

MAINE STATE LEGISLATURE

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STATE OF MAINE
119TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BUSINESS AND ECONOMIC DEVELOPMENT

JULY 2000

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ONE HUNDRED NINETEENTH LEGISLATURE
SECOND REGULAR SESSION

Summary Of Legislation Before The Joint Standing Committees
July 2000

We are pleased to provide this summary of bills that were considered by the Joint Standing and Select Committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing and select committees.

The document is organized for convenient reference to information on bills considered by the committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX*..... Chapter # of Constitutional Resolution passed by both Houses
- CONF CMTE UNABLE TO AGREE*..... Committee of Conference unable to agree; bill died
- DIED BETWEEN BODIES*..... House & Senate disagree; bill died
- DIED IN CONCURRENCE*..... One body accepts ONTP report; the other indefinitely postpones the bill
- DIED ON ADJOURNMENT*..... Action incomplete when session ended; bill died
- EMERGENCY*..... Enacted law takes effect sooner than 90 days
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*..... Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE*..... Bill failed to get majority vote
- FAILED MANDATE ENACTMENT*..... Bill imposing local mandate failed to get 2/3 vote
- NOT PROPERLY BEFORE THE BODY*..... Ruled out of order by the presiding officers; bill died
- INDEF PP*..... Bill Indefinitely Postponed
- ONTP*..... Ought Not To Pass report accepted
- OTP ND*..... Committee report Ought To Pass In New Draft
- OTP ND/NT*..... Committee report Ought To Pass In New Draft/New Title
- P&S XXX*..... Chapter # of enacted Private & Special Law
- PUBLIC XXX*..... Chapter # of enacted Public Law
- RESOLVE XXX*..... Chapter # of finally passed Resolve
- UNSIGNED*..... Bill held by Governor
- VETO SUSTAINED*..... Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is August 11, 2000.

David E. Boulter, Director
 Offices Located in the State House, Rooms 101 & 107

LD 2675 proposed to implement one of the recommendations of the Business Advisory Commission on Quality Child Care Financing. It proposed to establish a linked investment program for child care providers.

LD 2683

An Act to Enhance Economic Development in the State of Maine

ONTP

Sponsor(s)

Committee Report

Amendments Adopted

LD 2683 was a committee bill reported out of the Business and Economic Development Committee pursuant to Joint Order (S.P. 1002). Part A of the bill proposed to modify the Economic Recovery Program administered by the Finance Authority of Maine by making the programs more flexible to meet the needs of Maine businesses.

The proposed modifications would allow the Finance Authority of Maine to establish repayment terms reflective of the risk of a particular loan by allowing the authority to use financing techniques such as obtaining repayment based on the performance of the company through royalty payments, repayment tied to actual cash flow or through a convertible debenture, which would allow the debt to be converted to equity in the company.

Part A also proposed to repeal the requirement that an applicant must have been turned down by all other lenders. This would allow the Finance Authority of Maine to participate in financing packages with commercial lenders and other economic development agencies.

The provisions of Part A were incorporated into the Part II Budget, Public Law 1999, chapter 731, sections VVV-4, VVV-5 and VVV-6.

Part B proposed to modify the Maine Economic Development Venture Capital Revolving Investment Program Fund administered by the Finance Authority of Maine.

It would clarify that capitalization of the fund may come from sources other than direct appropriations.

It would amend the law to allow the authority to invest in newly established venture capital funds that show evidence of likelihood of success by the manager's background and other factors, as well as established venture capital funds.

It would amend the law to require that a private venture capital fund receiving an investment from the authority certify to the authority that it will undertake to invest in an amount equal to the authority's investment in Maine manufacturers or Maine companies that are involved in the development or application of advanced technologies that provide a product or service that is sold or projected to be sold predominantly outside the State or that otherwise bring capital into the State.

It would repeal the prohibition on an officer or employee of a private venture capital firm from participating in a decision on a project in which the officer or employee has a direct financial interest. It would replace that provision with a requirement that the authority's contract with the private venture capital firm give the authority rights and access equal to all other investors in the venture capital firm.

It would amend the law to allow the venture capital funds receiving an investment to use up to 4% annually of the funds received from the authority for administrative purposes.

It would repeal a provision that requires that a private venture capital firm invest 80% of all its funds in a business that is eligible for the Maine Seed Capital Tax Credit.

It would add a requirement that private venture capital funds that receive an investment from the authority report on the amount of funds invested in Maine manufacturers or Maine companies that are involved in the development or application of advanced technologies, that provide a product or service sold or projected to be sold predominantly outside the State or that otherwise bring capital into the State.

It would transfer funds that have revolved back into the Economic Recovery Program Fund to the Maine Economic Development Venture Capital Revolving Investment Program Fund.

