

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Modify the Regional Economic Development Revolving Loan Program**

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

**Sec. 1. 10 MRSA §1026-A, sub-§5**, as enacted by PL 2003, c. 537, §30 and affected by §53, is amended to read:

**5. Limitations on loan insurance.** The authority may establish a maximum insurance liability for particular sectors and for existing loans by rule. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**Sec. 2. 10 MRSA §1026-M, sub-§3**, as amended by PL 2001, c. 639, §1, is further amended to read:

**3. Disbursements from fund.** If an application is approved, the authority shall determine the amount to be disbursed to the corporation, taking into account:

- A. The size of the region served by the corporation and the expected demand for loan funds in that region;
- B. The demand for funds from other eligible corporations in relation to the total amount available in the fund; and
- C. Whether an eligible corporation will serve a geographic area or segment of potential business borrowers not served by other applicants.

A corporation may not receive more than ~~\$2,500,000~~\$3,500,000 from the fund. Funds must be disbursed directly to and retained by the eligible corporation in accordance with the contract between the corporation and the authority. Funds must be disbursed to the corporation in the form of a loan or a grant. The authority may, in its discretion, disburse fund amounts in one lump sum or periodic disbursements.

**Sec. 3. 10 MRSA §1026-M, sub-§4, ¶B**, as enacted by PL 1993, c. 722, Pt. C, §1 and affected by §2, is amended to read:

- B. The corporation shall review applications for financial assistance, determine the feasibility of the application and approve or deny the application, which determination is final in the case of loans under ~~\$100,000~~\$150,000 or in the case of denials of any amount;

**Sec. 4. 10 MRSA §1026-M, sub-§6, ¶A**, as amended by PL 1999, c. 401, Pt. 000, §2, is further amended to read:

A. Loans may not exceed ~~\$200,000~~\$250,000 to a borrower, including an affiliated entity, and approval of the authority is required for any loan in excess of ~~\$100,000~~\$150,000. Loans for quality child care projects may not exceed \$100,000 to a borrower. Loans or portions of loans to a quality child care project to be used solely for lead abatement may not exceed ~~\$5,000~~\$15,000.

**Sec. 5. 10 MRSA §1026-M, sub-§6, ¶B**, as amended by PL 2003, c. 195, §1, is further amended to read:

B. Loans over ~~\$50,000~~\$100,000 for borrowers other than quality child care projects may not exceed 1/3 of the net new funds being provided to a borrower. Loans of \$50,000 ~~or less to~~ \$100,000 for projects other than quality child care projects may not exceed 1/2 of the net new funds being provided to a borrower. Loans of less than \$50,000 and loans for quality child care projects may be for the total amount of new funds being provided to the borrower.

**Sec. 6. 10 MRSA §1026-M, sub-§7, ¶A**, as amended by PL 1999, c. 401, Pt. 000, §3, is further amended to read:

A. The business for which funds are requested has 50 or fewer employees or annual sales of \$5,000,000 or less, and it consists of or involves at least one of the following:

- (1) ~~Advanced manufacturing~~Manufacturing technologies, such as value-added wood products ~~and~~ specialty fabricated metal and electronic products, precision manufacturing and use of composites or advanced materials;
- (2) ~~Advanced information system technologies~~Technologies, such as advanced information systems, advanced telecommunications, energy and environmental products and services;
- (3) ~~Advanced biological and~~Biological and natural resource technologies, such as aquaculture, marine technology, agriculture, forestry products and biotechnology;
- (4) A business converting from defense dependency;
- (5) A business significantly engaged in export of goods or services to locations outside the State;
- (6) A business that dedicates significant resources to research and development activities;
- (7) Other businesses with ~~5~~10 or fewer employees; and

(8) A child care project that includes any business that, for compensation, provides a regular service of care and protection for any part of a day less than 24 hours to a child or children under 16 years of age whose parents work outside the home, attend an educational program or are otherwise unable to care for their children.

Notwithstanding the requirements of this paragraph, until June 30, 2010, a project or a borrower that is eligible for loan insurance under section 1026-A is eligible for financial assistance under the program.

## SUMMARY

This bill amends certain provisions of the Regional Economic Development Revolving Loan Program under the Finance Authority of Maine.

1. Current law provides that a corporation may not receive more than \$2,500,000 from the program fund. This bill increases that amount to \$3,500,000.

2. Current law provides that a financial assistance application determination is final in the case of loans under \$100,000. This bill increases that amount to \$150,000.

3. Current law specifies financing terms and conditions for loans made from program funds. This bill amends certain of those provisions.

4. This bill amends the descriptions of eligible projects, and expands eligibility to entities until June 30, 2010.

5. Current law specifies that a business with 5 or fewer employees may be eligible for financial assistance under the program. This bill increases the number of employees to 10 or fewer.