

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE  
4

5 Legislative Document

No. 1565

6  
7 S.P. 534

In Senate, May 5, 1983

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

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Trafton of Androscoggin.

Cosponsors: Senator Twitchell of Oxford, Representative Gwadosky of  
Fairfield and Representative Dillenback of Cumberland.

11  
12 STATE OF MAINE  
13

14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-THREE  
16

17 AN ACT to Create the Finance Authority  
18 of Maine.  
19

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

22 Sec. 1. 5 MRSA §7002, sub-§2, ¶K is enacted to  
23 read:

24 K. The director may provide financial and tech-  
25 nical assistance to local development corpora-  
26 tions to create community industrial buildings in  
27 industrial parks.

28 Sec. 2. 5 MRSA c. 361, sub-c. II is enacted to  
29 read:

30 SUBCHAPTER II

31 COMMUNITY INDUSTRIAL BUILDINGS PROGRAM

1     §7010. Definitions

2           As used in this subchapter, unless the context  
3 otherwise indicates, the following terms have the  
4 following meanings.

5           1. Carrying costs. "Carrying costs" means  
6 reasonable costs incurred for the maintenance, pro-  
7 tection and security of a community industrial build-  
8 ing prior to occupancy, including, but not limited  
9 to, insurance, taxes and interest.

10           2. Community industrial building. "Community  
11 industrial building" means a building of flexible  
12 design whose construction or carrying costs, or both,  
13 are financed through this subchapter for the purpose  
14 of creating new jobs in a municipality resulting from  
15 the sale or lease of the building.

16           3. Industrial park. "Industrial park" means an  
17 area of land that is planned and designed for one or  
18 more industrial buildings.

19           4. Lease. "Lease" means a contract providing  
20 for the use of a project or portions of a project for  
21 a term of years for a designated or determinable  
22 rent. A lease may include an installment sales con-  
23 tract.

24           5. Lessee. "Lessee" means a tenant under lease  
25 and may include an installment purchaser.

26           6. Local development corporation. "Local devel-  
27 opment corporation" means any nonprofit organization  
28 created by a municipality; incorporated under Title  
29 13, chapter 81; Title 13-B or otherwise chartered by  
30 the State; and designed to foster, encourage and  
31 assist the settlement or resettlement of industrial,  
32 manufacturing, fishing, agricultural, recreational  
33 and other business enterprises within the State. A  
34 majority vote of the municipal officers is sufficient  
35 to form a local development corporation, notwith-  
36 standing Title 13, chapter 81.

37           7. Municipality. "Municipality," as used in  
38 this subchapter, means any county, city or town in  
39 the State.

1           8. Rural area. "Rural area" means any area that  
2 is not an urban area as defined in this subchapter.

3           9. Urban area. "Urban area" means any munici-  
4 pality with a population greater than 10,000 persons.

5 §7011. Community Industrial Buildings Fund

6           1. Creation. The Community Industrial Buildings  
7 Fund is created as a nonlapsing revolving fund to be  
8 used by the State Development Office only for the  
9 purposes of this subchapter. There is created within  
10 the fund separate accounts for rural and urban areas,  
11 respectively called the "rural" and "urban" accounts,  
12 which shall be separately charged and credited as  
13 provided under this section according to the location  
14 in a rural or urban area of each community industrial  
15 building.

16           2. Items charged or credited. Operating  
17 expenses of the State Development Office incurred  
18 under this subchapter shall be charged to the fund  
19 and all payments required by this subchapter shall be  
20 credited to it. All State Development Office expenses  
21 that arise out of assistance to local development  
22 corporations under this subchapter shall be charged  
23 solely against the proceeds of the sale or rental of  
24 a community industrial building or all or part of an  
25 industrial park assisted under this subchapter.

26           3. Deposited funds. Money in the fund not cur-  
27 rently needed to meet the obligations of the State  
28 Development Office under this subchapter shall be  
29 deposited with the Treasurer of State to the credit  
30 of the fund with all interest earned by the deposit  
31 credited to the fund.

32           4. Successor to fund. The State Development  
33 Office shall be the successor to the Maine Guarantee  
34 Authority for the purposes of this subchapter. All  
35 properties, rights in land, buildings and equipment  
36 and any funds, moneys, revenues and receipts or  
37 assets of the Maine Guarantee Authority as they apply  
38 to the Community Industrial Buildings Program,  
39 including funds previously appropriated by the State  
40 for the Community Industrial Buildings Program, shall  
41 belong to the State Development Office as successor

1 to the Maine Guarantee Authority. All liabilities of  
2 the Maine Guarantee Authority with respect to the  
3 Community Industrial Buildings Program shall become  
4 liabilities of the State Development Office. Any ac-  
5 tion taken by the Maine Guarantee Authority with  
6 respect to assisting a local development corporation  
7 to create community industrial buildings shall be an  
8 action taken by the State Development Office.

9 §7012. Assistance to development corporations

10 The State Development Office may assist a local  
11 development corporation to construct a community  
12 industrial building by loaning it money, for con-  
13 struction or carrying costs, or both, for the  
14 project, subject to subsection 1.

15 1. Project. The following conditions apply to  
16 the project.

17 A. The project shall be within the scope of this  
18 subchapter, shall be of public use and benefit  
19 and shall reasonably be expected to create new  
20 employment opportunities.

21 B. Within the separate rural and urban accounts,  
22 preference shall be given to projects in economi-  
23 cally deprived areas within labor market dis-  
24 tricts declared to be in need of economic devel-  
25 opment assistance by the Department of Labor; and

26 C. No more than one unoccupied community indus-  
27 trial building project may be financed in a  
28 county at one time.

29 2. Local development corporation. The local  
30 development corporation shall comply with the follow-  
31 ing.

32 A. The local development corporation shall own  
33 or hold on long-term lease the site for the  
34 project.

35 B. The local development corporation, in the  
36 opinion of the State Development Office, shall be  
37 responsible and shall present evidence of its  
38 ability to carry out the project as planned.

1           C. The site owned or leased by the local devel-  
2           opment corporation shall be not less than 4 times  
3           the size of the community industrial building.

4           D. The local development corporation shall pro-  
5           vide and maintain, with funds other than those  
6           provided by the State Development Office, an ade-  
7           quate access road from a public highway to the  
8           proposed site and water, sewer and power facili-  
9           ties. The development corporation will also be  
10          responsible for plowing out the plant site at all  
11          times and for landscaping the building in an  
12          attractive fashion until the building is occupied  
13          by an industrial tenant.

14          E. The local development corporation's project  
15          plans shall comply with applicable zoning, plan-  
16          ning and sanitary regulations in the municipality  
17          where it is to be located. No loan may be  
18          approved and no certificate of approval for the  
19          project or for any subsequent enlargement or ad-  
20          dition to the project may be issued until the  
21          Department of Environmental Protection has certi-  
22          fied to the State Development Office that all  
23          licenses required from the department have been  
24          issued or that none are required.

25          F. The local development corporation shall make  
26          adequate provisions for insurance protection,  
27          fire protection and maintenance of the building  
28          while it is unoccupied.

29          3. Loan terms. Terms for a loan are as follows.

30          A. The State Development Office may prescribe  
31          the terms and conditions of the loan.

32          B. Loans shall be repaid in full, including  
33          interest and other charges within 90 days after  
34          the building is occupied.

35          C. The building financed by a State Development  
36          Office loan may not be sold or leased without the  
37          express approval of the State Development Office  
38          of the purchaser or lessee. If the local develop-  
39          ment corporation and the State Development Office  
40          agree that a community industrial building is

1 unlikely to be sold in the near future despite a  
2 marketing effort, the State Development Office  
3 may permit an interim lease upon terms it deems  
4 appropriate for the protection of the fund.  
5 Occupation of the premises under an interim lease  
6 shall not require payment in full of the entire  
7 loan within 90 days, as provided in paragraph B.

8 4. Promotion and development. The State Devel-  
9 opment Office shall undertake promotional and public-  
10 ity activities on behalf of community industrial  
11 buildings to properly market them to prospective pur-  
12 chasers or tenants. The office shall maintain a con-  
13 stant and continual effort to secure suitable tenants  
14 or purchasers for these buildings and shall prepare  
15 necessary advertising and promotional materials.

16 5. Taxes. While the community industrial build-  
17 ing remains unoccupied and a first mortgage is held  
18 by the State Development Office, it is declared to be  
19 property held for a legitimate public use and benefit  
20 and shall be exempt from all taxes and special  
21 assessments of the State or any of its political sub-  
22 divisions. This section shall not apply to any commu-  
23 nity industrial building whose construction is not  
24 financed under this chapter.