The provisions of Part B were incorporated into the Part II Budget, Public Law 1999, chapter 731, sections VVV-7, 8, 9 and 10.

Part C proposed to appropriate funds to the Department of Economic and Community Development for an information technology manager to work with the Maine Business Works program. The provisions of Part C were incorporated into the Part II Budget, Public Law 1999, chapter 731, Section VVV-16.

Part D proposed to appropriate funds to the Department of Economic and Community Development to allow the department to contract with a field representative to serve in a currently underserved and economically depressed area. The provisions of Part D were incorporated into the Part II Budget, Public Law 1999, chapter 731, section VVV-17.

Part E proposed to direct the Maine Rural Development Council to provide advocacy for the social and economic needs of rural Maine communities and to develop community capacity building projects, and it proposed to appropriate \$125,000 to the council. The provisions of Part E were incorporated into the Part II Budget, Public Law 1999, chapter 731, sections VVV-15 and VVV-20.

Part F proposed to establish the Maine Microenterprise Initiative Fund in the Department of Economic and Community Development. Under the bill, the department would give grants from the fund to community-based organizations providing training and technical assistance to microenterprises. Priority consideration would be given to grant applications that are joint applications or target low-income individuals or areas of high unemployment. The department would be required to adopt rules to establish grant application procedures and criteria. The bill also proposed to appropriate from the General Fund a nonlapsing \$1,000,000 to the Maine Microenterprise Initiative Fund. The provisions of Part F were incorporated into the Part II Budget, Public Law 1999, chapter 731, sections VVV-1 and VVV-18.

Part G proposed to establish the Regional Economic Development Assistance Fund in the Department of Economic and Community Development. The department would award grants from the fund to nonprofit community organizations providing local or regional economic development programs. The bill also proposed to appropriate \$500,000 from the General Fund to the fund. The provisions of Part G were incorporated into the Part II Budget, Public Law 1999, chapter 731, sections VVV-2 and VVV-19.

Part H proposed to amend the law creating the Agricultural Products Utilization Commission by authorizing the commission to identify issues related to the development of agriculturally derived fuel industries in Maine, to identify agriculturally derived fuel development programs and to analyze the

potential for agriculturally derived fuel production in Maine. It also proposed to add the chief executive officer of the Finance Authority of Maine to the commission membership and add a requirement to report to the joint standing committee of the Legislature having jurisdiction over business and economic development matters. The provisions of Part H were incorporated into the Part II Budget, Public Law 1999, chapter 731, section VVV-3.

Part I proposed to appropriate funds to the Maine Technical College System for a pilot program for the Aroostook County Machine Tool Program. The provisions of Part I were incorporated into the Part II Budget, Public Law 1999, chapter 731, section VVV-21.

LD 2684 **An Act to Improve Oversight and Accountability of Student Loan Programs Funded with an Allocation of the State Ceiling on Private Activity Tax-exempt Bonds** **PUBLIC 728**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP MAJ	
	OTP-AM MIN	

LD 2684 was reported out by the Joint Standing Committee on Business and Economic Development pursuant to Public Law 1999, chapter 443 in response to the report of the Commission on the Ceiling on Tax-Exempt Bonds.

LD 2684 proposed to enact the following provisions to increase the state's oversight of student loan programs funded through an allocation of the state ceiling on private activity tax-exempt bonds.

The bill proposed to add the Commissioner of Economic and Community Development or the commissioner's designee as a nonvoting member of the group that makes recommendations for the allocation of the state ceiling and provide that the Treasurer of State will no longer be a voting member of that group. It would require that bond cap allocation must be done with the written agreement of 4 of the 5 voting members of the bond cap allocation group. It would require that the State Planning Office conduct an annual analysis related to allocation of the state ceiling. It would require that recipients of an allocation of the state ceiling provide annual audited financial statements and demonstrate the benefits of their programs to the Legislature. The bill proposed to clarify that any further allocation or reallocation of the state ceiling from one eligible issuer to another issuer must be done with the agreement of a super majority of the bond cap allocation group. The bill also would make the meetings and records of the bond allocation group subject to the freedom of access laws.

The bill proposed to prohibit interlocking directors between the Finance Authority of Maine, "FAME," the Maine Educational Loan Authority, "MELA" and the Maine Educational Loan Marketing Corporation, "MELMAC."

The bill would retain the requirement that recipients of an allocation of the state ceiling for the issuance of student loans use FAME as the sole guarantor for student loan notes.

The bill proposed to prohibit MELMAC from originating student loans or extending credit and from discriminating against financial institutions or credit unions authorized to do business in this State with respect to the acquisition of loans. It would retain the requirement that MELMAC use FAME as the sole