

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND ELEVENTH LEGISLATURE

SECOND SPECIAL SESSION

November 18, 1983

AND AT THE

SECOND REGULAR SESSION

January 4, 1984 to April 25, 1984

AND AT THE

THIRD SPECIAL SESSION

September 4, 1984 to September 11, 1984

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH
IN ACCORDANCE WITH MAINE REVISED STATUTES
ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co., Inc.
Augusta, Maine
1986

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND REGULAR SESSION
of the
ONE HUNDRED AND ELEVENTH LEGISLATURE
JANUARY 4, 1984 TO APRIL 25, 1984

1984-85

FINANCE AND ADMINISTRATION,
DEPARTMENT OF

Bureau of Taxation

All Other (\$5,000,000)

Deappropriates funds
appropriated in 1983
for circuit breaker
property tax relief.

Bureau of Taxation

All Other 20,000

For fire suppression
tax administration.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect June 1, 1984, except that section 2 shall take effect July 30, 1984.

Effective June 1, 1984, unless otherwise indicated.

CHAPTER 856

H.P. 1855 - L.D. 2456

AN ACT to Establish the Maine Job-start Program.

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

Sec. 1. 10 MRSA §1001, sub-§30, as enacted by PL 1983, c. 519, §7, is amended to read:

30. Small business, subchapters V and VI and VII "small business," as used in subchapters V and VI and VII, means any business or employee cooperative corporation subject to Title 13, chapter 85, subchapter III, employing 20 persons or less or with sales of \$2,500,000 or less.

Sec. 2. 10 MRSA §1002, sub-§1, ¶¶D and E, as enacted by PL 1983, c. 519, §7, are amended to read:

D. Maine Small Business Loan Program; and

E. Maine Veterans' Small Business Loan Program;
; and

Sec. 3. 10 MRSA §1002, sub-§1, ¶F is enacted to read:

F. Maine Job-start Program.

Sec. 4. 10 MRSA c. 110, sub-c. VII is enacted to read:

SUBCHAPTER VII

MAINE JOB-START PROGRAM

§1100-M. Authorization

The Finance Authority of Maine may administer a statewide program to make low interest loans to stimulate the development and expansion of small business in this State pursuant to contracts between the authority and local community action agencies designated under Title 5, chapter 330. This program shall be known as the Maine Job-start Program.

§1100-N. Administration

1. Contracts. The authority shall contract with each community action agency who seeks to participate in this program in order to organize a job-start program within the region served by the community action agency. The contract shall provide as a minimum:

A. Each community action agency shall designate a coordinator who shall be responsible for the job-start program in that region;

B. The board of directors of a community action agency shall appoint a job-start advisory board which may consist of a subcommittee of the board of directors to review and make recommendations concerning loan applications and offer other advice to small businesses, which board shall consist of 5 members who represent low income people and representatives knowledgeable of business and financial matters. Members shall serve for a maximum of 2 years;

C. The community action agency shall be responsible for at least 50% of the administrative costs of implementing the, job-start program,

which costs may be derived from direct financial support or in-kind services, or both; and

D. The community action agency shall involve existing small business technical assistance and counseling programs in their implementation of the job-start program and shall, to the maximum extent feasible, contract or arrange for in-kind donation of technical and counseling services to assist job-start loan applicants.

2. Loan criteria and procedures. The authority may, after consultation with the Community Services Advisory Board, established by Title 5, section 3517, promulgate rules to implement the Maine Job-start Program which shall include, but not be limited to, the following loan criteria:

A. The purpose of the loan shall be to establish, strengthen or expand a small business, except that not-for-profit businesses shall not be eligible;

B. Loans may be made to applicants with insufficient access to conventional sources of credit and whose gross annual household income is at or below 150% of the federal poverty line promulgated by the Federal Office of Management and Budget;

C. No loan may be made in an amount in excess of \$10,000 to any single applicant, nor at a fixed interest rate in excess of a rate equal to 2 percentage points below the prime rate in effect in the Boston metropolitan area;

D. A majority vote of the local job-start advisory board shall be necessary to recommend approval of a loan which shall then be transmitted to the authority for final disposition in accordance with the policies adopted by the authority;

E. Loan applications shall be reviewed by both the job-start advisory board and the authority for feasibility, that is, for the general reasonableness of the business proposal, whether the applicant has sufficient capital, whether an adequate market analysis or other counseling requirement has been completed, whether the applicant is credit worthy within the scope of this program and whether the collateral offered to secure the loan is adequate;

F. Loans shall not be insured or guaranteed by the State, but the authority shall require collateral in the form of security for the loan, if available, and may, in appropriate cases, take a mortgage on real estate;

G. Loan funds shall be made available by the authority for loan recommendations by community action agencies on the basis of a formula that takes into consideration both the population served by the agency and the economic conditions of the region, as evidenced by unemployment statistics and per capita income; and

H. Loan applications shall be on forms and accompanied by additional information as required by the authority. Loan applicants may be required to submit whatever personal or business-related financial information as may be necessary to determine eligibility for the job-start program.

§1100-0. Revolving loan fund

1. Creation of fund. A Job-start Revolving Loan Fund shall be established by the authority for the job-start program. The fund shall contain appropriations provided for that purpose and all repayments of principal and interest of loans under this subchapter and interest earned by the fund prior to its allocation for individual loans. Interest and principal payments required by loan defaults shall be charged to this fund. The authority shall have the sole responsibility for the allocation and distribution of the fund. This fund shall initially be the sum of \$500,000. Any funds appropriated for this purpose shall not lapse, but shall remain available for the purposes set forth in this subchapter.

2. Administrative expenses. During the first fiscal year after the effective date of this Act, the authority may allocate a maximum of 10% of the Job-start Revolving Loan Fund for administrative expenses and counseling services incurred by the authority and the community action agencies with whom the authority has contracted under section 1100-N. Subsequently, all interest earned by the fund, either by means of investment or loan payments, shall be available to the authority which shall allocate these funds primarily to community action agencies for administrative and counseling services.

3. Deposited with authority or invested. Moneys in the fund, not needed currently to meet the obliga-

tions of the authority, as provided for in this subchapter, shall be deposited with the authority to the credit of the fund or may be invested in such manner as is provided for by statute.

§1100-P. Reports

1. Regional. Each community action agency job-start program shall file the reports as required by the authority.

2. Authority. The authority shall file a report showing the balance of the Job-start Revolving Loan Fund, the status of all outstanding loans and a report on all other program activities as part of the annual report required by section 974.

Sec. 5. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1984-85

FINANCE AUTHORITY OF MAINE

Personal Services	\$ 35,000
All Other	<u>200,000</u>
Total	\$235,000

Sec. 6. Pilot projects. During the fiscal year ending in 1985, the Maine Job-start Program authorized by the Revised Statutes, Title 10, chapter 110, subchapter VII, shall operate as a pilot program in 3 regions served by community action agencies. The authority shall establish by rule the procedures necessary to identify the regions which are eligible to participate in the pilot projects. The authority shall report on the experience of the pilot projects, and recommendations for the future of the Maine Job-start Program, including the optimum size of the fund in order to operate the program statewide, to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs during the First Regular Session of the 112th Legislature.

Effective July 25, 1984.
