

MAINE STATE LEGISLATURE

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L.D. 1066

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DATE: May 6, 1999

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BUSINESS AND ECONOMIC DEVELOPMENT

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " A" to S.P. 362, L.D. 1066, Bill, "An Act to Establish the Early Care and Revolving Loan Program"

Amend the bill by striking out the title and substituting the following:

'An Act to Establish the Early Care and Education Revolving Loan Program'

Further amend the bill by inserting after the enacting clause the following:

'Sec. 1. 10 MRSA §1026-M, sub-§§1, 2 and 5, as enacted by PL 1993, c. 722, Pt. C, §1 and affected by §2, are further amended to read:

1. Established. The Regional Economic Development Revolving Loan Program, referred to in this section as the "program," is established to provide financial assistance to businesses that need assistance in order to create or retain jobs. The authority shall administer the program on behalf of participating eligible economic development corporations or entities. The Regional Economic Development Revolving Loan Program Fund, referred to in this section as the "fund," is established as a revolving fund, into which must be deposited all amounts appropriated to the program, interest earnings on the fund and any amounts repaid to the program by participating corporations. Amounts in the fund must be used by the authority for purposes authorized in this section. The authority shall reserve an amount not less than \$300,000 for loans for quality child care projects and may make loans directly to those projects.

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2. Eligible corporations. The fund is open to local, regional and statewide nonprofit or governmental economic development corporations or entities, capable of providing financial assistance to businesses in order to create and protect jobs and referred to in this section as "corporations." In the case of loans to quality child care projects, the authority may also provide loans directly to eligible borrowers. To be eligible for assistance from the fund:

A. A corporation must apply to the authority to participate in the fund. The application must describe the corporation and its funding sources, the region it serves, its methods and criteria for qualifying borrowers, including any targeted lending and economic development strategies, its expertise in management assistance and financing of small and emerging businesses, the method by which it will leverage funds from other sources in an amount at least equal to 2 times the amount requested from the fund and other information the authority determines necessary;

B. A corporation must have a strategy for the creation and retention of jobs, an effective small business marketing and technical assistance plan and enough expert assistance available to it to underwrite, document and service loans and assist its clients;

C. The corporation must be determined by the authority to be able to prudently and effectively administer a direct loan fund and to coordinate with other business assistance programs and employment training and social assistance programs; and

D. The corporation must propose performance measurements and goals and a process for monitoring compliance with proposed measurements and goals. The authority shall assist corporations in developing loan underwriting and administrative capacity and in portfolio monitoring and servicing and may establish one or more advisory boards or committees to assist corporations; and

E. A child care project must apply to the authority or to a corporation and meet the eligibility criteria for a borrower.

5. Administrative costs. A corporation may not use any money disbursed from the fund by the authority for administrative expenses, but may charge a commitment fee of up to 1% and may use interest earnings not to exceed 5% of each loan annually on loans to cover reasonable administrative and technical assistance and education costs. The authority shall review and approve a

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corporation's administrative expenses on an annual basis. The authority may establish by rule reasonable administrative fees for its administration of the fund.

Sec. 2. 10 MRSA §1026-M, sub-§6, ¶¶A, B and C, as enacted by PL 1993, c. 722, Pt. C, §1 and affected by §2, are amended to read:

A. Loans may not exceed \$200,000 to a borrower, including an affiliated entity, and approval of the authority is required for any loan in excess of \$100,000. Loans for quality child care projects may not exceed \$100,000 to a borrower. Loans or portions of loans to a quality child care project to be used solely for lead abatement may not exceed \$5,000.

B. Loans for borrowers other than quality child care projects may not exceed 1/3 of the net new funds being provided to a borrower. Loans for quality child care projects may be for the total amount of new funds being provided to the borrower.

C. ~~Each~~ The authority and each corporation shall establish interest rates, amortization schedules and repayment terms for each borrower, except that loans ~~may not bear a rate of interest greater than the prime rate of interest plus 7% or~~ may not be for a term longer than 20 years, and:

(1) Loans to a quality child care project may not bear a rate of interest that when added to the commitment fee and administrative and technical assistance cost is less than 6% or exceeds the prime rate of interest; or

(2) Loans to any other eligible borrower may not bear a rate of interest greater than the prime rate of interest plus 7%.

Sec. 3. 10 MRSA §1026-M, sub-§7, ¶A, as enacted by PL 1993, c. 722, Pt. C, §1 and affected by §2, is amended to read:

A. The business for which funds are requested has 50 or fewer employees or annual sales of \$5,000,000 or less, and it consists of or involves at least one of the following:

(1) Advanced manufacturing technologies, such as value-added wood products and specialty fabricated metal and electronic products;

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- 2 (2) Advanced information system technologies, such as
telecommunications and environmental products and
services;
- 4
- 6 (3) Advanced biological and natural resource
technologies, such as aquaculture, agriculture and
biotechnology;
- 8
- 10 (4) A business converting from defense dependency;
- 12 (5) A business significantly engaged in export of
goods or services to locations outside the State;
- 14 (6) A business that dedicates significant resources to
research and development activities; and
- 16
- 18 (7) Other businesses with 5 or fewer employees; and
- 20 (8) A child care project that includes any business
that, for compensation, provides a regular service of
care and protection for any part of a day less than 24
22 hours to a child or children under 16 years of age
whose parents work outside the home, attend an
24 educational program or are otherwise unable to care for
their children.'

26

28 Further amend the bill in section 1 in that part designated
"~~\$1026-Q.~~" in subsection 4 in the 4th line (page 2, line 29 in
L.D.) by inserting after the following: "funds." the following:
30 'The contract must provide that a corporation may disburse
program funds statewide.'

