loans under the Small Enterprise Growth Program and the number of facilities eligible for coverage under the Ground Water Oil Clean-up Fund. It also clarifies that certain businesses are not eligible for loans under the Agricultural Marketing Loan Fund.

Allowing the authority to use the moral obligation of the State to provide assistance to additional retail businesses and to assist additional businesses with expansions of plans to move into the State may increase the exposure of the General Fund to future debt service appropriation requirements in the event of significant default activity.

The additional costs associated with an increased annual reporting requirement can be absorbed by the Finance Authority of Maine utilizing existing budgeted resources.'

SUMMARY

The amendment makes the following changes to the bill.

1. It requires the Finance Authority of Maine to report annually to the Legislature on disbursements made under the Small Enterprise Growth Fund.

2. It modifies the requirement that matching funds obtained by a small business receiving an investment from the Small Enterprise Growth Fund must be at risk in the company for 5 years.

3. It allows the authority to use the moral obligation of the State to assist businesses with expansion plans or plans to move to the State with revenues of over $1,000,000, which will retain or create 50 jobs.

4. It increases the maximum loan insurance the authority can provide for a retail business and removes limitations on the authority's ability to provide assistance to retail businesses.

R. #8.

5. It corrects an inconsistency in the Maine Seed Capital Tax Credit Program by making investments in technology-intensive businesses eligible for the tax credit when those investments are made directly in the business and not solely when made through a venture capital fund.

6. It modifies the definition of facility owner for applicants to the Fund Insurance Review Board to include related entities and individuals and clarifies the time that the owner is determined for purposes of application to the fund.

7. It also adds a fiscal note to the bill.