25 6. Municipality. A municipality may raise or  
26 appropriate money supporting and guaranteeing the  
27 obligation of a chamber of commerce, a board of  
28 trade, a local development corporation, a chamber of  
29 commerce and a local development corporation or a  
30 board of trade and local development corporation for  
31 the purpose of constructing a community industrial  
32 building subject to the provisions of this subchap-  
33 ter.

34 Sec. 3. 5 MRSA c. 401, as amended, is repealed.

35 Sec. 4. 10 MRSA c. 109 is enacted to read:

36 CHAPTER 109

37 MAINE NATURAL RESOURCE CAPITAL CORPORATION

38 §956. Formation; name; purpose

1           There is authorized the formation by the Natural  
2 Resource Financing and Marketing Agency under Title  
3 13-A, of a private investment corporation to be named  
4 the "Maine Natural Resource Capital Corporation" for  
5 the purpose of providing investment capital to new  
6 state natural resource enterprises or to existing  
7 state natural resource enterprises for purposes of  
8 expansion.

9           §957. Limitations on purposes and powers

10           The Maine Natural Resource Capital Corporation  
11 shall have all of the general powers of business cor-  
12 porations enumerated in Title 13-A, section 202,  
13 except that:

14           1. Investments and related business deal-  
15 ings. Its financings and related business dealings  
16 shall be restricted to persons eligible for financial  
17 assistance under chapter 110, subchapter I-A. Any  
18 funds so invested in state natural resource enter-  
19 prises by purchase of stock or otherwise shall be  
20 used solely for the purpose of enhancing their pro-  
21 ductive capacities or ability to do business within  
22 the State, or to facilitate their ability to generate  
23 value added within the State to goods or services for  
24 export to out-of-state markets. Financings may  
25 include, in any combination and without limitation,  
26 equity investments, loans, guarantees and commitments  
27 for these financings;

28           2. Investment limited. Its investment in any  
29 one state natural resource enterprise under this  
30 chapter shall be limited to a maximum of \$200,000.  
31 The Maine Natural Resource Capital Corporation shall  
32 not invest in any firm in which a person, or his  
33 spouse or dependent children, owning common stock of  
34 the Maine Natural Resource Capital Corporation holds  
35 over a 25% interest;

36           3. Maximum capitalization. Its maximum capital-  
37 ization shall not exceed \$1,000,000 and shall consist  
38 of 10,000 shares of common stock having a par value  
39 of \$100 per share. All shares offered for sale by the  
40 corporation shall be for cash at their par value;



1           4. Commencement of business. Before it com-  
2 mences doing business, the corporation shall have and  
3 thereafter maintain a board of 11 directors, 7 of  
4 whom shall be the members of the Maine Natural  
5 Resource Financing and Marketing Board and 4 of whom  
6 shall be elected by the shareholders;

7           5. Amount of stock and dividends. The amount of  
8 stock held, its tax status and dividends payable by  
9 the Maine Natural Resource Capital Corporation shall  
10 be governed by the same provisions as applicable to  
11 the Maine Capital Corporation pursuant to section  
12 952, subsections 5 and 6; and

13           6. Financial statement. The Natural Resource  
14 Financing and Marketing Agency shall include in its  
15 report to the authority under section 992 an audited  
16 financial statement detailing the investment and  
17 financial activities of the Maine Natural Resource  
18 Capital Corporation.

19           §958. Initial organization; approval of Commissioner  
20 of Business Regulation

21           The Natural Resource Financing and Marketing  
22 Agency shall take the necessary steps as incorpo-  
23 rators to provide for the initial organization of the  
24 Maine Natural Resource Capital Corporation. The  
25 agency shall file with the Secretary of State the  
26 articles of incorporation of the corporation which  
27 shall reflect the purposes set forth in this section.  
28 It shall further submit to the Commissioner of Busi-  
29 ness Regulation for his approval of their conformity  
30 with the limitations set forth in section 957 the  
31 proposed bylaws of the Maine Natural Resource Capital  
32 Corporation, which shall not be adopted or later  
33 amended without his approval.

34           §959. Subscription and sales of stock; first stock-  
35 holders meeting

36           The agency, as and when it deems practicable, may  
37 solicit and receive subscriptions for the issuance  
38 and purchase of the shares of the common stock of the  
39 Maine Natural Resource Capital Corporation, provided  
40 that subscriptions for amounts exceeding 10 shares  
41 shall be reduced pro rata among subscribers subscrib-

1 ing for more than 10 shares in the event the issue is  
2 over-subscribed by the termination date as may be set  
3 by the agency. At any time in its discretion after  
4 the agency has received subscriptions for at least  
5 2,500 shares, it may call and hold an organizational  
6 shareholders meeting for the purpose of adopting the  
7 proposed bylaws, electing directors and officers,  
8 issuing shares of stock and conducting any other  
9 business which may properly come before the meeting.

10       Sec. 5. 10 MRSA c. 110, first 2 lines, as  
11 enacted by PL 1981, c. 476, §2, are repealed and the  
12 following enacted in their place:

13                               CHAPTER 110

14                               FINANCE AUTHORITY OF MAINE

15       Sec. 6. 10 MRSA c. 110, sub-c. I, as amended, is  
16 repealed and the following enacted in its place:

17                               SUBCHAPTER I

18                               FINANCE AUTHORITY OF MAINE ACT

19       §961. Finance Authority of Maine Act

20       This chapter shall be known and may be cited as  
21 the "Finance Authority of Maine Act."

22       §962. Purpose

23       There is a statewide need to provide enlarged  
24 opportunities for gainful employment to the people of  
25 the State and to insure the preservation and better-  
26 ment of the economy of the State and its inhabitants;  
27 to provide a more healthy environment through the  
28 restoration of purity to the air, the water or the  
29 earth of the State which are fouled with, among other  
30 things, industrial and other waste materials and  
31 pollutants, and to insure the preservation and bet-  
32 terment of the living standards and health of its  
33 inhabitants; to stimulate a larger flow of private  
34 investment funds from banks, investment house insur-  
35 ance companies and other financial institutions,  
36 including pension and retirement funds, to help  
37 finance expansion of industrial, manufacturing,

1 recreational, fishing, agricultural and other natural  
2 resource based enterprises; and to increase the ac-  
3 cess of smaller business and veterans to financing at  
4 reasonable terms and rates.

5 For these purposes, the Finance Authority of  
6 Maine is established to:

7 1. Mortgage loans. Encourage the making of  
8 mortgage loans to finance expansion of industrial,  
9 manufacturing, recreational, fishing, agricultural  
10 and other natural resource based enterprises;

11 2. Revenue obligation securities. Issue revenue  
12 obligation securities to finance projects permitted  
13 under federal law and regulations promulgated by the  
14 United States Internal Revenue Service;

15 3. Assist municipalities. Assist municipalities  
16 to issue revenue obligation securities for financing  
17 projects permitted under federal law and regulations  
18 promulgated by the United States Internal Revenue  
19 Service;

20 4. Small businesses and veteran-owned small  
21 businesses. Encourage the making of mortgage loans  
22 to small businesses and veteran-owned small busi-  
23 nesses; and

24 5. Natural resource financing. Provide natural  
25 resource financing.

26 The authority will serve a public purpose and  
27 perform an essential governmental function in the  
28 exercise of the powers and duties conferred upon it  
29 by this chapter. Any benefits accruing to private  
30 individuals or associations, as a result of the ac-  
31 tivities of the authority, are deemed by the Legis-  
32 lature to be incidental to the public purposes to be  
33 achieved by the implementation of this Part.

34 §963. Organization

35 1. Establishment. The Finance Authority of  
36 Maine is established as a body corporate and politic  
37 and a public instrumentality of the State, and the  
38 exercise by the authority of the powers conferred by

1 this chapter shall be deemed and held to be the per-  
2 formance of essential governmental functions.

3 2. Membership. The authority shall consist of:

4 A. Nine members-at-large appointed by the Gover-  
5 nor, subject to review by the joint standing com-  
6 mittee of the Legislature having jurisdiction  
7 over State Government and to confirmation by the  
8 Legislature, at least one of whom shall be expe-  
9 rienced in real estate development, one shall be  
10 experienced in industrial mortgage credit or in  
11 commercial credit, one shall be a certified  
12 public accountant, one shall be experienced in  
13 corporate management, one shall be a representa-  
14 tive of organized labor, 2 shall be members of  
15 the Maine Veterans' Small Business Loan Board and  
16 2 shall be members of the Maine Natural Resource  
17 Financing and Marketing Board;

18 B. The Treasurer of State, or his deputy, ex  
19 officio, as a nonvoting member;

20 C. The Director of the State Development Office;  
21 and

22 D. By the appointment of the Governor, 2 commis-  
23 sioners to be chosen from either the Department  
24 of Agriculture, Food and Rural Resources; the  
25 Department of Conservation or the Department of  
26 Marine Resources.

