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Legislative Document

No. 672

H.P. 453

House of Representatives, March 3, 2015

An Act To Improve Access to Capital

Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HERBIG of Belfast.
Cosponsored by Senator VOLK of Cumberland and
Representatives: AUSTIN of Gray, CAMPBELL of Newfield, FECTION of Biddeford,
GILBERT of Jay, MASTRACCIO of Sanford, WARD of Dedham, Senator: PATRICK of
Oxford.

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

2 **Sec. 1. 10 MRSA §1026-A, sub-§1**, as amended by PL 2009, c. 124, §3, is
3 further amended to read:

4 **1. Insurance.** The authority may make commitments and agreements to insure loan
5 payments. Any loan insurance must be subject to the following:

6 A. Loan insurance may not exceed:

7 (1) One hundred percent of the principal amount of the loan made to any
8 borrower including related entities for any of the following types of loans or
9 projects:

10 (a) Loans to veterans and wartime veterans, except that the authority may
11 not at any time have, in the aggregate amount of the principal and interest
12 outstanding, loan insurance obligations pursuant to this division exceeding
13 \$5,000,000;

14 (b) Underground and aboveground oil storage facility projects and projects
15 to install equipment related to the improvement of air quality pursuant to
16 requirements for gasoline service station vapor control and petroleum liquids
17 transfer vapor recovery, except that the authority may not at any time have, in
18 the aggregate amount of the principal and interest outstanding, loan insurance
19 obligations pursuant to this division exceeding \$5,000,000;

20 (c) Clean fuel vehicle projects and sustainable biofuel vehicle projects,
21 except that the authority may not at any time have, in the aggregate amount
22 of the principal and interest outstanding, loan insurance obligations pursuant
23 to this division exceeding \$5,000,000;

24 (d) Waste oil disposal site clean-up projects, except that the authority may
25 not at any time have, in the aggregate amount of the principal and interest
26 outstanding, loan insurance obligations pursuant to this division exceeding
27 \$1,000,000; or

28 (e) The Plymouth waste oil remedial study, except that the authority may not
29 at any time have, in the aggregate amount of the principal and interest
30 outstanding, loan insurance obligations pursuant to this division exceeding
31 \$1,000,000; and

32 (2) Ninety percent of the principal amount of the loan made to any borrower,
33 including related entities for any other manufacturing enterprise, industrial
34 enterprise, recreational enterprise, fishing enterprise, agricultural enterprise,
35 natural resource enterprise or any other eligible business enterprise;

36 B. The loan must be serviced as required by the authority;

37 D. The authority must determine that there is a reasonable prospect that the loan will
38 be repaid;

39 E. The loan must be in compliance with the credit policy of the authority;

40 F. Loan insurance payments may not exceed the lesser of:

1 (1) Principal, outstanding accrued interest and collection costs approved by the
2 authority; and

3 (2) The original insured amount; and

4 G. Terms other than those specified in paragraphs A to F as may be required by law
5 or by rule of the authority.

6 The authority may provide insurance for related entities of up to ~~\$7,000,000~~ \$10,000,000.

7 Notwithstanding any provision to the contrary in this chapter, the authority may provide
8 special loan insurance benefits to veterans and wartime veterans determined by rule of the
9 authority developed in consultation with the Department of Defense, Veterans and
10 Emergency Management, Bureau of Maine Veterans' Services.

11 For all loan insurance liability in excess of \$1,000,000 and in other instances when the
12 authority determines it is appropriate, the authority shall obtain a written assessment from
13 the Department of Environmental Protection of the environmental conditions known by
14 the department to exist at a project location so that the authority fully considers
15 environmental risks when making its decisions. Environmental conditions posing risks
16 that must be considered include, but are not limited to, licensing obligations, existing or
17 historic regulatory noncompliance and site clean-up responsibilities.

18 **Sec. 2. Funds deposited.** Funds appropriated or allocated pursuant to this Act
19 must be deposited in the Finance Authority of Maine Loan Insurance Reserve Fund set
20 forth pursuant to the Maine Revised Statutes, Title 10, section 1023-C.

21 **Sec. 3. Contingent effective date.** This Act takes effect only upon the receipt by
22 the Finance Authority of Maine Loan Insurance Reserve Fund of an appropriation,
23 allocation or other funding source in the amount of at least \$37,000,000.

24 **SUMMARY**

25 This bill, which takes effect only upon the receipt by the Finance Authority of Maine
26 Loan Insurance Reserve Fund of an appropriation, general obligation bond funding or
27 other funding in the amount of at least \$37,000,000, increases the maximum loan
28 insurance amount available through the Finance Authority of Maine from \$7,000,000 to
29 \$10,000,000.