

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1394

H.P. 973

House of Representatives, April 2, 2009

An Act To Modify the Regional Economic Development Revolving Loan Program

Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.
Reference to the Committee on Business, Research and Economic Development suggested
and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative SMITH of Monmouth.
Cosponsored by Senator SCHNEIDER of Penobscot and
Representatives: AUSTIN of Gray, GILES of Belfast, HUNT of Buxton, MacDONALD of
Boothbay, MARTIN of Orono, PRESCOTT of Topsham, Senators: RECTOR of Knox,
SULLIVAN of York.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA §1026-A, sub-§5**, as enacted by PL 2003, c. 537, §30 and
3 affected by §53, is amended to read:

4 **5. Limitations on loan insurance.** The authority may establish a maximum
5 insurance liability for particular sectors and for existing loans by rule. Rules adopted
6 pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,
7 subchapter 2-A.

8 **Sec. 2. 10 MRSA §1026-M, sub-§3**, as amended by PL 2001, c. 639, §1, is
9 further amended to read:

10 **3. Disbursements from fund.** If an application is approved, the authority shall
11 determine the amount to be disbursed to the corporation, taking into account:

12 A. The size of the region served by the corporation and the expected demand for loan
13 funds in that region;

14 B. The demand for funds from other eligible corporations in relation to the total
15 amount available in the fund; and

16 C. Whether an eligible corporation will serve a geographic area or segment of
17 potential business borrowers not served by other applicants.

18 A corporation may not receive more than ~~\$2,500,000~~ \$3,500,000 from the fund. Funds
19 must be disbursed directly to and retained by the eligible corporation in accordance with
20 the contract between the corporation and the authority. Funds must be disbursed to the
21 corporation in the form of a loan or a grant. The authority may, in its discretion, disburse
22 fund amounts in one lump sum or periodic disbursements.

23 **Sec. 3. 10 MRSA §1026-M, sub-§4, ¶B**, as enacted by PL 1993, c. 722, Pt. C,
24 §1 and affected by §2, is amended to read:

25 B. The corporation shall review applications for financial assistance, determine the
26 feasibility of the application and approve or deny the application, which
27 determination is final in the case of loans under ~~\$100,000~~ \$150,000 or in the case of
28 denials of any amount;

29 **Sec. 4. 10 MRSA §1026-M, sub-§6, ¶A**, as amended by PL 1999, c. 401, Pt.
30 OOO, §2, is further amended to read:

31 A. Loans may not exceed ~~\$200,000~~ \$250,000 to a borrower, including an affiliated
32 entity, and approval of the authority is required for any loan in excess of ~~\$100,000~~
33 \$150,000. Loans for quality child care projects may not exceed \$100,000 to a
34 borrower. Loans or portions of loans to a quality child care project to be used solely
35 for lead abatement may not exceed ~~\$5,000~~ \$15,000.

36 **Sec. 5. 10 MRSA §1026-M, sub-§6, ¶B**, as amended by PL 2003, c. 195, §1, is
37 further amended to read:

1 B. Loans over ~~\$50,000~~ \$100,000 for borrowers other than quality child care projects
2 may not exceed 1/3 of the net new funds being provided to a borrower. Loans of
3 \$50,000 ~~or less to \$100,000~~ for projects other than quality child care projects may not
4 exceed 1/2 of the net new funds being provided to a borrower. Loans of less than
5 \$50,000 and loans for quality child care projects may be for the total amount of new
6 funds being provided to the borrower.

7 **Sec. 6. 10 MRSA §1026-M, sub-§7, ¶A**, as amended by PL 1999, c. 401, Pt.
8 OOO, §3, is further amended to read:

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

11 (1) ~~Advanced manufacturing~~ Manufacturing technologies, such as value-added
12 wood products ~~and, specialty fabricated metal and electronic products,~~ precision
13 manufacturing and use of composites or advanced materials;

14 (2) ~~Advanced information system technologies~~ Technologies, such as advanced
15 information systems, advanced telecommunications, energy and environmental
16 products and services;

17 (3) ~~Advanced biological and~~ Biological and natural resource technologies, such
18 as aquaculture, marine technology, agriculture, forestry products and
19 biotechnology;

20 (4) A business converting from defense dependency;

21 (5) A business significantly engaged in export of goods or services to locations
22 outside the State;

23 (6) A business that dedicates significant resources to research and development
24 activities;

25 (7) Other businesses with ~~5~~ 10 or fewer employees; and

26 (8) A child care project that includes any business that, for compensation,
27 provides a regular service of care and protection for any part of a day less than 24
28 hours to a child or children under 16 years of age whose parents work outside the
29 home, attend an educational program or are otherwise unable to care for their
30 children.

31 Notwithstanding the requirements of this paragraph, until June 30, 2010, a project or
32 a borrower that is eligible for loan insurance under section 1026-A is eligible for
33 financial assistance under the program.

34 SUMMARY

35 This bill amends certain provisions of the Regional Economic Development
36 Revolving Loan Program under the Finance Authority of Maine.

37 1. Current law provides that a corporation may not receive more than \$2,500,000
38 from the program fund. This bill increases that amount to \$3,500,000.

1 2. Current law provides that a financial assistance application determination is final
2 in the case of loans under \$100,000. This bill increases that amount to \$150,000.

3 3. Current law specifies financing terms and conditions for loans made from program
4 funds. This bill amends certain of those provisions.

5 4. This bill amends the descriptions of eligible projects, and expands eligibility to
6 entities until June 30, 2010.

7 5. Current law specifies that a business with 5 or fewer employees may be eligible
8 for financial assistance under the program. This bill increases the number of employees
9 to 10 or fewer.