

# MAINE STATE LEGISLATURE

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New Draft of: S. P. 297, L. D. 904 (New Title)  
FIRST REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1583**

S. P. 520

In Senate, April 24, 1979

Reported by Senator Ault of Kennebec, from Committee on State Government  
and printed under Joint Rules No. 2.

MAY M. ROSS, Secretary of the Senate

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-NINE

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**AN ACT to Decrease the Maine Guarantee Authority Bonding Limit for Industrial Building and Recreational Project Mortgage Insurance to \$40,000,000; and to Conform Maine Guarantee Authority Statutes to Recent Constitutional Changes.**

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

**Sec. 1.** 10 MRSA § 703, sub-§ 3, ¶ D, as enacted by PL 1967, c. 525, § 2, is amended to read:

**D.** Any fishing vessel documented or to be documented as a fishing vessel under the laws of the United States, **or any fishing vessel registered or to be registered under State of Maine Law** which is designed to be used for catching, processing or transporting fish or any vessel outfitted for such activity; **and**

**Sec. 2.** 10 MRSA § 753, as repealed and replaced by PL 1975, c. 770, § 53, is amended to read:

**§ 753. Credit of State pledged**

The Maine Guarantee Authority is authorized to insure the payment of mortgage loans, secured by eligible projects, and to this end the faith and credit of the State is pledged, consistent with the terms and limitations of the Constitution of the State of Maine, Article IX, ~~sections Section 14-A and 14-B~~, and such further limitations as may be provided by statute.

**Sec. 3. 10 MRSA § 801, sub-§ 1**, as repealed and replaced by PL 1975, c. 566, § 11, is amended to read:

**1. Amount of funds; items charged.** An Industrial Building and Recreational Project Mortgage Insurance Fund, as heretofore established, in the initial amount of ~~\$500,000~~ **\$550,000** and a ~~Recreational Project Mortgage Insurance Fund~~, as heretofore established in the initial amount of ~~\$50,000~~ shall be used by the authority as a nonlapsing, revolving funds fund for carrying out this chapter. All expenses of the authority, including interest and principal payments required by loan defaults and all income of the authority, including mortgage insurance premiums and sale, disposal, lease or rental proceeds, shall be charged or credited to the appropriate fund.

**Sec. 4. 10 MRSA § 802**, as repealed and replaced by PL 1977, c. 78, § 33, is amended to read:

**§ 802. Additions**

If from time to time, in the opinion of the authority, the addition of moneys to the Industrial Building and Recreational Project Mortgage Insurance Fund ~~or the Recreational Project Mortgage Insurance Fund~~ may be required to meet obligations, the authority shall in writing request the Governor to provide moneys in such amounts as may be necessary for the purpose. The Governor shall transfer to that fund sufficient moneys for the appropriate purpose from the State Contingent Account or from the proceeds of bonds to be issued as provided in this section. If bonds are to be issued, the Governor shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate at any one time outstanding the amount set forth in the Constitution of Maine, Article IX, Section 14-A ~~or 14-B, whichever is applicable~~, as it may be from time to time amended, except that bonds issued under Section 14-A **pursuant to this subchapter** shall not exceed in the aggregate at any one time outstanding the amount of \$40,000,000 and ~~bonds issued under Section 14-B shall not exceed in the aggregate at any one time outstanding the amount of \$17,000,000~~. Such bonds shall mature serially or be made to run for such periods as the Governor may determine, but none of them shall run for a longer period than 20 years, and at such rates of interest and on such terms and conditions as the Governor shall determine. The bonds so issued shall be deemed a pledge of the faith and credit of the State.

**Sec. 5. 10 MRSA § 803, sub-§ 2, ¶ A**, as repealed and replaced by PL 1975, c. 566, § 14, is amended to read:

**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 \$2,500,000 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 **or fishing vessels registered under state law**, and 75% of the cost of project related to machinery and equipment.