27 3. Terms and conditions of office; compensation;  
28 expenses; indemnification. A member of the authority  
29 shall:

30 A. Serve for a period of 4 years;

31 B. Serve for no more than 2 full consecutive  
32 terms;

33 C. Be selected to fill vacancies in the same  
34 fashion as an original appointee for a full term;

35 D. Be subject to removal for cause by the Gover-  
36 nor;

1 E. Receive \$75 per day for time spent in perfor-  
2 mance of his duties, except for the Director of  
3 the State Development Office; the Commissioner of  
4 Agriculture, Food and Rural Resources; the Com-  
5 missioner of Conservation or the Commissioner of  
6 Marine Resources and the Treasurer of State or  
7 the Deputy Treasurer of State, who shall receive  
8 no compensation;

9 F. Be reimbursed for actual expenses at the same  
10 rate as paid to state employees; and

11 G. Be indemnified by the authority against  
12 expenses actually and necessarily incurred by him  
13 in connection with the defense of any action or  
14 proceeding in which he is made a party by reason  
15 of his being or having been a member of the  
16 authority, against any final judgment rendered  
17 against him in such action or proceeding.

18 4. Conflicts of interest. In addition to the  
19 limitations of Title 5, section 18, no member,  
20 employee or agent of the authority and agencies  
21 specified in subchapters I-A and I-B may participate  
22 in any action or deliberation on any contract entered  
23 into by a municipality or by the agencies and author-  
24 ity under this chapter or in any action or delibera-  
25 tion involving insurance of payments on a loan to any  
26 eligible borrower if the member has a direct and sub-  
27 stantial interest, individually or in any firm, part-  
28 nership, corporation, water company, association,  
29 local development corporation or financing institu-  
30 tion which may be a party to the contract or which  
31 may lease, rent, occupy or use a property constructed  
32 by a municipality, financed by the authority or  
33 secured by loan under this chapter, including, but  
34 not limited to, an interest in a financing institu-  
35 tion requesting a loan from or offering to sell loans  
36 or other obligations to the authority. The interest  
37 shall be disclosed to the authority in writing and  
38 shall be set forth in the minutes of the authority.

39 5. Six members of the authority shall constitute  
40 a quorum.

41 6. Authority actions. The affirmative vote of 6  
42 members, present and voting, shall be necessary for

1 any action taken by the authority. No vacancy in the  
2 membership of the authority may impair the right of  
3 the quorum to exercise all rights and perform all  
4 duties of the authority.

5 7. Administration. The authority shall elect  
6 one of its members as chairman; one member as vice-  
7 chairman, who shall serve as secretary; one member as  
8 treasurer; and shall employ a chief executive offi-  
9 cer. The chief executive officer shall be appointed  
10 by the Governor subject to review by the joint stand-  
11 ing committee of the Legislature having jurisdiction  
12 over State Government and to confirmation by the  
13 Legislature. At least 10 days before the Governor  
14 seeks review by the joint standing committee, he  
15 shall consult with the Maine Finance Authority Board  
16 regarding his proposed appointee. The staff shall be  
17 appointed by the chief executive officer and their  
18 tenure of office shall be at his pleasure. They shall  
19 receive compensation fixed by the authority.  
20 Appointment or removal of the Director of Natural  
21 Resource Financing and Marketing shall be with the  
22 advice and consent of the Natural Resource Financing  
23 and Marketing Board.

24 8. Chief executive officer; duties. The chief  
25 executive officer shall be the chief administrative  
26 officer for the authority and shall direct and super-  
27 viser the administrative affairs and technical activi-  
28 ties of the authority in accordance with rules and  
29 policies set forth by the authority. It shall be the  
30 duty of the chief executive officer to:

31 A. Attend all meetings of the authority;

32 B. Approve all accounts for salaries, per diems,  
33 allowable expenses of the authority or of any  
34 employee or consultant and expenses incidental to  
35 the operation of the authority;

36 C. Make an annual report to the authority  
37 documenting its actions and make other reports at  
38 the request of the authority;

39 D. Maintain a close liaison with the State  
40 Development Office; Department of Agriculture,  
41 Food and Rural Resources; Department of Conserva-

1 tion; Department of Marine Resources and Maine  
2 Natural Resource Capital Corporation and provide  
3 assistance to its various divisions to facilitate  
4 the planning and financing of eligible projects;

5 E. Perform other duties directed by the author-  
6 ity in carrying out the purposes of this chapter;  
7 and

8 F. Provide information to the Maine Aid to Fam-  
9 ilies with Dependent Children Coordinating Com-  
10 mittee established pursuant to Title 22, section  
11 3773, regarding employment opportunities avail-  
12 able to recipients of Aid to Families with  
13 Dependent Children under this chapter and assist  
14 the committee in the referral and placement of  
15 these persons.

16 §964. General powers

17 The authority may:

18 1. Bylaws. Adopt bylaws for the regulation of  
19 its affairs and the conduct of its business;

20 2. Seal. Adopt an official seal and alter it at  
21 pleasure;

22 3. Office. Maintain an office at a place or  
23 places within the State as it may designate;

24 4. Sue and be sued; services of process. Sue  
25 and be sued in its own name and plead and be  
26 impleaded.

27 Services of process in any action shall be made by  
28 service upon the chief executive officer of the  
29 authority, either in hand or by leaving a copy of the  
30 process at the office of the chief executive officer,  
31 and by sending a copy to the Attorney General;

32 5. Employees. The authority is authorized to  
33 employ a chief executive officer and other staff, who  
34 shall be bonded to limits set by the authority.  
35 Before the issuance of any bonds or notes under this  
36 chapter, each employee of the authority shall execute  
37 a surety bond in the penal sum required by the

1 authority, each such surety bond to be conditioned  
2 upon the faithful performance of the duties of the  
3 office of each such employee, to be executed by a  
4 surety company authorized to transact business in the  
5 State as surety and to be approved by the Attorney  
6 General and filed in the office of the Secretary of  
7 State. At all times after the issuance of any bonds  
8 or notes by the authority, each employee of the  
9 authority shall maintain those surety bonds in full  
10 force and effect. All costs of surety bonds shall be  
11 borne by the authority. Private legal counsel and  
12 other technical and financial experts, on either a  
13 temporary or permanent basis, may also be employed.  
14 The authority shall determine the qualifications,  
15 duties and compensation of its employees who shall  
16 not be subject to the provisions of Title 5, chapters  
17 57 and 59. The authority may establish standards pur-  
18 suant to which it may delegate its powers and duties  
19 to its staff;

20 6. Agreements for eligible projects. Enter into  
21 agreements with prospective mortgagees and mort-  
22 gagors, for the purpose of planning, designing, con-  
23 structing, acquiring, altering and financing eligible  
24 projects;

25 7. Borrow money. Borrow money and issue bonds  
26 as provided in this chapter;

27 8. Use of property. Acquire real or personal  
28 property, or any interest therein, including rights  
29 or easements, on either a temporary or long-term  
30 basis in the name of the authority by gift, purchase,  
31 transfer, foreclosure, lease or otherwise; improve,  
32 hold, sell with or without public bidding, assign,  
33 lease, rent, encumber, mortgage or otherwise dispose  
34 of any real or personal property, or any interest  
35 therein, or mortgage interest owned by it or in its  
36 control, custody or possession and release or relin-  
37 quish any right, title claim, lien, interest, ease-  
38 ment or demand, however acquired, including threat of  
39 foreclosure;

40 9. Lease or rent. Lease or rent any lands,  
41 buildings, structures, facilities or equipment to  
42 further the purposes of this chapter;



1       10. Contracts. Enter into any contracts, leases  
2 and agreements, all other instruments and arrange-  
3 ments necessary, incidental or convenient to the per-  
4 formance of its duties and the execution of its  
5 powers under this chapter;

6       11. Agreements, cooperation, combination with  
7 federal agency and state programs. Also:

8       A. Serve as a clearinghouse for information  
9 relating to financing, management, marketing con-  
10 cerns of Maine businesses and may gather and dis-  
11 seminate information regarding these activities.  
12 The authority shall encourage and coordinate  
13 effective use of existing and new services to  
14 assist Maine business development;

15       B. Receive advice and assistance from, coordi-  
16 nate its programs with or enter into agreements  
17 with the State Development Office, State Planning  
18 Office, Maine State Housing Authority, Maine  
19 Development Foundation, Maine Capital Corpora-  
20 tion, Maine Natural Resource Capital Corporation  
21 and other state agencies with relevant expertise.  
22 Programs authorized in this chapter may be coordi-  
23 nated or combined with other public and private  
24 national, state, regional or local programs that  
25 the authority determines will facilitate the pur-  
26 pose of this subchapter; and

