



130th MAINE LEGISLATURE

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Legislative Document

No. 1800

H.P. 1341

House of Representatives, December 9, 2021

An Act To Amend the Laws Governing the Small Enterprise Growth Program

Submitted by the Finance Authority of Maine pursuant to Joint Rule 203.

Received by the Clerk of the House on December 7, 2021. Referred to the Committee on Innovation, Development, Economic Advancement and Business pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

ROBERT B. HUNT
Clerk

Presented by Representative ROBERTS of South Berwick.

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

2 **Sec. 1. 10 MRSA §382, sub-§4-A** is enacted to read:

3 **4-A. Qualifying venture fund.** "Qualifying venture fund" means a venture capital
4 fund managed by an entity other than the board in which the board invests capital from the
5 program.

6 **Sec. 2. 10 MRSA §383, sub-§1-B** is enacted to read:

7 **1-B. Investment in other funds.** The board may invest program money in a
8 qualifying venture fund subject to an agreement that directs a portion of the money in the
9 qualifying venture fund into companies based in the State that employ 50 or fewer
10 employees or that have gross sales not exceeding \$5,000,000 within the most recent 12
11 months for which financial statements are available.

12 **Sec. 3. 10 MRSA §383, sub-§3,** as enacted by PL 2009, c. 475, §4, is amended to
13 read:

14 **3. Management fees.** The board may charge and accept management fees for
15 management of money placed in ~~program funds~~ the fund or a side fund other than money
16 placed directly by the State. The board may approve payment of management fees to a fund
17 manager hired to manage a side fund or to a fund manager for a qualifying venture fund
18 for which the board is a limited partner.

19 **Sec. 4. 10 MRSA §384, sub-§2,** as enacted by PL 1995, c. 699, §3, is amended to
20 read:

21 **2. Chair Officers.** The board shall annually elect a chair, vice-chair and treasurer
22 from among its members.

23 **Sec. 5. 10 MRSA §384, sub-§3,** as amended by PL 1999, c. 504, §3, is further
24 amended to read:

25 **3. Terms.** The members other than the Commissioner of Economic and Community
26 Development or the commissioner's designee serve for ~~2-year~~ 3-year terms and may be
27 reappointed for up to ~~3~~ 2 consecutive terms. A member may serve for more than ~~3~~ 2-year
28 2 3-year terms if the terms are not consecutive.

29 **Sec. 6. 10 MRSA §386, first ¶,** as enacted by PL 1995, c. 699, §3, is amended to
30 read:

31 A qualifying venture fund or a qualifying small business may be eligible to receive
32 financial assistance under the program. In order to be eligible for financial assistance under
33 the program, a qualifying venture fund must meet the requirements of section 383,
34 subsection 1-B. In order for a qualifying small business to be eligible for financial
35 assistance under the program, a qualifying small business must meet the following criteria
36 must be met.

37 **Sec. 7. 10 MRSA §388, sub-§1,** as amended by PL 2001, c. 541, §2, is further
38 amended to read:

39 **1. Disbursements.** Initial disbursements may not exceed \$500,000 to a qualifying
40 venture fund or qualifying small business, including an affiliated entity. An initial
41 disbursement plus any subsequent disbursements in the aggregate to a qualifying venture

1 fund or qualifying small business may not exceed an amount equal to 10 ~~percent~~ % of the
2 capitalization of the fund from all appropriations received for application to the fund, plus
3 any funds received from repayment, interest, royalties, equities or other interests in
4 business enterprises, products or services to the extent the repayment, interest, royalties,
5 equities or other interests are in excess of the amount initially invested in the business
6 making the payments, plus interest accrued on the fund balance and other funds received
7 by the board to be applied to the fund. The board shall report annually by December 20th
8 of each year to the joint standing committee of the Legislature having jurisdiction over
9 business and economic development matters on all disbursements made under this
10 subsection.

11 **Sec. 8. 10 MRSA §389**, as enacted by PL 1995, c. 699, §3, is amended to read:

12 **§389. Cooperation and coordination**

13 The University of Maine System, the Small Business Development Center Program,
14 the Maine ~~World International Trade Association and the Maine Science and Technology~~
15 ~~Foundation Center and the Maine Technology Institute~~ shall provide such support and
16 assistance as the board may request, within the expertise of each.

17 **Sec. 9. Terms of current board members.** Notwithstanding the Maine Revised
18 Statutes, Title 10, section 384, a member of the Small Enterprise Growth Board serving on
19 the effective date of this Act:

20 1. Shall serve a term ending on the 3rd anniversary of the date on which the member's
21 term began; and

22 2. May be appointed to a term to begin immediately following the end of the member's
23 term only if the member has not served for 6 consecutive years as of the date of the end of
24 the term.

25 **SUMMARY**

26 This bill amends the laws governing the Small Enterprise Growth Program, also known
27 as the Maine Venture Fund, to permit the Small Enterprise Growth Board to invest in
28 certain privately managed venture capital funds and makes certain technical changes to the
29 statutes.