

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-FIVE

—
H.P. 984 - L.D. 1500

**An Act to Establish the Maine Community Development Financial
Institution Fund to Support Small Businesses, Rural Economic Development
and Affordable Housing**

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

Sec. 1. 5 MRSA §135, as amended by PL 2021, c. 231, §1, is further amended by enacting after the 7th paragraph a new paragraph to read:

The Treasurer of State may deposit, if funds are available, an amount not to exceed \$10,000,000 in each calendar year with community development financial institutions authorized to do business in the State at a rate of return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with other financial institutions for a similar term, as determined by the Treasurer of State, for periods not to exceed 2 years. For the purposes of this paragraph, "community development financial institution" has the same meaning as in section 13056-K, subsection 1, paragraph A.

Sec. 2. 5 MRSA §13056-K is enacted to read:

§13056-K. Maine Community Development Financial Institution Program

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Community development financial institution" means an institution that, as determined by the Secretary of State, is:

- (1) Legally qualified to do business within the State;
- (2) Subject to oversight by applicable federal or state financial institution or insurance regulatory agencies, if applicable; and
- (3) Certified by the United States Department of the Treasury as a community development financial institution.

B. "Financing" means any combination of loans, grants and forgivable loans.

C. "Fund" means the Maine Community Development Financial Institution Fund established in subsection 2.

D. "Program" means the Maine Community Development Financial Institution Program established in subsection 3.

E. "Project" means a project funded under the program.

F. "Underserved community" means a geographic area or targeted population identified by the Community Development Financial Institutions Fund at the United States Department of the Treasury as a target market for financing from community development financial institutions.

2. Fund established. The Maine Community Development Financial Institution Fund is established within the department for the purpose of providing funds for the program. The fund consists of money transferred to the fund by the Legislature in the form of appropriations, which may be provided as grants or loans, or by the Treasurer of State in the form of low-cost or no-cost loaned capital, which may be provided as loans.

Other funds may include grants and loans from federal, state and private sources and other types of funding from private sources. The fund is a dedicated nonlapsing fund, and all revenues deposited in the fund remain in the fund and must be disbursed in accordance with this section. The department may dedicate up to 10% of the appropriated and granted money in the fund for the administrative and operational costs required to administer and manage the program, and any interest earned on money in the fund remains in the fund and must be credited to the fund.

3. Program established; duties. The Maine Community Development Financial Institution Program is established within the department to provide capital through grants and loans to community development financial institutions. The program must provide grants and loans to community development financial institutions for purposes that align with the program's goal of promoting housing and economic and community development, capital access, housing access and small business support. Community development financial institutions must deploy the funds in the form of loans, grants and forgivable loans to provide financial products to underserved communities in the State.

4. Rulemaking. The department shall adopt rules to implement this section. Rules must include, but are not limited to, monitoring and accountability mechanisms for organizations receiving funding under the program. Rules adopted pursuant to this subsection are routine technical rules as defined in chapter 375, subchapter 2-A.

5. Reporting. Beginning January 1, 2026, and biannually thereafter, the department shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters on such matters regarding the fund as the department considers appropriate, including the amount of funding committed to projects from the fund, and other items as may be requested by the joint standing committee of the Legislature having jurisdiction over economic development matters. After reviewing the report, the committee may report out legislation to implement any recommendations contained in the report or address any other issues identified in the report.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF
Maine Community Development Financial Institution Fund N506**

Initiative: Allocates ongoing funds for grants and loans to eligible institutions and enterprises to promote housing and community development, capital access, housing access and small business support.

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
All Other	\$500	\$500
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$500</u>	<u>\$500</u>