27       C. Enter into agreements with any other state  
28 public body for joint participation in projects;

29       12. Agreements; any person. Enter into agree-  
30 ments or other transactions with any person to fur-  
31 ther the purposes of the authority, including con-  
32 struction agreements, purchase or acquisition agree-  
33 ments, loan or lease agreements, including agreements  
34 conditioned upon the subleasing of the demised prem-  
35 ises, partnership agreements, including limited part-  
36 nership agreements, joint ventures, participation  
37 agreements or loan agreements with leasing coopera-  
38 tion or other financial intermediaries;

39       13. Receive and accept loans, aid or contribu-  
40 tions. Receive and accept loans, aid or contribu-  
41 tions from any source of money, property, labor or

1 other things of value, to be held, used and applied  
2 to carry out the purposes of this chapter, subject to  
3 the conditions upon which the loans, grants and con-  
4 tributions may be made, including, but not limited  
5 to, loans, gifts or grants from any federal agency,  
6 governmental subdivision or the State and its agen-  
7 cies for any purpose consistent with this chapter;

8 14. Loans. Make, participate in, purchase or  
9 sell loans, or make commitments to do so;

10 15. Guarantees. Provide guarantees of the  
11 repayment of loans or other obligations of indebted-  
12 ness provided that guarantees shall be limited to  
13 such percentage of the cost of the project as the  
14 authority may, by rule or statute, determine most  
15 efficacious in achieving the purpose of this chapter;

16 16. Modification and foreclosure. Subject to  
17 any agreement with bondholders or noteholders, the  
18 authority may, where repayment is in default, renegot-  
19 tiate the terms of the financing assistance, includ-  
20 ing waiver of the default, or forbearance of all or  
21 part of the financing assistance; or may commence,  
22 prosecute and enforce a judgment in any action,  
23 including, but not limited to, a foreclosure action,  
24 to protect or enforce any right conferred upon it by  
25 law or agreement. The authority may bid for and pur-  
26 chase or otherwise acquire or take possession of  
27 property, may complete, administer, pay the principal  
28 of and interest on any obligations incurred in con-  
29 nection with the property and may dispose of and  
30 otherwise deal with the property so as to protect its  
31 interests and the interests of the State as a whole;

32 17. Procure insurance. Procure insurance  
33 against any loss in connection with its property and  
34 other assets in such amounts and from such insurers  
35 as it deems desirable;

36 18. Broker. Serve as a broker, agent or other  
37 financial intermediary or participant for the  
38 encouragement of the flow of private funds into natu-  
39 ral resource enterprises in this State and for the  
40 purchasing, pooling or secondary marketing of obli-  
41 gations issued or incurred in connection with the  
42 financing of projects pursuant to subchapter I-A;

1           19. Fees. Establish and collect fees and  
2 charges for each project authorized under this chap-  
3 ter or other financing assistance, advances, insur-  
4 ance, commitments, technical assistance, publications  
5 and other programs and, to the extent that these  
6 funds or other returns earned by activities of the  
7 authority are not pledged to the repayment of bonds  
8 or notes or other interest on those bonds or notes,  
9 to utilize any accumulated fees to cover the cost of  
10 administration of this chapter;

11           20. Approval of programs and policies. Approve  
12 or disapprove programs and policies presented by the  
13 Board of Directors of the Natural Resource Financing  
14 and Marketing Agency and the Maine Veterans' Small  
15 Business Loan Board;

16           21. Expenses. Pay for its administrative,  
17 legal, actuarial and other services, charging  
18 expenses to the appropriate fund;

19           22. Invest funds. Except as otherwise provided  
20 in this chapter, invest any funds not needed for  
21 immediate use, including any funds held in reserve,  
22 in property or securities in which fiduciaries in the  
23 State may legally invest funds;

24           23. Servicing. Contract with other financing  
25 institutions or regional or local agencies for the  
26 origination or servicing of the loans made or pur-  
27 chased by the authority;

28           24. Appearance. Appear in its own behalf before  
29 boards, commissions, departments or agencies of  
30 municipal government, State Government or Federal  
31 Government;

32           25. Other powers. Do any acts and things neces-  
33 sary or convenient to carry out the powers expressly  
34 granted or reasonably implied in this chapter; and

35           26. Establish rules. Establish rules in a man-  
36 ner consistent with the Maine Administrative Proce-  
37 dure Act, Title 5, chapter 375, as it deems necessary  
38 or convenient to carry out the purposes of this chap-  
39 ter.

1     §965. Annual report; audit

2             1. Report. The authority shall submit to the  
3 Governor, the Speaker of the House of Representatives  
4 and the President of the Senate, not later than Janu-  
5 ary 15th of each year, a complete report on the ac-  
6 tivities of the authority. The report shall include  
7 all of the following:

8             A. A description of its operations, including a  
9 description of projects financed under subchapter  
10 I-A to subchapter VI;

11            B. An accounting of its receipts and expendi-  
12 tures, assets and liabilities at the end of its  
13 fiscal year;

14            C. A schedule of the bonds and notes outstanding  
15 at the end of its fiscal year and a statement of  
16 the amounts redeemed and issued during its fiscal  
17 year, including a report on its reserve funds;

18            D. A statement of its proposed and projected ac-  
19 tivities for the ensuing year and the relation-  
20 ship of these activities to the state's economic  
21 development policies; and

22            E. Recommendations as to further actions which  
23 may be suitable for achieving the purposes of  
24 this chapter.

25            2. Treasurer of State; annual financial  
26 report. The authority shall provide the Treasurer of  
27 State, within 90 days of the close of its fiscal  
28 year, its annual financial report certified by an  
29 independent certified public accountant, who may be  
30 the accountant or a member of the firm of accountants  
31 who regularly audits the books and accounts of the  
32 authority, selected by the authority. The authority  
33 shall also be subject to the provisions of Title 5,  
34 chapter 11.

35     §966. Records confidential

36            Except as provided in this section and in sec-  
37 tions 1043 and 1063, no member, officer, agent or  
38 employee of the authority may knowingly divulge or

1 disclose any information submitted to, or developed  
2 by, the authority in connection with an application  
3 for mortgage insurance, revenue obligation securities  
4 or financing of any project under this chapter,  
5 except to the extent that the disclosure is deemed by  
6 the authority to be necessary or convenient for  
7 evaluation of any application submitted to the  
8 authority or for the offering or sale of its bonds or  
9 obligations. This rule of confidentiality shall also  
10 apply to any officer, agent or employee of various  
11 state departments and offices who are concerned with  
12 any project proposal under this chapter.

13 The following exceptions apply to the confiden-  
14 tiality of records.

15 1. Statistical and impersonal information to  
16 Legislature, state or federal agency. The members  
17 may supply statistical and other impersonal informa-  
18 tion about applicants and loans in response to  
19 requests from the Legislature or any state or federal  
20 agency.

21 2. Federal farm credit systems; other financing  
22 institutions. Information concerning applicants for  
23 financing assistance may be given for the confiden-  
24 tial use of the federal farm credit system or other  
25 financing institution in contemplation of the exten-  
26 sion of credit or the collection of loans.

27 3. Credit information; consent. Credit informa-  
28 tion may be given to any person when the person about  
29 whom the information is requested consents to it in  
30 writing.

31 4. Litigation; evidence. In litigation between  
32 a recipient or applicant for financing assistance, or  
33 the successor in interest of that person, and the  
34 authority, any competent evidence may be introduced  
35 with respect to relevant statements made orally or in  
36 writing by or to the authority.

37 5. Information necessary for sale of bonds or  
38 obligations. Information, the disclosure of which is  
39 deemed necessary by the authority for the offering or  
40 sale of its bonds or obligations, may be released.

1           6. Information to legislative commit-  
2 tees. Information from records or files of the  
3 authority may be disclosed or the records or files of  
4 the authority may be provided to a legislative com-  
5 mittee, upon written request from the chairman of the  
6 committee. The information, records or files, may be  
7 used only for the lawful purposes of the committee  
8 and in any actions arising out of investigations con-  
9 ducted by it.

10           7. Statistics; general information. The author-  
11 ity may publish statistics or other information of a  
12 general nature drawn from information declared confi-  
13 dential by this section, so long as the publication  
14 is accomplished in a manner which preserves that con-  
15 fidentiality.

16           8. Information required by Federal Government as  
17 condition for funding. Information required as a  
18 condition or receipt of funds or other property may  
19 be disclosed to the Federal Government.

