MAINE STATE LEGISLATURE

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STATE OF MAINE

ONE HUNDRED AND TWELFTH LEGISLATURE FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON STATE GOVERNMENT BILL SUMMARY



JULY, 1985

Prepared by:

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ONE HUNDRED AND TWELFTH LEGISLATURE FIRST REGULAR SESSION

JOINT STANDING COMMITTEE BILL SUMMARIES JULY 1985

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the First Regular Session of the 112th Legislature. The summaries are arranged by LD number and indexed separately by committee.

If the Legislature was not in session when the rule was referred to the Legislative Administrative Director (LAD), the LAD would send the rule with the accompanying information and an evaluation form to each member of the appropriate committee.

- 1) Each member may fill out the form and return it to the LAD or the designee of the LAD.
- 2) The legislative committee could convene to evaluate the rule, or, in lieu of a committee meeting, the LAD or designee of the LAD may prepare a committee report for the committee.

What is the purpose of the bill?

There is considerable sentiment that rule making authority should not circumvent or violate legislative intent with respect to laws and programs approved by the Legislature. Thus, rule-making authority, according to this theory, offers the opportunity for non-elected state officials to render decisions that have as significant an impact as the enactment of laws. In addition, the effect of a rule could, in some cases, have the effect of nullifying a law passed by the Legislature. It should be noted, however, that a rule which, in effect, nullifies or dramatically changes the intended effect of a law would not comply with the law, and the rule could be declared null and void.

The Committee, in order to avoid the costs and procedure associated with the bill, amended LD 1117 (Committee Amendment "A" - H-196) to require only that copies of proposed rules accompanied with an explanation of the purpose and need for the rule as well as costs associated with the rule, be sent to the appropriate joint standing committees of the Legislature. If legislators are concerned about a specific rule, the "aggrieved" legislator can himself contact the agency about his/her concern.

LD:	1118	AN ACT PROVIDING FOR THE 1985 AMENDMENTS TO)
		THE FINANCE AUTHORITY OF MAINE ACT	

GWADOSKY CLARK N DILLENBACK HAYDEN

OTP-AM		SENATE	Enacted Enacted SIGNED	
H-231	CA			Н

PUBLIC CH # 344

H-231 CA H S S-179 CA VIOLETTE H S

SUMMARY:

The purpose of LD 1118 is to consolidate and make consistent the provisions of the Finance Authority of Maine in order to implement the law more efficiently and effectively. The most profound revisions included in the original bill included:

- 1. restrictions on public access to FAME documents and records;
- 2. consolidation of the powers, duties, and responsibilities of the organization which are vested, by LD 1118 with Board;
- 3. authorization of FAME to guarantee loans for retail stores, professional office buildings, service industry forms and any and all other projects;
- 4. authorization of FAME to issue revenue obligation bonds for office building construction and professional office buildings;
- 5. an increase of \$15,000,000 in the maximum amount of loan insurance authorized by statute;
- 6. flexibility with respect to the mortgage insurance "programs" to enable better leverage of state mortgage insurance resources;
- 7. authorization of FAME to include working capital needs of applicants in the mortgage insurance program;
- 8. authorization of FAME to issue taxable bonds;
- 9. clarification of the capital reserve fund established pursuant to bonds issued by the Authority to provide a minimum reserve fund to pay interest and principle on outstanding bonds for a 1 year period.
- LD 1118 as amended by Committee Amendment "A":
 - 1. A change in the structure of the Maine Natural Resource Capital Corporation from a corporation to a company to better enable the company to attract investors as a result of tax law provisions;
 - 2. A reduction in the number of board of trustees from 11 to 7 who serve as the governing board of the Maine Natural Resource Capital Company, to expedite management and governance of the company;
 - 3. More disclosure of and greater accessibility to information and records of the Finance Authority of Maine. The bill, in its original form, allowed extremely limited access to and disclosure of information relating to Finance Authority of Maine financing and the clients of the authority. Unlike the original bill which established all information of the authority as confidential with a few exceptions, this amendment allows disclosure of the

information of the authority with specific exceptions that would jeopardize a client's ability to operate or compete;

- 4. A requirement that any project for which financing is -obtained through the Finance Authority of Maine must have a beneficial effect to the State that real estate financed through the authority programs must be located within the State;
 - 5. A prohibition against the authority guaranteed loans for retail stores and shopping centers, under the mortgages insurance program for larger businesses;
 - A limitation of the use of industrial development bonds for financing office building construction. Under the original bill, 75% of the proceeds of an industrial development bond issue could be used for office building construction, provided that the office building project would generate a 35% increase in jobs and that 50% or more of the products or services provided by the office building clients will be marketed outside the State. amendment retains the same job and marketing requirements of the bill, but limits to 35% the amount of proceeds of any industrial development bond issue that may be used for office building construction. Since there is a \$200,000 ceiling on the amount of industrial development bond issues, office building construction is given a much lower priority in this amendment compared to the original bill. Therefore, more industrial development bond proceeds will be available for other types of projects, such as manufacturing, industrial and natural resource projects;
 - 7. A restriction against using authority financing for housing projects that qualify for financing under the Maine State Housing Authority;
 - 8. A limitation of the tax credit for investment in the Maine Natural Resource Capital Company to the initial investors or subscribers of the \$1,000,000 capitalization of the company and the \$1,000,000 ceiling on the capitalization has been removed; and
 - 9. Allows the authority to maintain one office within the State compared to the original bill which allows the authority to maintain several offices. The technical changes proposed in this amendment include:
 - A. Minor changes in definitions with respect to energy distribution and energy generating system projects prooposed by businesses. Currently, business entities may propose energy projects for industrial development bond financing. The new definition authorizes "business associations" to propose these projects.