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)



121st MAINE LEGISLATURE

SECOND REGULAR SESSION-2004

Legislative Document

No. 1818

S.P. 666

In Senate, December 23, 2003

An Act To Amend the Economic Development Laws

Submitted by the Department of Economic and Community Development pursuant to Joint Rule 204.

Received by the Secretary of the Senate on December 22, 2003. Referred to the Committee on Business, Research and Economic Development pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 218.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator BROMLEY of Cumberland.
Cosponsored by Representative SULLIVAN of Biddeford and
Senators: HALL of Lincoln, SHOREY of Washington, Representatives: AUSTIN of Gray,
PELLON of Machias, ROGERS of Brewer, SMITH of Monmouth.

	Be it enacted by the People of the State of Maine as follows:
2	Sec. 1. 5 MRSA §3327, sub-§1, $\P G$, as amended by PL 2003, c. 9, §1, is further amended to read:
6	G. The Commissioner of Economic and Community Development or the commissioner's designee;
8 10	Sec. 2. 5 MRSA $\S13033$, as amended by PL 2001, c. 142, $\S2$, is further amended to read:
12	§13033. Membership
14	The commission consists of 7 members: the Chief Executive Officer of the Finance Authority of Maine or the Chief Executive
16	Officer's designee; the Commissioner of Economic and Community Development or the commissioner's designee; the District Director
18	of the United States Small Business Administration's Maine District Office; and a designee from the administrative unit and
20 22	3 public members with expertise and knowledge in small business and entrepreneurship, appointed by the commissioner.
24	<pre>Sec. 3. 5 MRSA §13120-B, sub-§§1 and 5, as enacted by PL 2001, c. 703, §6, are amended to read:</pre>
26	1. Carrying costs. "Carrying costs" means reasonable costs
28	<pre>incurred for the maintenance, protection and security of a eemmunity speculative industrial building prior to occupancy, including, but not limited to, insurance, taxes and interest.</pre>
30	5. Speculative industrial building. "Gemmunity Speculative
32	industrial building" means a building of flexible design and suitable for commercial use, for which the construction or
34	carrying costs or both are financed through this subchapter for the purpose of creating new jobs in a municipality resulting from
36	the sale or lease of the building.
38	<pre>Sec. 4. 5 MRSA §13120-C, sub-§1, ¶A, as enacted by PL 2001, c. 703, §6, is amended to read:</pre>
40	A. Gemmunity Speculative industrial building program,
42	pursuant to section 13120-N;
44	<pre>Sec. 5. 5 MRSA §13120-D, sub-§1, ¶B, as enacted by PL 2001, c. 703, §6, is amended to read:</pre>
46	B. Two ex officio members:
48	(1) The Commissioner of Economic and Community
50	Development or the commissioner's designee; and

- 2 (2) The Chief Executive Officer of the Finance Authority of Maine or the chief executive officer's designee.
- designee.

8

28

30

42

44

- Sec. 6. 5 MRSA §13120-I, sub-§1, as amended by PL 2003, c. 281, §4, is further amended to read:
- The authority may provide by resolution Authorization. 10 for the issuance of bonds for the purpose of funding the Community Speculative Industrial Buildings Fund, or any successor the fund, for the construction of proposed commercial 12 facilities and improvement of existing or acquired commercial facilities and for the fulfillment of other undertakings that it 14 may assume. The bonds of the authority do not constitute a debt of the State or of any agency or political subdivision of the 16 State but are payable solely from the revenue of the authority, and neither the faith nor credit nor taxing power of the State or 18 any political subdivision of the State is pledged to payment of 20 the bonds. Notwithstanding any other provision of law, any bonds issued pursuant to this subchapter are fully negotiable. member of the board of trustees whose signature appears on the 22 bond or coupons ceases to be a member of the board of trustees 24 before the delivery of those bonds, that signature is valid and sufficient for all purposes as if that member of the board of trustees had remained a member of the board of trustees until 26
 - Sec. 7. 5 MRSA §13120-I, sub-§3, as enacted by PL 2001, c. 703, §6, is amended to read:
- 32 Money received. All money received from any bonds issued must be applied solely for loans to municipalities or 34 development corporations for community speculative industrial buildings, for the construction of proposed commercial 36 facilities and improvement of existing or acquired commercial facilities and for the fulfillment of other undertakings that are 38 within the power of the authority. There is created a lien upon the money until so applied in favor of the bondholders or any 40 member of the board of trustees as may be provided in respect of the bonds.
 - Sec. 8. 5 MRSA §13120-J, sub-§1, as enacted by PL 2001, c.
 703, §6, is amended to read:
- 1. Acquisition of interest. A member of the board of trustees or employee of the authority may not acquire or hold a direct or an indirect personal financial er-personal interest in:
- A. An authority activity;