20           §967. Liberal construction

21           This chapter, being necessary for the welfare of  
22 the State and its inhabitants, shall be liberally  
23 construed. In the event of any conflict between this  
24 chapter and any other law, this chapter shall pre-  
25 vail, but the power and authority granted is deemed  
26 to be in addition to and not in derogation of power  
27 and authority granted by any other law.

28           §968. The Finance Authority of Maine; successor

29           The authority shall be the successor to the Maine  
30 Guarantee Authority, the Maine Veterans Small Busi-  
31 ness Loan Authority and the Maine Small Business Loan  
32 Authority. All properties, rights in land, buildings  
33 and equipment and any funds, moneys, revenues and  
34 receipts or assets of each of the authorities,  
35 including funds previously appropriated by the State  
36 for the Maine Guarantee Authority, the Maine Veterans  
37 Small Business Loan Authority and the Maine Small  
38 Business Loan Authority shall belong to the Finance  
39 Authority of Maine as successor. All liabilities of  
40 the Maine Guarantee Authority, the Maine Veterans  
41 Small Business Loan Authority and the Maine Small

1 Business Loan Authority shall become liabilities of  
2 the Finance Authority of Maine. Any resolution with  
3 respect to the issuance of bonds or insurance by the  
4 Maine Guarantee Authority, the Maine Veterans Small  
5 Business Loan Authority, the Maine Small Business  
6 Loan Authority and any other action taken by them  
7 with respect to assisting in the financing of any  
8 project shall be a resolution of the Finance Author-  
9 ity of Maine or an action taken by the Finance  
10 Authority of Maine.

11 §969. Governmental function

12 The Finance Authority of Maine shall administer  
13 and exercise the authority granted to it by this  
14 chapter. The carrying out of its powers and duties is  
15 deemed the performance of an essential governmental  
16 function.

17 Sec. 7. 10 MRSA c. 110, sub-cc. I-A and I-B are  
18 enacted to read:

19 SUBCHAPTER I-A

20 NATURAL RESOURCE FINANCING AND MARKETING AGENCY

21 §971. Short title

22 This subchapter shall be known as the "Maine  
23 Natural Resource Financing and Marketing Act of  
24 1983."

25 §972. Legislative findings

26 The Legislature has consistently found that agri-  
27 culture, forestry and fisheries are major industries  
28 in the State, contributing substantially to the  
29 state's overall economy, essential to the maintenance  
30 and strengthening of rural life and values and neces-  
31 sary to the preservation of the health, safety and  
32 welfare of all of the people of the State. The Legis-  
33 lature also recognizes that food and fiber production  
34 is an appropriate use of the natural resources of the  
35 State. The Legislature finds that the survival of the  
36 family farm and of fishing and forestry enterprises  
37 is of special concern to the people of the State and  
38 that the ability of these enterprises to prosper,

1 while producing an abundance of high quality food and  
2 fiber, deserves a place of high priority in the  
3 determination of public policy. In addition, the  
4 Legislature specifically finds:

5 1. Existing conditions. Compared with the  
6 national average, Maine is a capital-short State,  
7 with particular lack of long-term debt and equity  
8 capital. The existing interest rates and the existing  
9 pattern of lending to the agricultural, forestry and  
10 fishing industries are constraining the optimal eco-  
11 nomic use of farm, fisheries and forest resources.  
12 The State, in the past, has been overly reliant on  
13 the financing programs of the Federal Government,  
14 particularly the Farmers Home Administration. The  
15 ordinary operations of private enterprise in the  
16 State have not corrected this condition, leaving  
17 Maine vulnerable to changes in federal policy. Farm  
18 debt has risen much faster than gross income, with  
19 the cost of borrowing money rising more rapidly than  
20 any other production cost. Similar financing diffi-  
21 culties confront other natural resource enterprises,  
22 particularly wood-processing and other value-added  
23 enterprises;

24 2. New natural resource enterprises. New natu-  
25 ral resource enterprises face particular problems in  
26 obtaining adequate financing. There are more full-  
27 time farmers going out of business than entering  
28 farming, a problem which is caused, in part, because  
29 loans for new farmers for agricultural land, improve-  
30 ments and operations are either unavailable or  
31 unaffordable through the conventional credit markets.  
32 There are increasing numbers of new, small and part-  
33 time farmers whose needs are not adequately served by  
34 any existing financing or technical assistance pro-  
35 grams;

36 3. Marketing and technical assistance. Enter-  
37 prises adding the greatest value by conversion of  
38 native raw products and by promotion of raw and pro-  
39 cessed Maine products are of particular benefit to  
40 the State. Producers and processors of natural  
41 resource products are not receiving sufficient assis-  
42 tance in marketing and management. There is an over-  
43 all lack of a statewide marketing strategy for natu-  
44 ral resource products and producers of these products



1 do not receive the market information, technical  
2 assistance or market service necessary to optimize  
3 their marketing and profits. There is a need for  
4 technical assistance and training in business manage-  
5 ment, particularly among new, small and part-time  
6 participants in natural resource enterprises;

7 4. Resulting problems. The lack of affordable  
8 financing options and marketing and other technical  
9 assistance jeopardizes the maintenance of agricul-  
10 tural, forestry and fishery operations at present  
11 levels and makes expansion and diversification of  
12 these enterprises more difficult. The lack of appro-  
13 priate financing and technical assistance is contrib-  
14 uting to the abandonment of agricultural lands in the  
15 State. The inability to continue agricultural, for-  
16 estry and fishery operations at current or expanded  
17 levels jeopardizes the continued existence of  
18 family-owned natural resource enterprises and lessens  
19 the supply of locally produced food and fiber avail-  
20 able to fulfill the needs of the citizens of this  
21 State. The constraints on the operation and expansion  
22 of natural resource enterprises decrease the avail-  
23 able employment, particularly in rural areas and  
24 result in the problems attendant on unemployment.  
25 The threat to the viability of the family farm and  
26 other natural resource enterprises directly threatens  
27 the essence of the rural values and way of life, to  
28 the detriment of the welfare of all the people of the  
29 State;

30 5. Public necessity. The existing situation  
31 will not be relieved or improved through the opera-  
32 tion of private enterprise alone. It is necessary,  
33 desirable and in the best interest of the welfare of  
34 all of the citizens of the State that provisions be  
35 made for the establishment of a state agency to work  
36 with existing public and private institutions to pro-  
37 mote the development of natural resources by making  
38 available to persons engaged in natural resource  
39 enterprises or wishing to enter these enterprises,  
40 adequate marketing and technical assistance, as well  
41 as adequate financing opportunities, at interest rates  
42 lower than would be otherwise obtainable; and

43 6. Public purpose and benefit. The agency is  
44 established to stimulate the economy, to reduce unem-

1 ployment, to support community development and to  
2 assure an adequate supply of food and fiber, in all  
3 respects for the benefit of the people of the State  
4 and for the improvement of their health, safety and  
5 welfare. The agency will be serving a public purpose  
6 and performing an essential governmental function in  
7 the exercise of the powers and duties conferred upon  
8 it by this subchapter. Any benefits accruing to pri-  
9 vate individuals or associations, as a result of the  
10 activities of the agency, are deemed by the Legis-  
11 lature to be incidental to the public purposes to be  
12 achieved by the implementation of this subchapter.

13 §973. Purpose

14 The purposes of this subchapter include:

15 1. General. To relieve those conditions which  
16 now exist which represent difficulties in natural  
17 resource enterprise financing and development and to  
18 assist in planning, coordinating and implementing  
19 programs that will encourage further public and pri-  
20 vate participation and investment to achieve this  
21 end;

22 2. Current and increased production. To main-  
23 tain the land and water base necessary to the produc-  
24 tion of food and fiber and to encourage the continua-  
25 tion and expansion of successful production of the  
26 natural resource products of the State in order to  
27 secure adequate food and fiber to the people of the  
28 State, to secure markets and to assure the stability  
29 of the local economy;

30 3. Value added. To encourage the creation and  
31 expansion of processing or manufacturing enterprises  
32 adding value to agricultural, forestry and fisheries  
33 products, grown or harvested in the State;

34 4. Market improvements. To coordinate, improve  
35 and expand the marketing of raw, processed and manu-  
36 factured products of the fisheries, farms and forests  
37 of the State;

38 5. Employment opportunities. To expand oppor-  
39 tunities for full and part-time gainful employment  
40 and facilitate entry into farming, fishing and for-

1 estry in order to maintain adequate food and fiber  
2 production capabilities in the State and to improve  
3 the unemployment situation in the State and the  
4 demands on state services which arise because of  
5 unemployment and related problems;

6 6. Expanded participation of lending insti-  
7 tutions and improved credit opportunities. To pro-  
8 vide for additional capital resources for natural  
9 resource enterprises from the sale of bonds and to  
10 otherwise make adequate credit available at interest  
11 rates that enable persons to enter, maintain and  
12 expand natural resource enterprises; to encourage the  
13 investment of private capital and the diversification  
14 and competition among financing institutions in the  
15 natural resource sector; and

16 7. Improved technical assistance. To provide a  
17 central source for credit information and other  
18 financial management training and services to far-  
19 mers, fishermen and foresters to better enable them  
20 to obtain adequate financial assistance from existing  
21 sources and to provide similar technical assistance,  
22 research and service in marketing products of natural  
23 resource enterprises.

