

§988-B. Natural resources capital investment program

1. Purpose. The purpose of this section is to establish a program to provide assistance in the financing and development of natural resource projects designed to increase the State's capacity to produce, harvest, store, process, distribute, market and improve the quality of its natural resource products. The goal is to expand the opportunities for natural resource enterprises and promote the quality of Maine products nationally and internationally.

[PL 1989, c. 552, §12 (NEW).]

2. Eligible projects. To be eligible for assistance under the program, projects must be located in the State and must consist of the construction, renovation or acquisition of land, buildings, equipment, docks, wharves, piers or vessels used in connection with a commercial natural resource enterprise, as that term is defined in section 963-A, subsection 41. Financing assistance may be provided with respect to the soft costs associated with eligible projects, but not for working capital.

[PL 1989, c. 552, §12 (NEW).]

3. Eligible borrowers. Eligible borrowers shall include profit and nonprofit businesses, producer groups, cooperatives and governmental entities.

[PL 1989, c. 552, §12 (NEW).]

4. Assistance provided. The authority is authorized to provide assistance in the form of direct loans or security for commercial loans or equity investments, subject to the following limitations.

A. In the case of direct loans, funds may be provided from the fund established under section 988-A for up to 45% of total project costs. Borrowers must contribute at least 10% of total project costs in equity or the equivalent and the balance of project costs may be financed by a lender. The authority may provide that repayment of loans from the fund and the security therefor may be subordinate to the lender loan. The interest rate, other loan terms and conditions and fees to the authority may be established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that the interest rate is not less than 5% per year and loan terms do not exceed 10 years for equipment, 20 years for vessels and 25 years for real estate. [PL 1989, c. 552, §12 (NEW).]

B. In the case of security for commercial loans, funds may be provided from the fund established under section 988-A to the lender as collateral for the loan on terms and conditions established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that funds deposited with the lender do not exceed 45% of the total loan. The authority may also provide funds to a lender as a deposit in the name of the authority at a reduced rate of interest provided that the interest savings to the lender is passed on to the borrower in the form of a lower interest rate on the loan. [PL 1989, c. 552, §12 (NEW).]

C. In the case of security for equity investments, the authority may pledge or deposit money from the fund established under section 988-A as security for up to 30% of a direct equity investment in an eligible borrower on terms and conditions established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II. [PL 1989, c. 552, §12 (NEW).]

D. Assistance from the fund pursuant to this section may not exceed in aggregate 45% of total project costs of an eligible project. The authority may establish a mechanism for reserving funds for or giving priority to projects in industries or areas of the State deemed to require special assistance. [PL 1989, c. 552, §12 (NEW).]

E. Each applicant must demonstrate a reasonable likelihood that it would not be able to obtain financing or investment sufficient for the project's needs on reasonable terms without assistance from the fund, that there is a reasonable likelihood that it will be able to repay the loan or secured

investment and that the project will assist in accomplishing the purposes of this subchapter. [PL 1989, c. 552, §12 (NEW).]
[PL 1989, c. 552, §12 (NEW).]

SECTION HISTORY

PL 1989, c. 552, §12 (NEW).

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