delivery.

2	B. Property or facilities included, planned to be included or expected to directly benefit from an authority activity;
4	or
6	C. A contract or proposed contract in connection with an authority activity.
8	When an acquisition is involuntary, the interest acquired must be
10	disclosed immediately in writing to the board of trustees and the disclosure must be entered in the board of trustees' minutes.
12	Sec. 9. 5 MRSA §13120-N, as amended by PL 2003, c. 281, §§5
14	and 6, is further amended to read:
16	§13120-N. Speculative industrial building program
18	The authority may assist a municipality or local development corporation to construct a eemmunity speculative industrial
20	building by loaning the municipality or local development corporation money for construction or carrying costs or both for
22	the project, subject to the following.
24	1. Project. The following conditions apply to a project receiving money under this section.
28	A. The project must be within the scope of this subchapter, must be of public use and benefit and must reasonably be expected to accomplish one or more of the following:
30	(1) Create new employment opportunities;
34	(2) Retain or improve existing employment; or
36	(3) Improve the competitiveness of the occupant business.
38	B. Not more than one unoccupied community speculative industrial building project may be financed in a
40	municipality.
42	C. The authority shall charge interest on loans or funds provided under this section to the municipality or local
44	development corporation for a community speculative industrial building that remains unoccupied for 3 or more
46	years following completion of the building.
48	D. The authority shall adopt rules under chapter 375 with respect to:
50	

(1) The methodology and criteria for allocating funds to community speculative industrial building projects; 2 The process through which municipalities and local development corporations must apply for speculative industrial building funds; 6 Rates of interest, the duration of interest 8 payments and any other terms to which municipalities and local development corporations must be subject 10 under this paragraph; and 12 (4) Other matters necessary to the proper administration of this section. 14 Rules adopted under this paragraph are routine technical 16 rules pursuant to chapter 375, subchapter 2-A. 18 Obligations. The municipality or local development corporation receiving money under this section must: 20 Own, or hold on long-term lease, the site for the 22 project; 24 B. Be responsible for and present evidence to the authority of its ability to carry out the project as planned; 26 Site and maintain the eemmunity speculative industrial 28 building on property that is appropriate to the size and location of the community speculative industrial building; 30 32 Provide and maintain, with funds other than those provided by the authority, an adequate access road from a 34 public highway to the proposed site and provide and maintain water, sewer and power facilities. The municipality or development corporation must be responsible for 36 plowing out the plant site at all times and for landscaping the grounds surrounding the building until the building is 38 occupied by a tenant; 40 Comply with applicable zoning, planning and sanitary 42 regulations in the municipality where the community speculative industrial building is to be located. 44 may not be approved and a certificate of approval for the project or for any subsequent enlargement or addition to the 46 may not be issued until the Department of Environmental Protection has certified to the authority that 48 all licenses required by the authority have been issued or that none are required; and

F. Make adequate provisions for insurance and fire protection and for maintenance of the community speculative industrial building while it is unoccupied.

4

б

2

- 3. Loan terms. Terms for a loan under this section are as follows.
- A. The authority shall prescribe the terms and conditions of the loan.

10

B. Loans must be repaid in full, including interest and other charges, within 90 days after the eemmunity speculative industrial building is occupied.