24 §974. Definitions

25 As used in this subchapter, unless the context  
26 otherwise indicates, the following terms have the  
27 following meanings.

28 1. Agency. "Agency" means the Natural Resource  
29 Financing and Marketing Agency.

30 2. Agricultural land. "Agricultural land" means  
31 land capable of supporting commercial farming or for-  
32 estry production.

33 3. Authority. "Authority" means the Finance  
34 Authority of Maine.

35 4. Authority lease. "Authority lease" means a  
36 lease by the authority containing an option to pur-  
37 chase a natural resource enterprise for a nominal sum  
38 upon payment in full, or other provision therefor, of  
39 all bonds issued in connection with the natural

1 resource enterprise and all other expenses in connec-  
2 tion with the natural resource enterprise; or a lease  
3 containing an option to purchase a natural resource  
4 enterprise at any time, as provided in the lease,  
5 upon payment of the purchase price which shall be  
6 sufficient to pay all bonds issued in connection with  
7 the natural resource enterprise and all interest in  
8 the enterprise and all other expenses incurred by the  
9 authority in connection with the natural resource  
10 enterprise, but which payment may be made in the form  
11 of one or more notes of the lessee providing for  
12 timely payments delivered to the authority.

13 5. Board of directors. "Board of directors"  
14 means the Board of Directors of the Natural Resource  
15 Financing and Marketing Agency.

16 6. Bond. "Bond" means any interest bearing evi-  
17 dence of indebtedness issued by the authority pur-  
18 suant to this chapter.

19 7. Entrant to natural resource enter-  
20 prises. "Entrant to natural resource enterprises"  
21 means an individual who engages in natural resource  
22 enterprises or wishes to engage in natural resource  
23 enterprises and who, together with his spouse and  
24 dependent children, has an aggregate net worth of  
25 less than \$100,000.

26 8. Facility. "Facility" means any building or  
27 other improvement or any equipment or other personal  
28 property necessary or suitable for use in natural  
29 resource enterprises.

30 9. Family farm corporation. "Family farm corpo-  
31 ration" means a corporation formed for the purpose of  
32 farming and ownership of agricultural land in which  
33 at least 2/3 of the stockholders are members of a  
34 family related to each other within the 3rd degree of  
35 consanguinity or affinity including the spouses,  
36 sons-in-law and daughters-in-law of any such family  
37 member according to the rules of common law.

38 10. Federal Government. "Federal Government"  
39 shall include the United States or any authority or  
40 instrumentality, corporate or otherwise, of the  
41 United States, including, but not limited to, the

1 Federal Land Bank, the Federal Intermediate Credit  
2 Bank and the Bank for Cooperatives.

3 11. Financing assistance. "Financing assis-  
4 tance" shall include guarantees, insurance, financing  
5 credits, loans or the purchase or discounts thereof,  
6 letters of credit, financing assistance payments or  
7 other similar financial arrangements where the assets  
8 of the authority are utilized, pledged or otherwise  
9 committed.

10 12. Financing institution. "Financing institu-  
11 tion" means any bank, trust company, national banking  
12 association, savings bank, savings and loan associa-  
13 tion, federal savings and loan association, indus-  
14 trial bank, mortgage company, insurance company,  
15 credit union, local development corporation or any  
16 other institution or entity authorized to do business  
17 in this State, or any state or federal government  
18 agency which customarily provides financing assis-  
19 tance or otherwise aids in the financing of natural  
20 resource enterprises.

21 13. Loan. "Loan" means any authority or agency  
22 lease or other agreement under this chapter by which  
23 the authority or agency agrees to provide funds to a  
24 borrower.

25 14. Natural resource enterprise. "Natural  
26 resource enterprise" means a business endeavor  
27 engaged in production, harvesting, manufacturing,  
28 processing, storing, packaging or marketing of agri-  
29 cultural, forestry, fisheries or related products,  
30 but shall not include wholesale or retail food enter-  
31 prises, except when an enterprise is owned by a pro-  
32 ducer and serves as an outlet for that producer's  
33 food product.

34 15. Note. "Note" means any instrument which is  
35 the recognized legal evidence of a debt, including  
36 but not limited to, debentures, mortgage certificates  
37 or revenue anticipation notes.

38 16. Seller-sponsored loan. "Seller-sponsored  
39 loan" means a loan to an entrant to natural resource  
40 enterprises in which all or part of the purchase  
41 price of agricultural land and associated facilities

1 is financed by a loan from the seller of the property  
2 who is a natural person or a family farm corporation  
3 and for which the interest rate is at least 3% less  
4 than the rate charged by the Federal Land Bank at the  
5 time the loan is made.

6 §975. Creation of the agency

7 The Natural Resource Financing and Marketing  
8 Agency is established within the authority and is  
9 governed by a board of directors.

10 1. Membership of the board. The board of direc-  
11 tors of the agency shall consist of 7 members,  
12 including the Commissioner of Conservation, the Com-  
13 missioner of Marine Resources and the Commissioner of  
14 Agriculture, Food and Rural Resources, or their des-  
15 ignees, and 4 public members appointed by the Gover-  
16 nor, subject to the approval of the joint standing  
17 committee of the Legislature having jurisdiction over  
18 State Government and to confirmation by the Senate.  
19 The 4 public members shall be knowledgeable in the  
20 field of natural resource enterprises or financing.  
21 Designees of the commissioners shall be limited to  
22 those persons holding major policy-influencing posi-  
23 tions, as defined by Title 5, section 711, subsection  
24 2. Two of the commissioners and 2 of the public mem-  
25 bers shall be designated by the Governor as members  
26 of the authority.

27 2. Organization. The board of directors shall  
28 elect a chairman and may elect other officers from  
29 among its members. The board of directors shall meet  
30 at the call of the chairman or at the request of any  
31 3 members. The chairman and the other officers shall  
32 serve in those capacities for a period of one year  
33 following their election. Five members shall consti-  
34 tute a quorum and an affirmative vote of a majority  
35 of those voting shall be necessary for any official  
36 action.

37 3. Terms of appointment and compensation. The  
38 public members shall be appointed for terms of 4  
39 years, except that, of the initial appointees, one  
40 shall be appointed for one year, one for 2 years, one  
41 for 3 years and one for 4 years. Any vacancy shall be  
42 filled by an appointment for the remainder of the

1 unexpired term. Each public member shall be entitled  
2 to \$75 per day for services at public meetings and  
3 hearings of the board of directors and shall be enti-  
4 tled to payment of necessary expenses, consistent  
5 with Title 5, section 13 for attending any such meet-  
6 ings or hearings or for any other expenses incurred  
7 in connection with the official business of the board  
8 of directors, under the authorization of the board.  
9 Payment of expenses shall be approved by the director  
10 and the chairman.

11 4. Staff. The director of the agency shall be  
12 employed pursuant to section 963, subsection 7. Other  
13 staff shall be provided by the authority pursuant to  
14 section 964, subsection 5. The agency may establish  
15 standards pursuant to which it may delegate its  
16 powers and duties to the staff, but shall not dele-  
17 gate loan approval pursuant to section 977, subsec-  
18 tion 1, paragraph E, where the loan is not secured by  
19 a mortgage.

20 §976. Coordination of programs

21 1. Clearinghouse. The agency may serve as a  
22 clearinghouse for information relating to financing,  
23 management, marketing concerns of natural resource  
24 enterprises and may gather and disseminate informa-  
25 tion regarding these activities. The agency shall  
26 encourage and coordinate effective use of existing  
27 and new services to assist natural resource enter-  
28 prise development.

29 2. Programs combined. The agency shall be enti-  
30 tled to advice and assistance from, and coordinate  
31 its programs with, the State Development Office, the  
32 Maine State Housing Authority, the Maine Development  
33 Foundation, the Maine Capital Corporation, the Maine  
34 Natural Resource Capital Corporation and other state  
35 agencies with relevant expertise. In addition, pro-  
36 grams authorized in this subchapter may be coordi-  
37 nated or combined with other public and private  
38 national, state, regional or local programs that the  
39 agency determines will facilitate the purposes of  
40 this subchapter.

