**§388. Financing terms and conditions**

Disbursements may be made from program funds under the following terms and conditions. [PL 1995, c. 699, §3 (NEW).]

**1. Disbursements.**  Initial disbursements may not exceed $500,000 to a qualifying venture fund or qualifying small business, including an affiliated entity. An initial disbursement plus any subsequent disbursements in the aggregate to a qualifying venture fund or qualifying small business may not exceed an amount equal to 10% of the capitalization of the fund from all appropriations received for application to the fund, plus any funds received from repayment, interest, royalties, equities or other interests in business enterprises, products or services to the extent the repayment, interest, royalties, equities or other interests are in excess of the amount initially invested in the business making the payments, plus interest accrued on the fund balance and other funds received by the board to be applied to the fund. The board shall report annually by December 20th of each year to the joint standing committee of the Legislature having jurisdiction over business and economic development matters on all disbursements made under this subsection.

[PL 2021, c. 502, §7 (AMD).]

**2. Provide evidence.**  The qualifying small business shall provide evidence satisfactory to the board that the small business has obtained or will obtain, prior to the board's disbursement, matching funds in an amount at least equal to the board's investment in the form of debt or equity that is at risk in the small business.

[PL 1999, c. 504, §7 (RPR).]

**3. Agreement.**  The board must enter into an agreement with the recipient of the disbursement setting forth the terms of repayment of the fund's investment in the recipient. This agreement may include such terms and conditions as the board determines will provide a reasonable return on its investment taking into consideration the risk of the investment. These terms and conditions may include one or more of the following:

A. Repayment of the full amount disbursed; [PL 1999, c. 504, §7 (NEW).]

B. Payment of interest based on the board's assessment of the risk of the investment; [PL 1999, c. 504, §7 (NEW).]

C. Payment of return based on the board's ownership interest in the recipient; [PL 1999, c. 504, §7 (NEW).]

D. Flexible payments based on the financial success of the recipient; [PL 1999, c. 504, §7 (NEW).]

E. Royalties or additional payments based on sales, net cash flow or other financial measures; [PL 1999, c. 504, §7 (NEW).]

F. Rights to equity in the enterprise in the form of warrants or similar rights; or [PL 1999, c. 504, §7 (NEW).]

G. Such other terms and conditions as the board determines are appropriate for the investment. [PL 1999, c. 504, §7 (NEW).]

[PL 1999, c. 504, §7 (RPR).]

**4. Report.**  The board shall require that each disbursement recipient report to the board at least annually on each of the following factors:

A. Financial performance; [PL 1995, c. 699, §3 (NEW).]

B. Job creation; [PL 1995, c. 699, §3 (NEW).]

C. Technological progress; [PL 1995, c. 699, §3 (NEW).]

D. Market progress; and [PL 1995, c. 699, §3 (NEW).]

E. Any other factors as the board may require. [PL 1995, c. 699, §3 (NEW).]

[PL 1995, c. 699, §3 (NEW).]

SECTION HISTORY

PL 1995, c. 699, §3 (NEW). PL 1999, c. 504, §§6,7 (AMD). PL 2001, c. 541, §2 (AMD). PL 2021, c. 502, §7 (AMD).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Legislature and is current through October 15, 2024
 . The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.