

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1140

S.P. 409

In Senate, March 31, 2015

An Act To Promote Economic Development

Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator VOLK of Cumberland.

Cosponsored by Representative HERBIG of Belfast and

Senator: PATRICK of Oxford, Representatives: AUSTIN of Gray, BATES of Westbrook, CAMPBELL of Newfield, FECTEAU of Biddeford, GILBERT of Jay, MASTRACCIO of Sanford, WARD of Dedham.

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

2 **Sec. 1. 10 MRSA §1026-J, sub-§2**, as amended by PL 1999, c. 731, Pt. VVV,
3 §6, is further amended to read:

4 **2. Loan terms and conditions.** Loans may not exceed ~~\$1,000,000~~ \$2,000,000 per
5 project. The authority may establish prudent terms and conditions for loans, including
6 limits on the amount of loans for any one project and requiring adequate collateral for the
7 loans. Loan terms may not exceed 20 years in the case of loans primarily secured by real
8 estate, 10 years in the case of loans secured primarily by machinery and equipment and 7
9 years for other loans. The interest rate charged on each loan may not exceed the prime
10 rate for interest plus 4%, as determined by the authority. The authority may establish
11 conditions, such as balloon payments, to encourage borrowers to make the transition to
12 conventional financing as soon as they are reasonably able to do so. The authority may
13 further assist the borrower by allowing for the deferral of interest or principal payments
14 for a period of time. Loans may be subject to conditions that allow the authority to make
15 a reasonable return based on the risk of the investment, which may include royalties or
16 additional payments based on sales, net cash flow or other financial measures and rights
17 to equity in the company.

18 **Sec. 2. Contingent effective date.** This Act takes effect only upon the receipt by
19 the Economic Recovery Program Fund of an appropriation, an allocation or funds from
20 another funding source in the amount of at least \$13,000,000.

21 **SUMMARY**

22 This bill increases the maximum loan amount available through the Economic
23 Recovery Program administered by the Finance Authority of Maine from \$1,000,000 to
24 \$2,000,000. It takes effect only upon the receipt by the Economic Recovery Program
25 Fund of an appropriation, general obligation bond funding or other funding in the amount
26 of at least \$13,000,000.