41 3. Cooperation authorized in projects. The  
42 agency and any other state public body may enter into

1 agreements for joint participation in projects. The  
2 state public body may dedicate, sell, convey or lease  
3 any of its interest in any property or grant ease-  
4 ments, licenses or any other rights or privileges to  
5 the authority and may cause roads, water or similar  
6 community facilities or educational programs, or any  
7 other works or services which it is otherwise empow-  
8 ered to undertake, to be furnished or located so as  
9 to be most beneficial to any project of the agency or  
10 the authority. The state public body may also plan or  
11 replan, zone or rezone any area or make exceptions  
12 from building regulations, permits or ordinances as  
13 it is otherwise empowered to do in connection with  
14 any project of the authority and undertake other  
15 similar activities to aid and cooperate in the plan-  
16 ning or operation of programs of the agency or the  
17 authority.

18 4. Federal funds. The agency may be designated  
19 by the Governor as the public agency of the State to  
20 receive federal funds available to the State in rela-  
21 tion to financing natural resource enterprises and  
22 once designated is authorized to receive and expend  
23 these funds.

24 §977. General powers

25 1. Agency powers. The agency shall have all the  
26 powers necessary to carry out and effectuate the pur-  
27 poses and provisions of this subchapter, except those  
28 specifically reserved to the authority in subsection  
29 2, including, but not limited to, the power to:

30 A. In cooperation with the University of Maine  
31 and other state, local and federal agencies or  
32 instrumentalities, conduct studies, including  
33 studies concerning land use and availability,  
34 financial management and marketing, to analyze  
35 the situation and needs of those persons in the  
36 State engaged in or wishing to enter natural  
37 resource enterprises. The agency may develop  
38 plans and recommendations as to its role and the  
39 role of the State generally in facilitating the  
40 development of natural resource enterprises;

41 B. Make and execute agreements, contracts and  
42 other instruments, with any public or private



1 entity, including, but not limited to, contracts  
2 with architectural, engineering, accounting, con-  
3 struction, marketing and financial experts or  
4 management agreements for the management of any  
5 properties or functions of the agency or other  
6 partnership or joint venture arrangements;

7 C. Receive and accept appropriations, gifts,  
8 grants, loans, contributions of property or any  
9 interest therein, labor or other items of value  
10 from public or private entities including, with-  
11 out limitation, any grants, funds or property  
12 from any agency or instrumentality of the United  
13 States accepted pursuant to section 976, subsec-  
14 tion 4;

15 D. Provide to public and private entities tech-  
16 nical assistance and advice related to purposes  
17 of this subchapter, including:

18 (1) Establishment of an expert advisory  
19 group which shall be available, upon  
20 request, to consult with financing insti-  
21 tutions as to the merits of loan applica-  
22 tions for natural resource enterprises;

23 (2) Provision of advice to persons engaged  
24 or seeking to be engaged in natural resource  
25 enterprises as to the nature and source of  
26 relevant governmental assistance programs;  
27 and

28 (3) Provision of advice and educational  
29 programs as to production, processing,  
30 marketing and managing natural resource  
31 enterprises;

32 E. Establish guidelines for participation in  
33 loan programs of the authority for natural  
34 resource enterprises and assure compliance with  
35 those guidelines in the servicing of these loans  
36 by financing institutions and approve or disap-  
37 prove applications for direct loans of the  
38 authority for natural resource enterprises in  
39 amounts less than \$250,000;

1 F. Develop mechanisms for guaranteeing repayment  
2 of loans or other obligations of indebtedness  
3 incurred in connection with natural resource  
4 enterprises;

5 G. Subject to approval by the authority, adopt,  
6 amend and repeal rules to carry out the purposes  
7 of this subchapter, consistent with Title 5,  
8 chapter 375, subchapter II;

9 H. Conduct examinations and investigations and  
10 hear testimony and take evidence under oath on  
11 any matter material to its functions and plans,  
12 issue subpoenas requiring the attendance of wit-  
13 nesses or the production of documents or other  
14 evidence;

15 I. Develop, through the board of directors, pro-  
16 grams and policies and related rules to carry out  
17 the purposes of this subchapter, subject to the  
18 approval of the authority; and

19 J. Take, in addition to the other powers enumer-  
20 ated in this section, such actions as may be  
21 necessary to qualify as an "other financing  
22 institution" as that term is defined by the Fed-  
23 eral Intermediate Credit Bank, to participate in  
24 an agricultural credit corporation or to act in  
25 any similar way to achieve the purposes of this  
26 subchapter.

27 2. Authority; powers. The authority shall have  
28 the following powers:

29 A. Procure insurance from public or private  
30 entities against any loss in connection with its  
31 operations and property interests, including  
32 insurance for any loss in connection with any  
33 bonds or obligations held by it and any of its  
34 property or assets and for payment of any bonds  
35 or obligations issued by it. To the maximum  
36 extent possible, the authority shall use the  
37 mortgage insurance program established pursuant  
38 to subchapter II; and

39 B. Upon the concurrence of the applicable com-  
40 missioner, the authority may exercise such powers

1 of the Department of Conservation, the Department  
2 of Marine Resources or the Department of Agricult-  
3 ure, Food and Rural Resources as may be neces-  
4 sary to the purposes of this subchapter.

5 §978. General standards and duties

6 In the implementation of this subchapter and in  
7 the specific selection of persons, programs and  
8 projects to receive its assistance, the following  
9 standards shall apply.

10 1. Ownership. The authority shall not become an  
11 owner of land or facilities, except on a temporary  
12 basis where necessary to protect its investments, to  
13 maintain land in natural resource production, to  
14 facilitate transfer of lands or facilities for the  
15 use of entrants to natural resource enterprises or to  
16 otherwise implement its programs, provided that this  
17 limitation shall not apply to any developments rights  
18 related to agricultural land which may be acquired by  
19 the authority, which rights may be retained by the  
20 authority, nor shall this section apply to any prop-  
21 erty acquired pursuant to section 977, subsection 1,  
22 paragraph C. During the period of time that the  
23 authority may hold any such property, it is declared  
24 to be public property used for essential public and  
25 governmental purposes.

26 2. Accepted business standards. The authority  
27 shall exercise diligence and care in selection of  
28 persons and projects to receive its assistance and  
29 shall apply reasonable business and lending standards  
30 in selection and subsequent implementation of the  
31 programs and individual agreements authorized by this  
32 subchapter.

33 3. Delegation. In addition to section 975, the  
34 authority may delegate primary responsibility for  
35 determination and implementation of a project to any  
36 federal agency which assumes an obligation to repay  
37 any loan, either directly or by insurance or guar-  
38 antee, for that project.

39 4. Nondiscrimination. The opportunity to  
40 receive assistance from the agency or the authority,  
41 directly or indirectly, shall be open to all persons

1 regardless of race, creed, color, sex, national  
2 origin, age, physical or mental impairment or reli-  
3 gion. The agency and the authority shall assure the  
4 availability of its programs on an equitable basis in  
5 all geographic areas of the State, provided that this  
6 section does not preclude the agency or the authority  
7 from identifying areas of the State which may be bet-  
8 ter suited to certain natural resource enterprises  
9 than others and does not preclude the agency or the  
10 authority from recognizing the value of a critical  
11 mass of natural resource economic activity in given  
12 areas.

13 5. Maximum amounts. The authority may, by rule,  
14 determine the portion of a project or class of  
15 projects to be financed by it, but in no case may the  
16 authority finance or guarantee more than 90% of the  
17 total value of a project.

18 §979. Standards for financing assistance

19 In addition to the applicable provisions of  
20 section 978, financing assistance shall not be pro-  
21 vided for except upon a finding that the following  
22 criteria have been satisfied.

23 1. Residence. If the person is seeking assis-  
24 tance for the purchase of agricultural land, the  
25 person is a resident of the State, or in the case of  
26 corporations, partnerships, joint ventures or other  
27 associations, the majority interest of the associa-  
28 tion shall be beneficially owned by residents of the  
29 State or a majority of the owners shall be residents  
30 of the State. If the person, corporation, partner-  
31 ship, joint ventures or other association is seeking  
32 assistance for some other purpose, a preference shall  
33 be given to residents.

34 2. Location. The land, facilities and related  
35 property involved in the natural resource enterprise  
36 are or will be located within the State.

37 3. Experience. The person has sufficient educa-  
38 tion, training, ability and expertise in the type of  
39 natural resource enterprise for which financing  
40 assistance is requested.

1           4. Access to resources. The person has or will  
2 have access to adequate resources in addition to the  
3 financing assistance provided under this subchapter  
4 to commence or continue the enterprise.

5           5. Capital markets. The project may not be  
6 financed through national markets for buying and  
7 selling long-term loanable funds in the form of  
8 bonds, mortgages and the like.