14

16

18

20

22

24

26

12

C. A community speculative industrial building financed by an authority loan may not be sold or leased without the express approval of the purchaser or lessee by the authority. If the municipality or local development corporation and the authority agree that a community speculative industrial building is unlikely to be sold in the near future despite a marketing effort, the authority may permit an interim lease upon terms it considers appropriate for the protection of the Community Speculative Industrial Buildings Fund or any successor to the fund. Occupation of the premises under an interim lease does not require payment in full of the entire loan within 90 days, as provided in paragraph B.

28

30

32

34

36

4. Marketing and promotion. The municipality or local development corporation receiving money under this section shall make a reasonable and continual effort to market the eemmunity speculative industrial building for sale into private commercial use. Upon the request of the authority, the municipality or local development corporation shall present evidence of its marketing efforts and expenditures related to the eemmunity speculative industrial building.

38 40 Taxes.

While

a

building under this section remains unoccupied and a first mortgage is held by the authority, it is property held for a legitimate public use and benefit and is exempt from all taxes and special assessments of the State or any of its political subdivisions.

eemmunity speculative industrial

44

46

48

42

6. Municipality. A municipality may raise or appropriate money supporting and guaranteeing the obligation of a chamber of commerce, board of trade or local development corporation for the purpose of constructing a eemmunity speculative industrial building subject to the provisions of this subchapter.

	Sec. 10. 5 MRSA §13120-P, sub-§§2 and 3, as amended by PL 2003,
2	c. 281, §8, are further amended to read:
4	Redevelopment of property. Except as provided in section 13120-Q, the authority may undertake the redevelopment of
6	property as an owner or lender for subsequent use and sale under
8	the following conditions:
	A. The property has been previously and materially used as
10	a commercial facility or the property is suitable for
	adaptive use as a commercial or industrial facility;
12	B. The property is currently not in productive commercial
14	use or is expected to be taken out of productive commercial use within the immediate future;
16	use within the immediate future;
10	C. The property has not been placed under a purchase option
18	or contract;
20	D. The authority, using due diligence, has determined that:
22	(1) There is a reasonable expectation that the property will become financially viable following its
24	redevelopment; and
26	(2) The economic benefits, including the restoration of employment opportunities, expected to result from
28	the redevelopment justify the risks associated with the authority's equity interest in the property; and
30	duction of order of the control of t
	E. At If the municipality or the local development
32	corporation is the source of the project, such as through owning the property, or uses town or other grant funds to
34	<pre>participate in the redevelopment project, at least 25% of the authority's total cost to acquire, redevelop and return</pre>
36	the property to productive commercial use will be borne by the that municipality or local development corporation; and
38	ene <u>that</u> manifelparity of local development corporation, and
	F. If the undeveloped land or personal property is part of
40	the overall redevelopment project.
42	3. Development of property. Except as provided in section
	13120-Q, the authority may undertake the development of property
44	as an owner or lender for subsequent use and sale under the
46	following conditions:
∓ ∪	A. The property consists of real estate that is zoned,
48	sited or otherwise suitable for development as a commercial facility;

The property is currently not in productive commercial B. use; The property has not been placed under a purchase option or contract; 6 The authority, using due diligence, has determined that: 8 There is (1) a reasonable expectation that the 10 property will become financially viable following its development; 12 The development of the property will create 14 employment opportunities and other economic benefits within the region; and 16 The economic benefits expected to result from the 18 development justify the risks associated with the authority's equity interest in the property; and 20 At If the municipality or the local development 22 corporation is the source of the project, such as through owning the property, or uses town or other grant funds to 24 participate in the redevelopment project, at least 25% of the authority's total cost to acquire, develop and bring the property to productive commercial use will be borne by the 26 that municipality or local development corporation,; and 28 F. If that undeveloped land or personal property is part of 30 the overall development project. Sec. 11. 5 MRSA §15302, sub-§3, as enacted by PL 1999, c. 401, 32 Pt. AAA, §3 and amended by PL 2003, c. 20, Pt. OO, §2 and affected by §4, is further amended to read: 34 36 Board of Directors of the Maine Technology Institute. The institute is governed and all of its powers exercised by a 38 board of directors, referred to in this chapter as the "board," consisting of 12 13 voting members and 3 2 nonvoting members. 40 A. The Governor shall appoint 9 10 voting directors, 7 8 of whom must be representatives of targeted technologies. The 42 directors must have demonstrated significant experience in finance, lending or venture capital. 44 making the appointments from targeted technologies, the 46 shall consider recommendations submitted representatives of targeted technology sectors. of the board appointed by the Governor are entitled to 48 receive reimbursement at the legislative rate for necessary

