

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1056

H.P. 779

House of Representatives, March 5, 2019

An Act To Update and Amend the Finance Authority of Maine Act

Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.

Reference to the Committee on Innovation, Development, Economic Advancement and Business suggested and ordered printed.

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

ROBERT B. HUNT
Clerk

Presented by Representative FECTEAU of Biddeford.

Cosponsored by Senator HERBIG of Waldo and

Representatives: AUSTIN of Gray, DAUGHTRY of Brunswick, Senator: GUERIN of Penobscot.

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

2 **Sec. 1. 10 MRSA §963-A, sub-§§5-A, 5-B and 5-C**, as enacted by PL 1997, c.
3 500, §1, are repealed.

4 **Sec. 2. 10 MRSA §963-A, sub-§10, ¶O**, as amended by PL 1997, c. 500, §2, is
5 repealed.

6 **Sec. 3. 10 MRSA §963-A, sub-§10, ¶Q**, as corrected by RR 1999, c. 1, §7, is
7 repealed.

8 **Sec. 4. 10 MRSA §963-A, sub-§31-A**, as amended by PL 2001, c. 417, §2, is
9 repealed.

10 **Sec. 5. 10 MRSA §1026-A, sub-§1, ¶A**, as amended by PL 2009, c. 124, §3, is
11 further amended to read:

12 A. Loan insurance may not exceed:

13 (1) One hundred percent of the principal amount of the loan made to any
14 borrower including related entities for any of the following types of loans or
15 projects:

16 (a) Loans to veterans and wartime veterans, except that the authority may
17 not at any time have, in the aggregate amount of the principal and interest
18 outstanding, loan insurance obligations pursuant to this division exceeding
19 \$5,000,000;

20 (b) Underground and aboveground oil storage facility projects and projects
21 to install equipment related to the improvement of air quality pursuant to
22 requirements for gasoline service station vapor control and petroleum liquids
23 transfer vapor recovery, except that the authority may not at any time have, in
24 the aggregate amount of the principal and interest outstanding, loan insurance
25 obligations pursuant to this division exceeding \$5,000,000;

26 (c) ~~Clean fuel vehicle projects and sustainable~~ Sustainable biofuel vehicle
27 projects, except that the authority may not at any time have, in the aggregate
28 amount of the principal and interest outstanding, loan insurance obligations
29 pursuant to this division exceeding \$5,000,000;

30 (d) Waste oil disposal site clean-up projects, except that the authority may
31 not at any time have, in the aggregate amount of the principal and interest
32 outstanding, loan insurance obligations pursuant to this division exceeding
33 \$1,000,000; or

34 (e) The Plymouth waste oil remedial study, except that the authority may not
35 at any time have, in the aggregate amount of the principal and interest
36 outstanding, loan insurance obligations pursuant to this division exceeding
37 \$1,000,000; and

38 (2) Ninety percent of the principal amount of the loan made to any borrower,
39 including related entities for any other manufacturing enterprise, industrial

1 enterprise, recreational enterprise, fishing enterprise, agricultural enterprise,
2 natural resource enterprise or any other eligible business enterprise;

3 **Sec. 6. 10 MRSA §1043, sub-§2, ¶J**, as amended by PL 2003, c. 506, §2, is
4 repealed.

5 **Sec. 7. 10 MRSA §1053, sub-§6**, as amended by PL 2015, c. 504, §5, is further
6 amended to read:

7 **6. Securities outstanding.** The principal amount of revenue obligation securities the
8 authority may have outstanding at any one time, to which subsection 5 is stated to apply
9 in the trust agreement or other document, may not exceed an aggregate principal amount
10 equal to ~~\$912,000,000~~ \$762,000,000 as follows:

11 A. The sum of \$180,000,000 consisting of not more than \$150,000,000 for loans and
12 up to \$30,000,000 for use of bond proceeds to fund capital reserve funds for revenue
13 obligation securities issued pursuant to this subchapter relating to loans for electric
14 rate stabilization projects, loans for energy generating system projects or loans for
15 energy distribution system projects;

16 ~~B. The sum of \$120,000,000 consisting of not more than \$100,000,000 for loans and~~
17 ~~up to \$20,000,000 for use of bond proceeds to fund capital reserve funds for revenue~~
18 ~~obligation securities issued pursuant to this subchapter relating to loans for major~~
19 ~~business expansion projects;~~

20 C. The sum of \$57,000,000 consisting of not more than \$45,000,000 for loans and up
21 to \$12,000,000 for use of bond proceeds to fund capital reserve funds for revenue
22 obligation securities issued pursuant to this subchapter relating to workers'
23 compensation residual market mechanism projects;

24 D. The sum of ~~\$150,000,000~~ \$270,000,000 less the aggregate outstanding balance of
25 mortgage loans secured by capital reserve funds pursuant to section 1032 for all other
26 revenue obligation securities issued pursuant to this subchapter;

27 E. The sum of \$120,000,000 consisting of not more than \$100,000,000 for loans and
28 up to \$20,000,000 for use of bond proceeds to fund capital reserve funds for revenue
29 obligation securities issued pursuant to this subchapter relating to loans for paper
30 industry job retention projects;

31 F. The sum of \$100,000,000 consisting of not more than \$85,000,000 for loans and
32 up to \$15,000,000 for use of bond proceeds to fund capital reserve funds for revenue
33 obligation securities issued pursuant to this subchapter relating to loans for
34 transmission facilities projects as defined in section 963-A, subsection 49-H; and

35 G. The sum of \$35,000,000 consisting of not more than \$30,000,000 for the purposes
36 stated in section 1020-A, subsection 1, paragraphs A and C and up to \$5,000,000 for
37 use of bond proceeds to fund capital reserve funds for revenue obligation securities
38 issued pursuant to section 1020-A, subsection 1, paragraph A.

