

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 Promote Economic Development

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

Sec. 1. 10 MRSA §1026-J, sub-§2, as amended by PL 1999, c. 731, Pt. VVV, §6, is further amended to read:

2. Loan terms and conditions. Loans may not exceed ~~\$1,000,000~~\$2,000,000 per project. The authority may establish prudent terms and conditions for loans, including limits on the amount of loans for any one project and requiring adequate collateral for the loans. Loan terms may not exceed 20 years in the case of loans primarily secured by real estate, 10 years in the case of loans secured primarily by machinery and equipment and 7 years for other loans. The interest rate charged on each loan may not exceed the prime rate for interest plus 4%, as determined by the authority. The authority may establish conditions, such as balloon payments, to encourage borrowers to make the transition to conventional financing as soon as they are reasonably able to do so. The authority may further assist the borrower by allowing for the deferral of interest or principal payments for a period of time. Loans may be subject to conditions that allow the authority to make a reasonable return based on the risk of the investment, which may include royalties or additional payments based on sales, net cash flow or other financial measures and rights to equity in the company.

Sec. 2. Contingent effective date. This Act takes effect only upon the receipt by the Economic Recovery Program Fund of an appropriation, an allocation or funds from another funding source in the amount of at least \$13,000,000.

SUMMARY

This bill increases the maximum loan amount available through the Economic Recovery Program administered by the Finance Authority of Maine from \$1,000,000 to \$2,000,000. It takes effect only upon the receipt by the Economic Recovery Program Fund of an appropriation, general obligation bond funding or other funding in the amount of at least \$13,000,000.