2	expenses for their attendance at authorized meetings of the board.
4	B. The Commissioner of Economic and Community Development or the commissioner's designee, the President of the Maine
6	Community College System or the president's designee and the Chancellor of the University of Maine System or the
8	chancellor's designee are ex officio voting directors.
10	C. The PresidenteftheMaineSeieneeandTechnology Foundation-orthe-president's-designee-and-the Director of
12	the State Planning Office or the director's designee are is an ex officio nonvoting director.
14	<u></u>
16	D. The Maine Technology Institute Director is a nonvoting director.
18	Sec. 12. 10 MRSA §965, sub-§4, as amended by PL 1987, c. 403, §2 and c. 534, Pt. B, §§7 and 23, is further amended to read:
20	4 Chate method mhare method of the such mites abold
22	4. State members. Three members of the authority shall represent the State and-shall-eensist-ef , including:
24	A. The Commissioner of Economic and Community Development or the commissioner's designee;
26	
28	B. One natural resources commissioner designated by the Governor from either the Department of Agriculture, Food and Rural Resources; the Department of Conservation; or the
30	Department of Marine Resources; and
32	C. The Treasurer of State, ex officio.
34	Sec. 13. 10 MRSA §1413, sub-§4, as enacted by PL 1979, c. 503, §2, is amended to read:
36	·
38	4. Commission. "Commission" means the Commission-on-Energy EfficiencyBuildingPerformanceStandards Public Utilities
40	Commission.
42	Sec. 14. 10 MRSA §1413, sub-§7, as amended by PL 1989, c. 501, Pt. DD, §21, is repealed.
44	Sec. 15. 10 MRSA §1413, sub-§11, as amended by PL 1991, c.
4 6	824, Pt. A, §13, is further amended to read:
	11. Manual of Accepted Practices. "Manual of Accepted
48	Practices" means the Manual of Accepted Practices prepared by the Department-of-Economic-and-Gommunity-Development Public Utilities

Commission in conformance with the mandatory standards for residential construction as defined in section 1415-C.

Sec. 16. 10 MRSA §1414-A, as amended by PL 1989, c. 501, Pt. DD, §23, is further amended to read:

5

Я

10

12

14

§1414-A. Adoption of energy performance building standards by state agencies

Energy performance building standards adopted by state agencies shall must be coordinated with each other, as far as practicable, so that similar activities and buildings are treated in a similar way. The Gemmissioner-of-Economic-and-Community Development commission shall assist other state agencies in developing energy standards which that comply with this section.

16

18

- Sec. 17. 10 MRSA §1415-C, sub-§§4 to 6, as amended by PL 1991, c. 824, Pt. A, §14, are further amended to read:
- Waiver. A waiver from subsection 3 may be granted by 20 the eemmissiener commission on a case-by-case basis for instances 22 of renovation as defined by section 1413, subsection 15. regards to the renovation of historic buildings, a waiver is granted when the Executive Director of the State Historic 24 Preservation Commission determines that adherence to the energy building standards would result in irreparable damage to the 26 historic character of a building on the National Register of Historic Places, eligible for nomination to the national register 28 or designated as a historic building by a certified municipal 30 historic preservation ordinance. In other instances, such as the rebuilding of a structure damaged by fire or a historic preservation project when maintaining historic character is not 32 an issue, the eemmissiener commission may grant a waiver when it can be shown that the additional cost of meeting the energy 34 building standards would make the building renovation economically infeasible. 36
 - 5. Waiver decision. The commissioner commission shall render a decision on an application for a waiver from the standards within 30 days of the receipt by the commissioner commission of a complete application for a waiver. In rendering a decision, the commissioner commission may place conditions upon the granting of a waiver. Failure on the part of the commissioner commission to render a decision within the 30-day period constitutes approval of the request for the waiver.

