

MAINE STATE LEGISLATURE

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STATE OF MAINE
113TH LEGISLATURE
SECOND REGULAR SESSION



BILL SUMMARY
JOINT STANDING COMMITTEE
ON
ECONOMIC DEVELOPMENT

MAY 1988

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**ONE HUNDRED AND THIRTEENTH LEGISLATURE
FIRST & SECOND SPECIAL SESSIONS
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1988**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are indicated as follows::

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Secretaries: Charlene Brann, Janet Jean, Earl Knox, Valarie Parlin; Research Assistant Hartley Palleschi. Finally, Secretary Laurette Knox, Legal Assistant Carolyn Chick, and Research Assistant Robert Dunn had special responsibilities in the preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

<u>SPONSOR(S)</u>	<u>COMMITTEE</u>	<u>REPORT</u>	<u>AMENDMENTS ADOPTED</u>
PRAY	OTP-AM		S-372
HIGGINS			
CHONKO			
EMERSON			

SUMMARY

LD 2378 proposed the following:

1. To authorize the State Controller to transfer, at the end of each fiscal year, up to \$1,000,000 from the unappropriated surplus of the General Fund to the FAME Loan Insurance Reserve Fund. The FAME Loan Insurance Reserve Fund is capped at \$10,000,000 by the bill. This fund would be used to cover any defaults incurred by clients of FAME.
2. To expand the requirement currently applicable only to the AFDC program to include all programs of the Department of Human Services and the Department of Labor with respect to the submission of employment plans developed by applicants for FAME assistance. The employment plans will describe the new employment opportunities of each proposal along with the necessary job skills and training.
3. To authorize FAME to co-insure bank loans under the mortgage insurance program (guarantee bank loans which pledge faith and credit of the State) not to exceed 50% of the original principal amount and 50% of the interest. The state's share of the co-insurance in any single bank loan could not exceed \$3,500,000.
4. To allow FAME to guarantee bank loans up to 90% of the amount of accounts receivable.
5. To allow FAME to use letters of credit from banks to meet the Capital Reserve Fund requirement for revenue obligation securities. Revenue obligation securities are tax-exempt bonds which do not pledge the faith and credit of the state, but which the state would feel a moral obligation to pay if a project went into bankruptcy. The capital reserve fund is required to have a minimum amount equal to 1 years' debt service.

The Committee Amendment removed the provision relating to the transfer of \$1,000,000 from the unappropriated surplus of the General Fund to the FAME Loan Insurance Fund. The Amendment clarified the right of insured lenders and bondholders to have legal recourse against the State Treasurer if they are not paid following defaults in payment of FAME "moral" obligation bonds.