32

34 Further amend the bill in section 1 in that part designated
"~~\$1026-Q.~~" in subsection 6 by striking out all of paragraph A
(page 3, lines 20 and 21 in L.D.) and inserting in its place the
36 following:

38 'A. Loans may not exceed \$100,000 to an eligible borrower,
except that loans or portions of loans to be used for lead
40 abatement may not exceed \$5,000.'

42 Further amend the bill in section 1 in that part designated
"~~\$1026-Q.~~" in subsection 6 in paragraph B in the last line (page
44 3, line 26 in L.D.) by striking out the following: "greater
than" and inserting in its place the following: 'that when added
46 to the commitment fee and administrative and technical assistance
cost is less than 6% or exceeds'

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2 Further amend the bill in section 1 in that part designated
3 "~~§1026-O.~~" in subsection 7 by inserting after paragraph C the
4 following:

5 'D. In selecting child care providers to receive loan
6 guarantees, the authority must use the following criteria:

7 (1) An applicant's status as a licensed or certified
8 child care center;

9 (2) An applicant's interest in obtaining and ability
10 to obtain accreditation by a nationally recognized
11 program that utilizes recognized quality indicators for
12 child care services that have been approved by the
13 Office of Head Start and Child Care, including input
14 from parents or clients or both, reviews of policies,
15 procedures and program records and on-site program
16 reviews;

17 (3) The degree of coordination with Head Start and
18 other community programs; and

19 (4) The quality of the child care provider's
20 administrative and financial management.'

21 Further amend the bill in section 1 in that part designated
22 "~~§1026-O.~~" by inserting after subsection 10 the following:

23 '11. Annual report. The authority shall report by January
24 1st of each year on the Early Care and Education Revolving Loan
25 Program to the joint standing committee of the Legislature having
26 jurisdiction over business and economic development matters.'

27 Further amend the bill by inserting after section 1 the
28 following:

29 'Sec. 2. 20-A MRSA c. 419-D is enacted to read:

30 CHAPTER 419-D

31 QUALITY CHILD CARE EDUCATION SCHOLARSHIP PROGRAM

32 §11670. Quality Child Care Education Scholarship Fund

33 The Quality Child Care Education Scholarship Fund is created
34 and established as a nonlapsing fund under the jurisdiction and
35 control of the Finance Authority of Maine. All revenues credited
36 to this fund must be distributed as scholarships based on
37 financial need for residents of the State who are enrolled in one
38 or more courses related to early childhood education or child
39 care.

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2 development at accredited institutions of higher education. The
3 Finance Authority of Maine shall award scholarships and adopt
4 rules for determining eligibility, amounts, terms and conditions
5 of scholarships. Interest earned on amounts in the fund may be
6 used for the costs of administering the scholarships. Rules
7 adopted pursuant to this section are routine technical rules
8 pursuant to Title 5, chapter 375, subchapter II-A.'

9 Further amend the bill by inserting after section 2 the
10 following:

11 'Sec. 3. Appropriation. The following funds are appropriated
12 from the General Fund to carry out the purposes of this Act.

	1999-00	2000-01
16 FINANCE AUTHORITY OF MAINE		
18 Quality Child Care Education		
20 Scholarship Fund		

22	All Other	\$150,000	\$150,000
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24 Provides funds to be used for
25 scholarships under the
26 Quality Child Care Education
27 Scholarship Program pursuant
28 to the Maine Revised
29 Statutes, Title 20-A, chapter
30 419-D.'

32 Further amend the bill by relettering or renumbering any
33 nonconsecutive Part letter or section number to read
34 consecutively.

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

40 FISCAL NOTE

	1999-00	2000-01	
44 APPROPRIATIONS/ALLOCATIONS			
46	General Fund	\$150,000	\$150,000

48 This bill establishes the Early Care and Education Revolving
Loan Program to be administered by the Finance Authority of

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2 Maine. The authority is directed to capitalize the new program
by reserving \$300,000 of funds available in the Regional Economic
4 Development Revolving Loan Program, thereby reducing the amount
of funds available for loans under that program.

6 This bill includes General Fund appropriations of \$150,000
in each of fiscal years 1999-00 and 2000-01 for the Finance
8 Authority of Maine to establish the Quality Child Care Education
Scholarship Program.

10 The bill also expands eligibility for the Teachers for Maine
12 Program. If additional General Fund appropriations are not
provided, financial assistance for students currently eligible
14 for the program may be reduced.'

16 **SUMMARY**

18 This amendment corrects a typographical error in the title
20 of the bill. It also creates the Quality Child Care Education
Scholarship Fund to be used to provide scholarships for Maine
22 residents enrolled in early childhood education or child
development courses at institutions of higher education and makes
24 appropriations to the fund to be administered by the Finance
Authority of Maine in overseeing the awarding of scholarships.

26 The amendment also provides that funds in the Early Care and
28 Education Revolving Loan Program Fund may be used to make loans
of up to \$5,000 to perform lead abatement.

30 The amendment expands the Regional Economic Development
32 Revolving Loan Program administered by the Finance Authority of
Maine by allowing funds to be used for loans to quality child
34 care projects. The Finance Authority of Maine must reserve
\$300,000 for loans to quality child care projects. Loans can be
36 made to quality child care projects directly by the authority or
by participating corporations. Quality child care projects will
38 not be required to provide matching loan funds. Loans may not
bear a rate of interest that when added to the commitment fee and
40 administrative and technical costs is less than 6% or exceeds the
prime rate of interest.