**Sec. 6. 10 MRSA § 803, sub-§ 3**, as amended by PL 1975, c. 566, § 15, is further amended to read:

**3. Maturity; limit.** Have a maturity satisfactory to the authority but in no case later than 25 years from the date of the insurance on industrial, agricultural and recreational real estate mortgages, 20 years from the date of insurance on securities for documented fishing vessels **or fishing vessels registered under state law**, 10 years from the date of insurance on securities for industrial and agricultural machinery and equipment, and 25 years from the date of the insurance on securities for recreational machinery and equipment;

**Sec. 7. 10 MRSA § 806**, as last amended by PL 1975, c. 566, § 16, is further amended to read:

**§ 806. Acquisition and disposal of property**

The authority may take assignments of insured mortgages and other forms of security and may take title by foreclosures or conveyance to any eligible project when an insured mortgage loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the Industrial Building **and Recreational Project Mortgage Insurance Fund** ~~or the Recreational Project Mortgage Insurance Fund, as applicable~~ and may sell, or on a temporary basis lease or rent, such eligible project for a use other than that specified in section 703, subsection 3.

**Sec. 8. 10 MRSA § 808**, as last amended by PL 1967, c. 525, § 13, is further amended to read:

**§ 808. Local development corporations**

When a local development corporation does not meet mortgage payments insured by the authority by reason of default under the terms of the lease of its eligible project, the authority, for the purpose of maintaining income from eligible projects on which mortgage loans have been insured by the authority and for the purpose of safeguarding the **Industrial Building and Recreational Project Mortgage Insurance Fund**, may grant the local development corporation permission to lease or rent the property to a responsible lessee or tenant for a use other than that specified in section 703, subsection 3, such lease or rental to be temporary in nature and subject to such conditions as the authority may prescribe.

**Sec. 9. 10 MRSA § 809**, as amended by PL 1975, c. 566, § 17, is further amended to read:

**§ 809. Safeguarding the Industrial Building and Recreational Project Mortgage Insurance Fund**

When a loan insured under this chapter is clearly in default, the authority may assent to the extension of time of payment of such insured loan beyond 25 years, may extend the insurance thereon accordingly and may waive mortgage

insurance premiums thereon, when in the opinion of the authority any such action is necessary to safeguard the Industrial Building **and Recreational Project** Mortgage Insurance Fund ~~or the Recreation Project Mortgage Insurance Fund~~.

**Sec. 10. 10 MRSA § 866, sub-§ 5, last sentence**, as enacted by PL 1977, c. 489, § 12, is amended to read:

To these ends, the faith and credit of the State may be pledged, under and consistent with the terms and limitations of the Constitution of Maine, Article IX, ~~sections Section 14-A and 14-B~~ and such further limitations, if any, as may be provided by statute.

**Sec. 11. Revision clause.** Wherever in the Revised Statutes the words "Industrial Building Mortgage Insurance Fund" or "Recreational Project Mortgage Insurance Fund" appear or reference is made to either of these names, they shall be amended to read and mean "Industrial Building and Recreational Project Mortgage Insurance Fund."

#### STATEMENT OF FACT

The 1978 referendum reduced and combined the constitutional guarantee limits for the insurance of (a) industrial, manufacturing, fishing, and agricultural enterprises and (b) recreational enterprises from (a) \$80 million and (b) \$17 million, respectively, to \$90 million in total.

This new draft has 2 purposes.

1. It further reduces the statutory limit for the combined enterprises to \$40 million. The current statutory limit is \$57 million. This is sufficient authority for all probable Maine Guarantee Authority exposure for insurance for these enterprises. By decreasing the potential exposure limits of the Maine Guarantee Authority by \$17,000,000, this bill will be a major step forward in regaining Maine's AAA bond rating and in lowering the cost of bonding for Maine taxpayers.

2. It conforms the Maine Guarantee Authority statutes to the constitutional combination and reductions, and to the provision that ". . . a documented fishing vessel or a vessel registered under state law shall be construed as real estate."