46

48

50

38

40

42

44

6. Waiver application. A request for a waiver under subsection 4 must be submitted to the Department-of-Economic-and Community-Development commission in writing and must contain the location of the renovation, the intended use of the building and

the names of the owner, designer and contractor or builder. applying for a waiver under the historic preservation provisions 2 of subsection 4, information on the historic character of the building must be provided to the commission. applying for a waiver under the economic hardship provisions of subsection 4, information on the economic infeasibility must be provided to the commission.

10

- Sec. 18. 10 MRSA §1415-E, sub-§1, as amended by PL 1991, c. 824, Pt. A, §15, is further amended to read:
- Administration. The Department --- of -- Economic --- and 12 1. Community---Development commission is responsible administration and enforcement of the standards established in 14 In administering these standards, the Department this chapter. ef-Economic-and-Community-Development commission shall: 16
 - Work cooperatively with other state, regional and local agencies interested in or affected by these standards and may, by rules promulgated in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, distribute to regional planning councils made available for this purpose;

24

26

28

18

20

22

Revise the Manual of Accepted Practices to incorporate these mandatory provisions and make this and other relevant publications available to the towns and cities of this State; and

30

Collect data from municipalities and regional planning С. agencies on the energy construction characteristics of the residential units built after January 1, 1989 and include an analysis of that data in its biennial energy resources plan.

34

36

38

32

Sec. 19. 10 MRSA §1415-F, as amended by PL 1991, c. 824, Pt. C, §2, is further amended to read:

§1415-F. Manual of Accepted Practices

40 The commission shall prepare a Manual of Accepted Practices that consists of building procedures and 42 building materials to enable builders of one-family and 2-family structures to conform to the residential standards in section

44 1415-C.

- 46 Sec. 20. 10 MRSA §1415-G, as amended by PL 2003, c. 20, Pt. RR, §8 and affected by §18, is further amended to read:
- 48

\$1415-G. Electric heating systems; subsidized housing

1. Residential construction, remodeling and renovation. Except as provided in this section, during the construction, remodeling or renovation of a multifamily residential building, a person may not install electric space heating equipment as the primary heating system if that construction, remodeling or renovation is funded in whole or in part by public funds, guarantees or bond proceeds. For purposes of this section, "multifamily residential building" means a structure with more than one dwelling unit.

2. Waiver. After written petition from a building owner, the eemmissiener commission shall grant a waiver from subsection 1 if the building design conforms to the residential standards set forth in subsection 3 or 4. A waiver granted by the eemmissiener commission under this subsection must be in writing and state the eemmissiener's commission's reason for granting the waiver.

3. Residential standards; electric heat. If the eemmissioner commission grants a waiver under subsection 2, the building owner shall renovate the building or construct a new building so that the entire building conforms to the minimum energy efficiency standards established in this section. If a waiver is granted under subsection 2 for a building to be remodeled or a building that receives an addition, only the remodeled portion of the building or the addition must conform to the following minimum energy efficiency standards.

- A. All ceilings that face an outdoor or unheated space must be insulated to an R-value of 57 or greater.
- B. All walls that face an outdoor or unheated space must be insulated to an R-value of 38 or greater.

- C. All floors over unheated spaces must be insulated to an R-value of 25 or greater.
- D. Slab-on-grade floors must have perimeter insulation of either:

- (1) R-15 when the insulation extends downward from the top of the slab to the design frost line; or
- 44 (2) R-15 when the insulation extends around the perimeter and horizontally or diagonally beneath or away from the slab for a distance equivalent to the depth of the frost line.

