

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)

ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1372

S. P. 496

In Senate, March 17, 1971

Referred to Committee on State Government. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Sewall of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Relating to the Laws of the Maine Industrial Building Authority.

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

Sec. 1. R. S., T. 10, § 703, sub-§ 3, ¶ A, amended. Paragraph A of subsection 3 of section 703 of Title 10 of the Revised Statutes, as repealed and replaced by section 2 of chapter 525 and as amended by section 1 of chapter 548, both of the public laws of 1967, is further amended to read as follows:

A. Any lands, buildings, real estate improvements or machinery and equipment, with auxiliary real and personal property, used by an industrial, manufacturing, fishing or agricultural enterprise for the manufacturing, processing, assembling or preparing for market of raw materials or other products, **not including farm machinery or machinery used on a farm**, including, but not limited to, an industry constructing sea-going ships and vessels, or for the purposes of research and development for such enterprises;

Sec. 2. R. S., T. 10, § 703, sub-§ 3, ¶ C, repealed. Paragraph C of subsection 3 of section 703 of Title 10 of the Revised Statutes, as repealed and replaced by section 2 of chapter 525 of the public laws of 1967, is repealed as follows:

~~C. Any agricultural machinery and equipment, whether or not used on a farm, and with a cost or fair market value, as determined by the authority, of not less than \$10,000;~~

Sec. 3. R. S., T. 10, § 751, amended. Section 751 of Title 10 of the Revised Statutes, as amended, is further amended by inserting after the 2nd sentence the following new sentence:

No person shall be appointed to serve more than 2 consecutive terms on the authority or more than 8 years in the aggregate.

Sec. 4. R. S., T. 10, § 803, sub-§ 2, amended. The first sentence of subsection 2 of section 803 of Title 10 of the Revised Statutes, as repealed and replaced by section 11 of chapter 525 of the public laws of 1967, is amended to read as follows:

Involve a principal obligation not to exceed ~~\$\$8,000,000~~ **\$4,000,000** for any one project and not to exceed 90% of the cost of project related to real estate, except 80% of the cost of project in the case of real estate in the form of documented fishing vessels, and 75% of the cost of project related to machinery and equipment ~~except agricultural machinery and equipment for which the principal obligation shall not exceed \$8,000,000 for any one project, and not to exceed 90% of the cost of said project as defined in section 703, subsection 1.~~

Sec. 5. R. S., T. 10, § 803, sub-§ 2, ¶ A, additional. Subsection 2 of section 803 of Title 10 of the Revised Statutes, as repealed and replaced by section 11 of chapter 525 of the public laws of 1967, and as amended, is further amended by adding a new paragraph A, to read as follows:

A. In computing the allowable amount of any eligible project there shall be included the amount of mortgages insured for or for the benefit of any subsidiary or affiliate of the proposed lessee or tenant of the person seeking the mortgage insurance.

Sec. 6. R. S., T. 10, § 803, amended. Section 803 of Title 10 of the Revised Statutes, as amended, is further amended by adding at the end the following new paragraph:

No mortgage shall be finally insured by the authority until the authority is satisfied from a detailed financial audit and engineering survey of the project and that the moneys expended for the project have been properly expended, that sufficient security for the amount of insurance exists, the project is complete and the authority's conditions for the insurance of the mortgage have been met. The authority shall not insure a mortgage until it has secured from the mortgagor, and its lessee, tenant or assignee, if any, consent to an examination of the books and records of the mortgagor, lessee, tenant or assignee at any reasonable time during the duration of the mortgage.

Sec. 7. Application. The Revised Statutes, Title 10, section 751, as amended by section 3 of this Act shall apply to persons who are members of the authority on the effective date of this Act, except that such members may serve out the balance of their terms.

STATEMENT OF FACT

It is the intention of the amendment in sections 1 and 2 to eliminate the authority of the Maine Industrial Building Authority to guarantee loans on farm machinery and equipment. The amendment would not limit the author-

ity of the Maine Industrial Building Authority to guarantee loans on agricultural machinery actually used in a manufacturing process.

The provision in section 3 would require that the persons on the Maine Industrial Building Authority serve no longer than 8 years.

The amendments in sections 4 and 5 reduce the guaranty limit to \$4,000,000 from \$8,000,000 and provide that in computing the allowable amount of any eligible project there shall be included the amount of mortgages insured for or for the benefit of any subsidiary or affiliate of the proposed lessee or tenant of the person seeking the mortgage insurance.

The provision in section 6 would require that the Maine Industrial Building Authority conduct an engineering survey and financial audit of projects which it is to guarantee in order to insure that the moneys which it is guaranteeing have been properly expended and that there is sufficient security for the amount of insurance. No mortgage is to be insured further unless the tenant agrees to allow the authority to examine its records at reasonable times. These provisions would place the authority in a somewhat better position than it is now to determine whether it is properly secured prior to granting a mortgage and after such grant to determine whether its security may be jeopardized.