

§1026-N. Maine Economic Development Venture Capital Revolving Investment Program

1. Established. The Maine Economic Development Venture Capital Revolving Investment Program, referred to in this section as the "program," is established to provide venture capital to businesses that need assistance in order to create or retain jobs. The Maine Economic Development Venture Capital Revolving Investment Program Fund, referred to in this section as the "fund," is established as a revolving fund, into which must be deposited all amounts appropriated to the program or allocated for inclusion in the fund, from whatever source, interest and investment earnings on the fund and any amounts repaid to the program by participating venture capital funds.

[PL 1999, c. 731, Pt. VVV, §7 (AMD).]

2. Eligible venture capital funds. Money in the fund may be invested in one or more private, professionally managed venture capital funds located in the State capable of providing venture capital to businesses in order to create and protect jobs and that provide evidence of past or potential management success and risk diversification. To be eligible for investments from the fund, a private venture capital fund must:

A. Apply to the authority. The application must describe the private venture capital fund and its funding sources, the region it serves, its methods and criteria for qualifying investments, including any targeted investing and economic development strategy, its expertise in venture capital assistance and investing in small and emerging businesses, the method by which it will leverage funds from other sources than those received from the fund and other information the authority determines necessary; [PL 1995, c. 424, §1 (NEW).]

B. Have a strategy for the creation and retention of jobs, an effective small business marketing and technical assistance plan and enough expert assistance available to it to underwrite, document and service investments and to assist the businesses in which it invests; [PL 1995, c. 424, §1 (NEW).]

C. Be determined by the authority to be able to prudently and effectively administer venture capital investments; and [PL 1995, c. 424, §1 (NEW).]

D. Propose performance standards and goals and a process for monitoring compliance with proposed measurement and goals. [PL 1995, c. 424, §1 (NEW).]

[PL 1999, c. 731, Pt. VVV, §7 (AMD).]

3. Disbursements from fund. If an application is approved, the authority shall determine the amount to be invested in the private venture capital fund, taking into account:

A. The size of the region served by the private venture capital fund and the expected demand for venture capital investments in that region; and [PL 1995, c. 424, §1 (NEW).]

B. The demand for venture capital investments from other eligible private venture capital funds in relation to the total amount available in the fund and whether an eligible private venture capital fund will serve a geographic area or segment of potential businesses not served by other applicants. [PL 1995, c. 424, §1 (NEW).]

Funds must be disbursed directly to and retained by the eligible private venture capital fund in accordance with a contract of investment between the private venture capital fund and the authority. All money invested in the private venture capital fund by the authority must be held in the name of the authority. Investment earnings on amounts invested by the authority must be credited to the authority and periodically paid to the authority. Any uncommitted balances existing in the fund at any time may, at the discretion of the authority, be transferred to the Economic Recovery Program Fund established in section 1023-I.

[PL 2015, c. 47, §1 (AMD).]

4. Investment contract. A private venture capital fund that has been approved for participation in the program may enter into a contract with the authority. The contract governs the administration of

the program and the use of funds. The contract must provide that a private venture capital fund shall, at a minimum, conform to the following terms and conditions:

A. The private venture capital fund shall certify that it will use funds only for eligible purposes and that it will make best efforts to invest an amount equal to the authority's investment in the fund in businesses that meet all eligibility requirements for a tax credit certificate pursuant to section 1100-T, subsection 2, paragraph B; [PL 1999, c. 731, Pt. VVV, §8 (AMD).]

B. [PL 1999, c. 731, Pt. VVV, §9 (RP).]

B-1. The authority has rights equal to those of all other investors in the private venture capital fund; [PL 1999, c. 731, Pt. VVV, §10 (NEW).]

C. If the private venture capital fund breaches its contract with the authority or ceases to operate an investment program in substantial conformance with its proposal to the authority, the authority may require immediate repayment to the authority of any investment made to it from the fund; and [PL 1995, c. 424, §1 (NEW).]

D. Other terms and conditions that the authority determines appropriate. [PL 1995, c. 424, §1 (NEW).]

[PL 1999, c. 731, Pt. VVV, §§8-10 (AMD).]

5. Administrative costs. A private venture capital fund may not use more than 4% annually of the amount invested from the fund by the authority for administrative expenses or load charges. The authority shall review and approve a private venture capital fund's administrative expenses on an annual basis. The authority may establish by rule reasonable administrative fees for its administration of the fund.

[PL 1999, c. 731, Pt. VVV, §11 (AMD).]

6. Eligible investments.

[PL 1999, c. 731, Pt. VVV, §12 (RP).]

7. Reports. A private venture capital fund shall report at least semiannually to the authority on the businesses in which the private venture capital fund invests and the administration of the program. The report must include a description of each business, the amount, type and terms of assistance the business received, the amount of funds invested in businesses that meet the criteria of section 1100-T, subsection 2, paragraph B, the number of jobs that were created or retained and other information the authority requires. The report must contain an accounting of the investment portfolio and any investments that are in default, as well as an accounting of the private venture capital fund's administrative and technical assistance expenses incurred and charged.

[PL 1999, c. 731, Pt. VVV, §13 (AMD).]

8. Audit. The authority shall review annually each private venture capital fund's participation in the program and, in its discretion, may require an independent audit at the expense of the private venture capital fund. If the authority determines that a private venture capital fund has used funds for ineligible purposes, the private venture capital fund shall repay those funds to the authority for deposit into the fund.

[PL 1995, c. 424, §1 (NEW).]

9. Rules. The authority shall adopt rules governing the program pursuant to Title 5, chapter 375. [PL 1995, c. 424, §1 (NEW).]

SECTION HISTORY

PL 1995, c. 424, §1 (NEW). PL 1999, c. 731, §§VVV7-13 (AMD). PL 2015, c. 47, §1 (AMD).

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