

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

A.S.

L.D. 2222

DATE: June 1, 1999

(Filing No. S- 373)

BUSINESS AND ECONOMIC DEVELOPMENT

Reported by:

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
119TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 816, L.D. 2222, Bill, "An Act to Retain Jobs at Paper Production Facilities in the State"

Amend the bill by striking out all of section 4 and inserting in its place the following:

'Sec. 4. 10 MRSA §963-A, sub-§42-C is enacted to read:

42-C. Paper industry job retention project. "Paper industry job retention project" means the acquisition and improvement of a paper production facility in the State, in which not less than 40% of the ownership of the project will be, at the time the financial assistance is provided, owned or controlled by or for the benefit of a majority of the employees of the project through a qualified employee stock ownership program or other employee ownership program recognized in the federal Internal Revenue Code.'

Further amend the bill in section 7 in paragraph K in the 6th line (page 3, line 22 in L.D.) by inserting after the following: "securities." the following: 'To assist in making its determination the authority may engage, at the borrower's expense, independent consultants to assist in the evaluation of the project.'

Further amend the bill in section 7 in paragraph K in subparagraph (2) in the 4th to 7th lines (page 3, lines 37 to 43 in L.D.) by striking out the following: "If, as a condition of the financial assistance, a significant interest in the owner of the project will be owned or controlled by or for the benefit

COMMITTEE AMENDMENT

R. of S.

COMMITTEE AMENDMENT "A" to S.P. 816, L.D. 2222

2 of all of the employees of the project at the time financial
3 assistance is provided, then such ownership is prima facie
4 evidence that the project will benefit the public"

6 Further amend the bill in section 7 in paragraph K in
7 subparagraph (4) in the last line (page 4, line 2 in L.D.) by
8 inserting after the following: "service" the following: 'and
9 its ability to access conventional financing'

10 Further amend the bill in section 7 in paragraph K in
11 subparagraph (5) in the last line (page 4, line 6 in L.D.) by
12 inserting after the following: "industry" the following: '. In
13 assessing projected financial performance, the authority must
14 consider the value and effect of any contractual labor cost
15 reductions that will be in effect at the time the financial
16 assistance is provided'

18 Further amend the bill in section 7 in paragraph K in
19 subparagraph (6) in the last line (page 4, line 10 in L.D.) by
20 striking out the following: "and"

22 Further amend the bill in section 7 in paragraph K by
23 striking out all of subparagraph (7) and inserting in its place
24 the following:

26 '(7) Whether the owner will make an important equity
27 contribution to the project. If the applicant requests
28 financing assistance from the authority in an amount
29 greater than \$25,000,000, the amount financed by the
30 authority may not exceed \$25,000,000 plus 50% of the
31 total project costs in excess of \$25,000,000. If other
32 financing is subordinate to the financing provided by
33 the authority, the amount financed by the authority may
34 not exceed \$25,000,000 plus 70% of the total project
35 costs in excess of \$25,000,000; and

36 (8) Whether the applicant demonstrates that the need
37 for authority assistance is due to the reduced cost and
38 increased flexibility of the financing for the project
39 that result from the authority assistance and not from
40 an inability to obtain necessary financing without the
41 capital reserve fund security provided by the
42 authority.'

44 Further amend the bill by inserting after section 8 the
45 following:

46 **'Sec. 9. Loans authorized.** The Finance Authority of Maine may
47 make loans for paper industry job retention projects, as defined
48 in the Maine Revised Statutes, Title 10, section 963-A
49

H. O. S.

COMMITTEE AMENDMENT "A" to S.P. 816, L.D. 2222

2 from up to \$100,000,000 of the proceeds of revenue obligation
 securities secured by capital reserve funds pursuant to Title 10,
 4 section 1053. Notwithstanding any provision of Title 10, chapter
 110, loans may aggregate up to \$100,000,000 plus an amount
 6 determined by the Finance Authority of Maine of up to an
 additional aggregate of \$20,000,000 to fund any capital reserve
 8 fund established by the authority for these loans. Revenue
 obligation securities secured by capital reserve funds pursuant
 to Title 10, section 1053 may not be issued for a paper industry
 10 job retention project approved by the authority after February 1,
 2001. Any revenue obligation securities issued pursuant to Title
 12 10, section 1053, including revenue obligation securities issued
 for a paper industry job retention project, are limited
 14 obligations of the Finance Authority of Maine payable from
 revenues from borrowers and any capital reserve funds pledged for
 16 those securities as those funds are administered under Title 10,
 chapter 110, subchapter III and are not payable from any other
 18 assets or funds of the Finance Authority of Maine.'

20 Further amend the bill by inserting at the end before the
 summary the following:

22

24 **'FISCAL NOTE**

26 This bill increases the Finance Authority of Maine's revenue
 obligation securities limit from \$657,000,000 to \$777,000,000 to
 28 provide loans for paper industry job retention projects.
 Authorizing the issuance of the additional \$120,000,000 extends
 30 the moral obligation of the State.'

32

SUMMARY

34

36 The amendment modifies the definition of a paper industry
 job retention project to require that not less than 40% ownership
 of the project be by or on behalf of a majority of the employees
 38 in the form of an employee stock ownership program or other plan
 recognized in the federal Internal Revenue Code.

40

42 The amendment also amends the bill by conforming the factors
 the Finance Authority of Maine must consider when evaluating a
 project to those the Finance Authority of Maine must consider
 44 when evaluating a major business expansion project.

46

The amendment allows the Finance Authority of Maine to
 engage independent consultants at the expense of the borrower to
 48 assist in evaluating the credit risk of the proposed project.

COMMITTEE AMENDMENT

R. O. S.

COMMITTEE AMENDMENT "A" to S.P. 816, L.D. 2222

2 The amendment deletes the provision that defined contractual
labor cost reductions as equity and replaces it with a provision
4 stating that the owner must make an important equity contribution
to the project at the time of financing and that total state
6 assistance for the project may not exceed \$25,000,000 plus 50% or
70% of the project costs in excess of \$25,000,000.

8 The amendment adds language that requires the authority to
consider the value of contractual labor cost reductions when
10 analyzing the projected financial performance of the project.

12 The amendment adds unallocated language setting a
termination date of February 1, 2001 for the authority's approval
14 of the issuance of bonds and confirming that the bonds
contemplated will be limited obligations of the authority,
16 payable only from project revenues.

18 The amendment also adds a fiscal note to the bill.