

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

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**Legislative Document**

**No. 687**

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S. P. 236

In Senate, February 8, 1973

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

HARRY N. STARBRANCH, Secretary

Presented by Senator Fortier of Oxford.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT Amending the Municipal Industrial and Recreational  
Obligations Act.**

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**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, some corporations are finding it difficult or impossible for technical or legal reasons to finance revenue-producing industrial-commercial, pollution-control or recreational projects under the Revised Statutes, Title 30, chapter 242, as amended, by the leasing of a project as that Statute presently requires through the use of a lease, as distinguished from an installment sale or other similar financial arrangement; and

Whereas, some corporations are finding it impossible to finance such projects through the sale of revenue obligation securities under said Act without funding certain reserves required to give additional protection against loss to the holders of such securities; and

Whereas, inability so to finance such projects is unnecessarily causing delays in providing employment in the State and in the State's pollution-control program; and

Whereas, it is essential to the health and welfare of the citizens of this State that unemployment be reduced and pollution-control be achieved at the earliest possible time and that all possible assistance to the financing and completion of industrial development and pollution-control facilities be given immediately; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. R. S., T. 30, § 5326, sub-§ 5, amended.** Subsection 5 of section 5326 of Title 30 of the Revised Statutes, as enacted by section 1 of chapter 423 of the public laws of 1965 and as amended, is further amended to read as follows:

**5. Cost.** "Cost" as applied to an industrial-commercial, pollution-control, recreational or combined project shall include the purchase price of any such project, the cost of construction, the cost of all labor, materials, machinery and equipment, the cost of improvements, the cost of all lands, property, rights, easements and franchises acquired, financing charges, **premiums for lease rental insurance**, interest prior to and during construction and, if deemed advisable by the municipal officers, for not more than one year after completion of construction, cost of plans and specifications, surveys and estimates of cost and of revenues, cost of engineering and legal services, **reserves for payment of future debt service on bonds of not more than the maximum amount of interest plus annual serial principal or sinking fund payment due in any 12-month period**, and all other expenses necessary or incident to determining the feasibility or practicability of such construction, administrative expense and such other expenses as may be necessary or incident to the financing authorized. Any obligation or expenses incurred by the State, the municipality or any private person in connection with any of the foregoing items of cost may be regarded as a part of such cost and reimbursed to the State or municipality or such person out of the proceeds of revenue obligation securities issued under this chapter.

**Sec. 2. R. S., T. 30, § 5326, sub-§§ 6, 7 and 8, additional.** Section 5326 of Title 30 of the Revised Statutes, as enacted by section 1 of chapter 423 of the public laws of 1965, and as amended, is further amended by adding 3 new subsections 6, 7 and 8, to read as follows:

**6. Lease.** "Lease" means a contract providing for the use of a project or portions thereof for a term of years for a designated or determinable rent and may include an installment sales contract.

**7. Lessee.** "Lessee" means a tenant under lease and may include an installment purchaser.

**8. Rent.** "Rent" or "rental" means payments made by lessees and installment purchasers under a lease.

**Sec. 3. R. S., T. 30, § 5332, amended.** The 2nd sentence of section 5332 of Title 30 of the Revised Statutes, as enacted by section 1 of chapter 423 of the public laws of 1965 and as amended by section 11 of chapter 210 of the public laws of 1971, is further amended to read as follows:

Such trust agreement or the resolution providing for the issuance of such securities may pledge or assign the revenues of the project, and may contain such provisions for protecting and enforcing the rights and remedies of the security holders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the municipal officers in relation to the acquisition of property and the construction, reconstruction, renewal, replacement and insurance of the project in connection with which such securities shall have been authorized, the rents to be charged or other payments to be made for the use thereof **or payment therefor**, and the custody, safeguarding and application of all moneys.

**Sec. 4. R. S., T. 30, § 5340, amended.** Section 5340 of Title 30 of the Revised Statutes, as enacted by section 1 of chapter 423 of the public laws of 1965, and as amended, is further amended to read as follows:

**§ 5340. Leasehold or other interests of lessee taxable**

The leasehold **or other** interest of the lessee of any industrial-commercial, pollution-control, recreational or combined project is subject to taxation in the manner provided for similar interests in Title 36, section 551, subject to Title 36, sections 655 and 656.

**Sec. 5. Applicability.** The provisions of this chapter shall apply to any project financed by revenue obligation securities issued after the effective date hereof notwithstanding such project may have been approved at an election under the Revised Statutes, Title 30, section 5331 held before such date.

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect when approved.

#### STATEMENT OF FACT

The purpose of this bill is to allow alternative documentation to be used should companies have restrictive covenants precluding the use of a lease.