	E. All foundation walls adjacent to a heated space must be
2	insulated from the top of the foundation to the frost line
4	to an R-value of 19 or greater.
4	F. All windows and glass in doors, when the glass in the
6	door constitutes 1/3 or more of the door area, must have a
8	total window unit R-value of 2.5 or greater.
Ū	G. All exterior doors must be insulated or equipped with a
10	storm door.
12	H. All new construction and renovation must comply with
	infiltration and ventilation standards established by the
14	eemmissiener commission.
16	4. Performance-based compliance. EffectiveJanuary1,
- 0	1992, -the-commission may waive the requirements
18	of subsection 3 for any building if the commission
	determines that the building's calculated annual energy
20	consumption is not greater than the annual energy consumption of
22	a similar building constructed in accordance with subsection 3.
<i></i>	The commissioner commission shall adopt implement the rules that
24	establish a performance-based compliance procedure for
	residential buildings before-January-1,-1992.
26	
2.0	5. Violation. A building owner who violates this section or
28	rules adopted under this section commits a civil violation for which a forfeiture of not less than \$100 nor more than 5% of the
30	value of construction must be adjudged.
3 2	6. Notification. An agency, municipality or granting
	authority that provides a housing subsidy as described in this
34	section must notify the Publie-Utilities-Commission commission that the application complies with the residential energy
36	requirements of this section. Notification must be in a form
	prescribed by rule by the commission.
38	Francisco of case of commences
	Sec. 21. 10 MRSA §1415-H, sub-§2, as amended by PL 1999, c.
10	657, §4, is further amended to read:
12	2. Form. The Commissioner of Economic and Community
	Development commission shall develop a model certification form
14	to be used by transmission and distribution utilities under
٠.	subsection 1.
16	Sec. 22. 10 MRSA c. 216, as amended, is repealed.
18	occ. 22. It minor c. 210, as alleftded, is repeated.
-	Sec. 23. 10 MRSA §1485, as amended by PL 1989, c. 501, Pt.
50	DD, §§26 to 28, is further amended to read:

§1485. Development of insulation fact sheet

The Department-of-Economic-and-Gommunity-Development Public
Utilities Commission shall prepare, and shall keep current, an
informational pamphlet concerning insulation materials being used
in the State. The pamphlet shall must discuss the characteristics
of these insulation materials and the positive and negative
effects which that may result following installation of these
materials. The pamphlet shall must also include, but shall is not
be limited to:

1. Moisture. Information concerning moisture travel through buildings and the need for proper ventilation or the need for vapor barriers following installation of insulation;

- 2. Safety. Information concerning safety factors, including the flammability and toxicity of various types of insulation;
- 3. Installation. Guidelines for proper installation of insulation materials to avoid problems of moisture and to avoid any safety hazards;
- **4. Installation contracts.** A narrative description of the requirements of this chapter and its provisions; and

5. Other information. Such other information as the Department--ef--Economic--and--Community--Development--shall--deem Public Utilities Commission determines necessary or appropriate.

The Department-of-Economic-and-Gommunity-Development <u>Public</u> <u>Utilities Commission</u> shall furnish this pamphlet, upon request, to any citizen of this State without charge.

Every person in the State who installs insulation for compensation shall, prior to entering into any contract or agreement for the installation of insulation in any residence, furnish to the owner or lessee of the residence a copy of the pamphlet published pursuant to this section.

Any person who violates the provisions of this section shall be is subject to the forfeiture provisions of section 1483.

Sec. 24. 10 MRSA §1493, first ¶, as amended by PL 1989, c. 501, Pt. DD, §30, is further amended to read:

The Department-of-Economic and Community-Development <u>Public</u> <u>Utilities Commission</u> shall establish an express warranty for the sale and installation of solar energy equipment in Maine. This express warranty shall <u>must</u>, at a minimum, include the following:

2	Sec. 25. 20-A MRSA §12705, sub-§1, ¶E, as amended by PL 1995,
	c. 688, §11, is further amended to read:
4	
	E. The Commissioner of Economic and Community Development,
6	or the commissioner's successor <u>designee</u> , who serves as an
	ex officio nonvoting member;
8	
10	SUMMARY
12	This bill makes changes and updates to statutory language
	for programs overseen by the Department of Economic and Community
14	Development. These include changing the name of the community
	industrial building program under the Maine Rural Development
16	Authority, clarifying the MRDA conflict-of-interest language and
	modifying the financial commitment required by the MRDA of a
18	municipality.
20	The bill also transfers the statutory responsibilities of
20	the Energy Conservation Division of the Department of Economic
22	and Community Development, Office of Business Development to the
	Public Utilities Commission as a result of the transfer of those
24	duties in Public Law 2003, chapter 20.
~ -	ductes in lubite naw 2003, chapter 20.