

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
107TH LEGISLATURE
FIRST SPECIAL SESSION

(Filing No. H-1121)

HOUSE AMENDMENT "E" to H.P. 1816, L.D. 1974, Bill, "AN ACT to Provide for more Effective Debt Management and for more Effective Administration of the State's Development Financing Capability."

Amend said Bill by striking out everything after the enacting clause and inserting in place thereof:

'Sec. 1. 5 MRSA §7002, sub-§2, ¶¶G - I are enacted to read:

G. The director shall maintain a comprehensive guide to current sources of capital financing, advise new and expanding commercial interests as to the capital financing plan best suited to their specific needs.

H. The director shall maintain a commercial development analysis service. Any project certified by the Maine Guarantee Authority as qualified for its assistance shall, before it is offered assistance, be evaluated by the State Development Office as to its commercial feasibility. This evaluation shall make use of, but not be limited to, the following factors: potential market strength of the product or service proposed, available job skills and job training, site selection and land use planning, natural resources, population trends and community infrastructure, such as water-sewer systems, transportation

and sources of energy. All state agencies and the University of Maine are directed to assist the State Development Office in this analysis. Based on such an analysis, the State Development Office shall:

- (1) Determine whether the proposed development is an acceptable venture;
- (2) Rate all acceptable ventures according to the following scale: "A," most acceptable, "B," more acceptable, "C," acceptable and "D," not acceptable.

A commercial development analysis shall be one of the criteria required to be considered by the Maine Guarantee Authority prior to entering into a mortgage agreement.

In addition to projects qualified by the Maine Guarantee Authority, the director may choose other projects for analysis under this section.

I. The director, subject to prior appropriate notice and prior to public hearing, may make reasonable rules and regulations for the programs listed in subparagraphs G and H.

Sec. 2. 10 MRSA §752, sub-§11, ¶F is enacted to read:

F. Results of a commercial development analysis by the State Development Office.

Sec. 3. 10 MRSA §754, 3rd sentence, as repealed and replaced by PL 1975, c. 566, §10, is repealed and the following enacted in place thereof:

Upon the issuance of mortgage insurance for any such project or projects, any expenses by the authority charged specifically thereto shall be reimbursed to the authority by the mortgagee from the proceeds of the mortgage.

Sec. 4. 10 MRSA §803, sub-§2, as last repealed and replaced by PL 1975, c. 566, §14, is repealed and the following enacted in place thereof:

2. Principal obligation; limit; exception

A. For industrial, manufacturing, fishing or agricultural projects, involve a principal obligation including initial service charges and appraisals, inspection and other fees approved by the authority, the guaranteed portion of which is not to exceed \$1,000,000 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.

B. For recreational projects, involve a principal obligation, including initial service charges and appraisals, inspection and other fees approved by the authority, the guaranteed portion of which is not less than \$100,000 nor more than \$1,000,000 for any one project and not to exceed 75% of the cost of the project at the time the mortgage is executed

provided that the above \$100,000 minimum shall not prevent the authority from increasing an existing guaranteed loan to an amount less than \$100,000.

Sec. 5. 10 MRSA c. 905 is enacted to read:

CHAPTER 905

MAINE DEBT MANAGEMENT COMMITTEE

§8201. Purpose

It is declared that there is a need to provide for more effective debt management to maintain the highest possible credit rating of the State of Maine, or any instrumentality thereof, and to provide for the most effective use of capital resources available to the State and its instrumentalities. The Maine Debt Management Committee is created to assist in meeting this need. The committee shall provide a careful review of matters that may affect the credit or credit rating of the State of Maine or any instrumentality thereof and shall provide its recommendations regarding such matters to the people of the State, the Legislature and state departments, agencies or instrumentalities, as appropriate.

§8202. Creation; organization of committee

The Maine Debt Management Committee is established and shall consist of the Treasurer of State, who shall be the chairman, the Commissioner of Finance and Administration, the Commissioner of Business Regulation, the Chairman of the Maine Guarantee Authority, the Chairman of the Maine State Housing Authority, the Chairman of the Maine Municipal Bond Bank and 5 private citizens.

Following reasonable notice to each committee member, 6 members of the committee shall constitute a quorum at any meeting of the committee. Action may be taken by the committee upon a vote of a majority of the members present.

§8203. Powers and duties

The committee shall have the power and duty to:

1. Legislation. Review and comment upon proposed legislation brought to a public hearing by a committee of the Legislature which may, if enacted, affect the credit or credit rating of the State of Maine or bonds issued in the name of the State or any instrumentality thereof. The treasurer shall deliver such review and comment to the appropriate legislative committee and the Legislative Council at least 24 hours prior to the public hearing. The review and comment shall, as a minimum, state:

A. Whether the committee, by public vote of each member available and voting, feels passage of the proposed legislation will tend to lower the rating applied to any bond issued or to be issued by the State or any instrumentality thereof by acknowledged rating agencies;

B. Whether any modification to the proposed legislation would alter the finding under paragraph A;

C. Whether the committee, by public vote of each member available and voting, recommends passage of the proposed legislation and that with or without recommended modification; and

D. In the case of any member voting for passage, even though he believes it may tend to lower the credit rating of some bond, why the member feels passage of the legislation is more important than maintenance of the credit rating.

2. Referendum question. Review any referendum question the passage of which might tend to lower the rating applied to any bond issued or to be issued by the State or any instrumentality thereof by acknowledged rating agencies. The committee shall, by majority vote, agree on a recommendation with an explanation not to exceed 200 words, which recommendation and explanation shall be included by the Secretary of State on any official ballot used by the people in voting upon said referendum question.

3. Referrals. Entertain inquiries from potential borrowers, both public and private, and refer said borrowers to the appropriate authority or department of the State which is empowered to assist said borrower with his proposed borrowing, or if there is no such authority or department, to so advise the potential borrower and to bring to the attention of the appropriate committee of the Legislature the fact that a potential borrower of a certain type could not be assisted by any established department or authority of the State.'

Statement of Fact

The purpose of this amendment is to not only maintain the current responsibilities of the Maine Guarantee Authority, but to enhance the development of Maine business in the following ways:

1. Requires the State Development Office to maintain a guide to capital financing and to offer financing advice to new or expanding commercial ventures;
2. Requires the State Development Office to thoroughly analyze the commercial feasibility of any project qualified by the Maine Guarantee Authority for consideration for assistance;
3. Mandates that any Maine Guarantee Authority expense charged specifically to a project be paid by the mortgagee;
4. Limits Maine Guarantee Authority to mortgages of \$1,000,000 or less and at 12% or less interest rates.
5. Creates a ^{Maine} Debt Management Committee.

Filed by Mr. Cooney of Sabattus.

Reproduced and distributed under the direction of the Clerk of the House.
3/26/76

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