39 The amount of revenue obligation securities issued to refund securities previously issued
40 may not be taken into account in determining the principal amount of securities
41 outstanding, as long as proceeds of the refunding securities are applied as promptly as

1 possible to the refunding of the previously issued securities. In computing the total
2 amount of revenue obligation securities of the authority that may at any time be
3 outstanding for any purpose, the amounts of the outstanding revenue obligation securities
4 that have been issued as capital appreciation bonds or as similar instruments are valued as
5 of any date of calculation at their then current accreted value rather than their face value.

6 **Sec. 8. 10 MRSA §1054**, as amended by PL 1995, c. 4, §9, is further amended to
7 read:

8 **§1054. Taxable bond option**

9 With respect to all or any portion of any issue of any bonds or any series of bonds
10 that the authority may issue in accordance with the limitations and restrictions of this
11 subchapter, the authority may covenant and consent that the interest on the bonds is
12 includable, under the United States Internal Revenue Code of 1986 or any subsequent
13 corresponding internal revenue law of the United States, in the gross income of the
14 holders of the bonds to the same extent and in the same manner that the interest on bills,
15 bonds, notes or other obligations of the United States is includable in the gross income of
16 the holders under the United States Internal Revenue Code or any subsequent law. Bonds
17 issued pursuant to this section are not subject to any limitations or restrictions of any law
18 that may limit the authority's power to issue those bonds or to the procedures set forth in
19 section 1043 or in section 1044, subsections 1, 11 and 12; ~~except that the procedures set~~
20 ~~forth in section 1043 do apply with respect to major business expansion projects.~~ The
21 foregoing grant of power may not be construed as limiting the inherent power of the State
22 or its agencies under any other provision of law to issue debt, the interest on which is
23 includable in the gross income of the holders of the interest under the United States
24 Internal Revenue Code or any subsequent law. Any action or proceeding in any court to
25 contest the issuance of the securities, the approval by the authority of a project to benefit
26 from issuance of the securities or the approval by the authority of mortgage insurance or
27 the provision of a capital reserve fund for the securities for any reason must be started
28 within 30 days after the date on which the members of the authority adopt a formal
29 resolution approving issuance of the securities and otherwise must be governed by Title
30 5, chapter 375, subchapter ~~VH~~ 7. Once the authority has adopted a resolution to approve
31 the issuance of securities pursuant to this section, any action by the authority to amend,
32 alter or revise the resolution may not commence a new period of time within which any
33 such action or proceeding may be commenced. Notwithstanding the provisions of section
34 969-A, subsection 11 and Title 5, chapter 375, subchapter ~~VH~~ 7, including, but not
35 limited to, Title 5, sections 11002 and 11003, any such action or proceeding may be
36 commenced only by first serving the petition for review upon the authority, in hand,
37 within that 30-day period. After the expiration of the 30-day period of limitation, no right
38 of action or defense founded upon the invalidity of the resolution or contesting any
39 provision of the resolution, any amendment to the resolution or the issuance of the
40 securities may be started or asserted nor may the resolution or the issuance of the
41 securities be open to question in any court upon any grounds.

42 **Sec. 9. 24-A MRSA §2303-B, last ¶**, as enacted by PL 1997, c. 500, §7, is
43 amended to read:

1 For purposes of this section, "clean fuel vehicle" ~~has the same meaning as set out in~~
2 ~~Title 10, section 963-A, subsection 5-B~~ means a vehicle that may be propelled by a clean
3 fuel or a fuel-cell electric vehicle that uses any fuel. For purposes of this paragraph,
4 "clean fuel" means all products or energy sources used to propel motor vehicles, as
5 defined in Title 29-A, section 101, other than conventional gasoline, diesel or
6 reformulated gasoline, that, when compared to conventional gasoline, diesel or
7 reformulated gasoline, result in lower emissions of oxides of nitrogen, volatile organic
8 compounds, carbon monoxide or particulates or any combination of these. "Clean fuel"
9 includes, but is not limited to, compressed natural gas; liquefied natural gas; liquefied
10 petroleum gas; hydrogen; hythane, which is a combination of compressed natural gas and
11 hydrogen; dynamic flywheels; solar energy; alcohol fuels containing not less than 85%
12 alcohol by volume; and electricity.

13 SUMMARY

14 This bill amends the Finance Authority of Maine Act by removing various references
15 to bond financing for major business expansion projects and eliminating that financing. It
16 also reallocates the bonding authority for securing the Finance Authority of Maine's
17 capital reserve funds supporting other programs. It also removes definitions pertaining to
18 the Clean Fuel Vehicle Fund, which was repealed in 2013.