

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1453

S. P. 523

In Senate, March 24, 1981

Submitted by the Office of Energy Resources pursuant to Joint Rule 24.

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Violette of Aroostook.

Cosponsors: Representative Kany of Waterville, Representative Callahan of Mechanic Falls and Senator Teague of Somerset.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Include Energy Projects and Agricultural Enterprises in the Guarantee Authority of the Maine Guarantee Authority and to Set Aside \$2,500,000 of the Guarantee Capacity for Energy Projects.

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

Sec. 1. 10 MRSA § 703, sub-§ 3, ¶ A, as last amended by PL 1977, c. 82, § 2, is further amended to read:

A. Any lands, buildings, real estate improvements, including community industrial buildings constructed under chapter 102, or machinery and equipment, with auxiliary real and personal property, used by an industrial, manufacturing, fishing, energy or agricultural enterprise for the production of agricultural commodities or 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~~ or for constructing sea-going ships and vessels, or for the purposes of research and development for such enterprises including, but not limited to, energy-generating or energy-distributing industrial projects;

Sec. 2. 10 MRSA § 703, sub-§ 3, ¶ F is enacted to read:

F. Any land to be used as farm land which is capable of supporting the commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products, fruit or other horticultural products, provided that reasonable assurance is given to the authority that the project can gain approval for any environmental or other permits necessary for using the land for the purposes stated in this paragraph, and provided that the Maine Guarantee Authority has consulted with the Commissioner of Agriculture, Food and Rural Resources, or his designee, as to the advisability of the project pursuant to section 752, subsection 9;

Sec. 3. 10 MRSA § 703, sub-§§ 3-A and 3-B are enacted to read:

3-A. Energy-distribution industrial project. "Energy-distribution industrial project" means an energy-distribution project owned, in whole or in part, by a municipality, corporation or firm and which uses biomass, peat, solar, waste, water and related dams, wind, wood, coal or natural gas.

3-B. Energy-generating industrial project. "Energy-generating industrial project" means:

A. For a project which does not generate electricity, an energy-generating system owned, in whole or part, by a municipality, corporation or firm, and which system uses biomass, peat, solar, waste, water and related dams, wind, wood or coal, or which is an energy conservation project, including a transportation project consistent with the United States Internal Revenue Service guidelines; or

B. For a project which does generate electricity, an energy-generating system which used biomass, peat, solar, waste, water and related dams, wind, wood, or coal, or which is owned, in whole or in part by a public utility or a municipality, corporation or firm which qualifies as a cogenerator or small power producer under Title 35, chapter 172.

Sec. 4. 10 MRSA § 752, sub-§ 9, as amended by PL 1975, c. 566, § 7, is further amended to read:

9. Advisability of eligible project. In connection with the insuring of payments of any mortgage or industrial or agricultural or recreational real estate, to require for its guidance a finding of the planning board of the municipality, or if there is no planning board, a finding of the municipal officers of the municipality in which the eligible project is proposed to be located, or of the regional planning board of which such municipality is a member, as to the expediency and advisability of such project and, in connection with insuring the payments of any eligible farm financing project as described in section 703, subsection 3, paragraph F, to consult with the Commissioner of Agriculture, Food and Rural Resources, or his designee, as to the sufficiency of the applicant's farming education, training or experience for the project, as to the overall feasibility and agricultural purposes of the project and as to the suitability of the land for the project;

Sec. 5. 10 MRSA § 802, as last amended by PL 1979, c. 709, § 1, is further amended by adding, after the 3rd sentence, a new sentence to read:

Of this amount not less than \$2,500,000 shall be allocated for the purpose of making loans to finance energy-generating or energy-distribution projects.

Sec. 6. 10 MRSA § 803, first ¶, as repealed and replaced by PL 1977, c. 489, § 10, is amended by adding, after the 2nd sentence, a new sentence to read:

In projects involving energy-distributing industrial projects, the insured payments need not be secured by a first mortgage.

Sec. 7. 10 MRSA § 803, 2nd ¶, 2nd sentence, as enacted by PL 1977, c. 489, § 10, is amended to read:

Loan guarantees pursuant to section 703, subsection 3, ~~paragraph~~ **paragraphs E and F** shall not be greater than 95% of the first mortgage loan and in no event shall the guarantee exceed 100% of the market value of the undeveloped land involved.

Sec. 8. 10 MRSA § 852, last ¶, as enacted by PL 1969, c. 584, § 1, is amended to read:

Nothing in this section shall be construed to prohibit the disclosure of information from the records or files of the authority to a special interim legislative investigating committee, or any member of the committee designated by him, or **to the Commissioner of Agriculture, Food and Rural Resources, or his designee, for his review pursuant to section 752, subsection 9**. Such information records or files may be used only for lawful purposes of the **Commissioner of Agriculture, Food and Rural Resources, or his designee, or of the committee** and in any actions arising out of investigations conducted by it.

STATEMENT OF FACT

This bill expands the powers of the Maine Guarantee Authority in dealing with the financing of energy and agricultural projects. Specifically:

1. The bill makes energy-generating and energy-distribution projects eligible for guarantees from the Maine Guarantee Authority. In the 109th Legislature, legislation was passed to allow the authority to issue revenue bonds for energy projects. However, the legislation did not include the issuing of guarantees for these revenue bonds. Because of their relatively small financial needs, many energy-production projects are not large enough to utilize individual bond financing. In order to utilize an "Umbrella Bond" device for a number of energy projects, particularly small hydro power development projects, it is necessary that energy projects be designated eligible for Maine Guarantee Authority guarantees;

2. The legislation further sets aside \$2,500,000 of the state's guarantee capacity for the purposes of low-interest loans to finance energy generating or energy distribution projects; and

3. The legislation enables the Maine Guarantee Authority, upon consultation with the Commissioner of Agriculture, Food and Rural Resources, to use the existing financing programs available through the authority for agricultural activities.