

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1569

H. P. 1268

House of Representatives, April 2, 1975

On Motion of Mr. Cooney of Sabattus referred to Committee on State Government. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Smith of Dover-Foxcroft.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Amend the Law Relating to the Maine Guarantee Authority.

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

10 MRSA c. 103, sub-c, V is enacted to read:

SUBCHAPTER V

PUBLIC LANDS DEVELOPMENT PROJECTS

§ 861. Policy and purposes

It is the declared policy of this State to assist in the promotion and development of business enterprises that will more fully develop the economic values of the resources of the public lands of the State. The development of these business enterprises is to be accomplished by assisting local development corporations formed by municipalities and by private individuals by providing financial and technical assistance for industrial planning and development and for the capital and operating costs incurred in establishing said businesses.

§ 862. Eligibility

In order for a business venture, whether existing or planned, to be eligible for the benefits of this subchapter, the Director of the Bureau of Public Lands shall first certify to the authority that said business enterprise is one to which some portion of the resources of the public lands of the State will be committed in accordance with law, and which in the opinion of the bureau fulfills the purposes of this subchapter.

§ 863. Cost of project

“Cost of project” as used in this subchapter may include, in addition to all other costs specified in section 703 of this chapter, funds for inventory, start up costs, operating capital and all other expenses which, in the opinion of the authority, are necessary in order for the business venture to become fully operational and self-sustaining within a reasonable period of time.

§ 864. Assistance to development corporations

Upon application of the development corporation, the authority may loan to the development corporation an amount not to exceed the cost of the project, upon such terms and conditions as it may prescribe, for the purpose of beginning or expanding an eligible project on land owned or held on a long term lease by the development corporation. Before the development corporation receives such funds for the eligible project, it shall give the authority security for repayment of the funds and the security shall be in such form and amounts as the authority may determine and shall, in each instance, include a first mortgage on the land, or the leasehold, building and appurtenances financed by such funds.

The authority may by regulation provide detailed rules for financial reports by the development corporation and may arrange to finance projects only in stages as said reports are received.

Before issuing any loan under this subchapter to an eligible project, the authority shall determine that:

1. Project conforms to purposes of subchapter. The project is within the scope of this subchapter, will be of public use and benefit, may be reasonably expected to create new employment opportunities and will utilize, develop and enhance the resources contained within the public lands of the State.
2. Development corporation able to carry out plans. The development corporation is responsible and has presented evidence to demonstrate its ability to carry out the project as planned.
3. Compliance of project plans. Project plans comply with applicable zoning, planning and sanitary regulations of the municipality where it is to be located, and in any event no loan shall be approved and no certificate of approval shall be issued until the requirements of all applicable state laws have been fulfilled with respect to the project. These requirements shall likewise apply to any subsequent enlargement or addition to such project for which approval or assistance is sought from the authority.
4. Insurance. The development corporation has made adequate provisions for insurance protection of the building and its contents while it is unoccupied and that suitable arrangements have been made for fire protection and maintenance while it is unoccupied.

§ 865. Sale or lease of buildings

No development corporation, which has obtained a loan from the authority for the construction of a building, may sell or lease said building

without the express approval by the authority of the purchaser or lessee and of the terms and conditions of the transaction.

§ 866. Taxes

So long as any building or appurtenances thereto which have been constructed with funds loaned under this subchapter remains unoccupied and the first mortgage is held by the authority, it is declared to be property held for legitimate public use and benefit and shall be exempt from all taxes and special assessments of the State or by a political subdivision thereof.

§ 867. Special directors

Whenever a project has been financed by the authority under this subchapter, the members of the development corporation shall have the opportunity to choose a special director.

1. Notification. Within 10 days of the approval of the project, the authority shall notify by registered mail each member of the development corporation of its right to choose a special director and shall explain the nature of this special director's duties.

2. Appointment of special director. Within 40 days of the mailing of such notice, the members of the development corporation shall appoint a special director and notify the authority by registered mail.

3. Revocation if no special director appointed. In the event that no special director is appointed by the members within such time, the authority shall revoke its approval of the project.

4. Term; appointment. A special director shall serve for the duration of a project or for 3 years, whichever is shorter, and may be appointed again by the members should the project continue for more than 3 years.

5. Removal. A special director may be removed for cause by the authority or upon petition of 3/5ths of the members of the development corporation.

6. Powers. A special director shall have only the powers of a director of the authority which directly relate to the particular project for which he is appointed including, but not limited to, the power to vote on matters pertaining to the management, financing, operation of or allocation of funds already appropriated for the particular project.

STATEMENT OF FACT

The purpose of these amendments is to expand the authority of the Maine Guarantee Authority to finance the costs of new business enterprise which, in the opinion of the directors of the authority and of the Director of the Bureau of Public Lands will directly develop or enhance the value of the natural resources contained within the public lands. Provision is made for the appointment of special directors for specific projects to improve coordination and communication between the State and the development corporation responsible for the project.