

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

SECOND REGULAR SESSION-2016

Legislative Document

No. 1480

S.P. 578

In Senate, December 18, 2015

An Act To Create and Sustain High-quality Maine Jobs

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 18, 2015. Referred to the Committee on Labor, Commerce, Research and Economic Development pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator GERZOFKY of Cumberland.
Cosponsored by Representative GIDEON of Freeport and
Senators: ALFOND of Cumberland, BREEN of Cumberland, BURNS of Washington,
CUSHING of Penobscot, DIAMOND of Cumberland, HASKELL of Cumberland, KATZ of
Kennebec, Representative: DUCHESNE of Hudson.

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

2 **Sec. 1. 10 MRSA §1026-U** is enacted to read:

3 **§1026-U. Maine Capital Investment Program**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Business development project" means a project that involves the construction,
7 development, rehabilitation, modernization or acquisition of a building, a structure, a
8 system, machinery, equipment or a facility that has a projected cost of at least
9 \$50,000,000 or is projected to result in the creation or retention of a least 250 full-
10 time employment positions that pay at least 125% of the annual average weekly wage
11 under Title 26, section 1043, subsection 1-A.

12 B. "Fund" means the Maine Capital Investment Fund established in subsection 4.

13 C. "Program" means the Maine Capital Investment Program established pursuant to
14 subsection 2.

15 **2. Program established.** The authority shall create and oversee the Maine Capital
16 Investment Program to increase the availability of capital to eligible business
17 development projects as provided under this section.

18 **3. Authority assets; obligation.** This section may not be construed to place the
19 assets of the authority at risk. This section may not be construed to create an obligation of
20 the State or of any political subdivision of the State.

21 **4. Maine Capital Investment Fund.** The Maine Capital Investment Fund is
22 established as a nonlapsing revolving loan and equity fund administered by the authority
23 to support the capital needs of business development projects under the program. The
24 fund is capitalized by sums that are appropriated or allocated by the Legislature or
25 transferred to the fund from time to time by the State Controller, interest earned from the
26 investment of fund balances, state bond issues, state employee pension funds, institutional
27 endowments and other funds from any public or private source received for use for any of
28 the purposes for which the fund has been established. The authority may charge the fund
29 reasonable fees for the cost of implementing and administering the program and any
30 loans or bonds authorized by this section.

31 **5. Criteria to qualify for financial support.** The authority shall provide financial
32 support to an applicant to support a business development project under the program
33 based in part but not solely on the following criteria:

34 A. The creditworthiness of the applicant, including factors such as the applicant's
35 historical financial performance, management ability, plan to market the applicant's
36 product or service and whether the applicant meets or exceeds industry average
37 financial performance ratios commonly accepted in determining creditworthiness in
38 the applicant's industry;

39 B. The sufficiency of collateral pledged by the applicant;

1 C. The sufficiency of projected revenues from the business development project or
2 other sources to repay the financial support received under and meet the requirements
3 of subsection 6 for the term of the obligation;

4 D. The extent to which financial support from the authority enhances the
5 employment and wage benefits projected to be created by the business development
6 project;

7 E. The duration of the employment and wage benefits projected to be created by the
8 business development project; and

9 F. Demonstration that the financial support from the authority is necessary due to the
10 reduced cost and increased flexibility of the financial support and not due to the
11 applicant's inability to obtain financing from another source.

12 **6. Financial support.** The authority may provide the following financial support to
13 an applicant determined to be qualified under subsection 5:

14 A. A direct loan of up to \$50,000,000 from the fund for a single business
15 development project, which must be matched by an amount that is equal to at least
16 25% of the loan amount and that is obtained from a source other than the fund; or

17 B. Up to \$100,000,000 in bond funding for a single business development project
18 and up to \$200,000,000 in bond funding to the same applicant for multiple business
19 development projects.

20 The authority may require other terms or conditions of financial support under this
21 subsection as the authority determines necessary and reasonable.

22 **7. Seed capital investment tax credit.** Investments into the fund qualify for the
23 seed capital investment tax credit under Title 36, section 5216-B, within the limitations
24 specified by that section.

25 **8. Requirements of recipient.** In addition to repayment of the financial support
26 received under subsection 6 pursuant to the terms set by the authority, within 5 years after
27 the completion of the business development project the recipient shall pay to the fund an
28 amount equal to 10% of the amount of the financial support received under subsection 6
29 pursuant to terms determined by the authority.

30 **9. Rules.** The authority may adopt rules as necessary to implement this section.
31 Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5,
32 chapter 375, subchapter 2-A.

33 **Sec. 2. Contingent effective date.** This Act takes effect only upon the receipt by
34 the Finance Authority of Maine for the Maine Capital Investment Fund under the Maine
35 Revised Statutes, Title 10, section 1026-U of an appropriation or allocation by the
36 Legislature or funds from another funding source in the amount of at least \$250,000,000.
37 The Finance Authority of Maine shall notify the Secretary of State, the Secretary of the
38 Senate, the Clerk of the House of Representatives and the Revisor of Statutes when the
39 funds are received pursuant to this section.

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SUMMARY

This bill creates the Maine Capital Investment Program within the Finance Authority of Maine to provide loans or bond funding to eligible business development projects that have projected costs of at least \$50,000,000 or are projected to result in the creation or retention of at least 250 full-time employment positions that pay at least 125% of the state annual average weekly wage. The bill does not take effect until the authority receives funds for the program in the amount of at least \$250,000,000.