9           6. Agricultural land. If the loan is for the  
10 acquisition of agricultural land, the person agrees  
11 in writing for the duration of the loan to follow  
12 such soil conservation and related standards as the  
13 agency shall, by rule, adopt; not to convey the land  
14 without written permission of the agency and, in the  
15 case of farmland within the definition of Title 36,  
16 section 1102, to apply and continue to elect to apply  
17 during the period of receipt of financing assistance  
18 for farm and open space classifications under Title  
19 36, chapter 105, subchapter X. This agreement shall  
20 be recorded in the registry of deeds for the county  
21 or counties where the land is located.

22           7. State policy. The natural resource enter-  
23 prise will comply with enunciated state policy  
24 regarding soil conservation, environmental protec-  
25 tion, agricultural development and similar state  
26 initiatives. In particular, all projects receiving  
27 financing assistance through the authority shall be  
28 in accordance with any plan adopted pursuant to  
29 section 977, subsection 1, paragraph A and with the  
30 applicable planning, zoning, sanitary and building  
31 laws, ordinances and regulations of the State and of  
32 the locality in which the project is situated.

33           8. Public benefit. The natural resource enter-  
34 prise will provide for the betterment of the health  
35 and welfare of the inhabitants of the State and make  
36 a significant contribution to either the economic  
37 growth of the community or to the retention of agri-  
38 cultural land in production. For purposes of this  
39 section, the agency shall, by rule, adopt criteria  
40 defining the acceptable impact on employment, natural  
41 resource production, harvesting, marketing, land use  
42 and other factors. In reaching its determination in  
43 this regard, the agency shall be guided by the provi-  
44 sions of sections 972 and 973.

1     §980. Financing assistance to natural resource  
2     enterprises

3     The authority may provide financing assistance or  
4     participate in providing financing assistance to eli-  
5     gible persons under this section and section 981 in  
6     the following manner.

7     1. General conditions. Before providing any  
8     financing assistance pursuant to this subchapter, the  
9     authority shall make a finding that the receipts of  
10    the authority will at all times be sufficient to pay  
11    the principal of, and the interest on, the obli-  
12    gations of the authority as they become due and pay-  
13    able and shall create and maintain reserves for that  
14    purpose. Financing assistance provided pursuant to  
15    this subchapter may be on such terms and conditions  
16    as may be agreed upon by the agency and the authority  
17    from time to time. These terms may include, but are  
18    not limited to, requirements as to prepayment, period  
19    of repayment, interest rate, rentals, project design  
20    and planning, security requirements and evidences of  
21    indebtedness. The agency or the authority may require  
22    a borrower to execute a note, loan agreement or other  
23    evidence of indebtedness and furnish additional  
24    assurances and guarantees, including insurance,  
25    reasonably related to protecting the security of the  
26    loan.

27    2. Assured compliance. The authority may, by  
28    rule, provide for permitted assumptions of loans or  
29    for other transfers of interest in property financed  
30    by the authority to persons who are otherwise quali-  
31    fied to receive assistance under this chapter. In all  
32    other cases, the person receiving the financing  
33    assistance shall agree, in writing, to use the land  
34    or property so acquired only for the purposes speci-  
35    fied in the application to or subsequent written  
36    agreement with the authority and to provide the  
37    authority with reasonable access to his books,  
38    records and property to determine compliance with  
39    this subchapter and the rules of the authority. These  
40    agreements shall be recorded in the registry of deeds  
41    for the county or counties in which the property is  
42    located.

1 The authority, at its option, may declare immediately  
2 payable all amounts due the authority if all or a  
3 part of the land, facilities or other property  
4 involved is leased, sold or otherwise transferred to  
5 another person.

6 §981. Program for entrants to natural resource  
7 enterprises

8 In addition to other programs and financing  
9 assistance established under this subchapter which  
10 may be available to natural resource enterprises, the  
11 agency shall establish a supplemental financing and  
12 technical assistance program designed specifically to  
13 meet the needs of entrants to natural resource enter-  
14 prises.

15 1. Criteria for participation. In addition to  
16 the applicable provisions of sections 979 and 980,  
17 persons seeking financing assistance under the  
18 entrants to natural resource enterprises programs  
19 shall be subject to the following.

20 A. Participants shall be limited to individual  
21 residents of the State or cooperatives organized  
22 in the State in which at least 51% of the members  
23 are residents and in which all of the members  
24 individually meet the definition of section 974,  
25 subsection 7.

26 B. The authority shall finance such amount of  
27 the enterprise as the agency determines is appro-  
28 priate to reflect the cost of a reasonably-sized  
29 beginning enterprise.

30 C. The entrant has not previously received  
31 financing under the program for the acquisition  
32 of property similar in nature to the property for  
33 which the loan is sought, except that this re-  
34 striction shall not apply if the amount previ-  
35 ously received for an enterprise, plus the amount  
36 of the additional assistance sought for that  
37 enterprise, does not exceed the total determined  
38 by the agency pursuant to paragraph B.

39 D. The entrant agrees to participate in such  
40 marketing and training programs as the agency may  
41 require.

1           E. The entrant agrees to participate in such  
2           other related criteria as the agency may impose.

3           2. Financing assistance terms. In addition to  
4           the applicable provisions of sections 979 and 980,  
5           assistance provided pursuant to this section may  
6           involve special financing terms, including, but not  
7           limited to:

8           A. For the acquisition of land and facilities,  
9           arrangements where the authority agrees to make  
10           payments and binding commitments and to continue  
11           these payments, if necessary, over the life of  
12           the mortgage on behalf of entrants to natural  
13           resource enterprises in order to reduce interest  
14           costs on market rate credit to the level the  
15           agency by rule determines conducive to achieving  
16           the purpose of this section, provided that the  
17           rate shall not be lower than 5%. Persons benefit-  
18           ing from these assistance payments shall be re-  
19           quired to pay a larger interest payment as their  
20           ability to pay increases. No commitment made by  
21           the agency or the authority under this subsection  
22           may be construed to commit the faith and credit  
23           of the State;

24           B. Deferred payment schedules;

25           C. Full guarantees for seller-sponsored loans;  
26           and

27           D. Other similar agreements to facilitate parti-  
28           cipation in the natural resource sector.

29           §982. Financing assistance to and purchases of loans  
30           from financing institutions

31           Financing arrangements established pursuant to  
32           this section shall be designed to expand the supply  
33           of funds available in the State for natural resource  
34           enterprise loans and to otherwise provide funds to  
35           achieve the legislative purposes consistent with the  
36           following.

37           1. Financing assistance authorized. The author-  
38           ity may make and contract to provide financing assis-  
39           tance to financing institutions on terms and condi-



1 tions it determines are reasonably related to pro-  
2 protecting the security of the investment of the author-  
3 ity and to implementing the purposes of this subchap-  
4 ter. Financing institutions are authorized to borrow  
5 from the authority for providing financing assistance  
6 under this subchapter.

7       2. Purchase authorized. The authority may pur-  
8 chase and make advance commitments to purchase mort-  
9 gages, secured loans or similar obligations or part  
10 thereof made to natural resource enterprises from  
11 financing institutions at such prices and upon such  
12 terms and conditions as it determines appropriate.  
13 The total purchase price for all these obligations  
14 shall not exceed the total of the unpaid principal  
15 balances of the loans purchased, nor shall anything  
16 in this section empower the authority to purchase  
17 from financing institutions those mortgages or other  
18 instruments or participations therein which represent  
19 obligations incurred by the obligor more than 6  
20 months prior to the date of purchase by the author-  
21 ity. Financing institutions are authorized to sell  
22 mortgages, secured loans or similar obligations to  
23 the authority in accordance with this section and the  
24 rules of the authority.

25       3. Sale. The authority may sell any of the  
26 obligations described in subsection 2 to financing  
27 institutions or to fiduciaries or retirement funds  
28 lawfully doing business in the State.

29       4. Other arrangements. The agency or the  
30 authority may enter other financial arrangements or  
31 joint ventures with financing institutions and these  
32 institutions are authorized to participate with the  
33 agency or the authority to provide financing assis-  
34 tance to natural resource enterprises.

35       5. Rules. Prior to entering arrangements to  
36 provide financing assistance under this section, the  
37 authority shall adopt rules including, but not  
38 limited to, those addressing the following:

39       A. Interest rates and other terms, provided that  
40 the interest rates and other terms of loans to  
41 financing institutions made from the proceeds of  
42 bonds or notes of the authority shall be at least

1           sufficient to assure the payment of the bonds or  
2           notes and the interest on them as they become  
3           due;

4           B. The time within which participating financing  
5           institutions must make commitments and disburse-  
6           ments for natural resource enterprise loans;

7           C. The required evidence of indebtedness and the  
8           type, amount, identification, deposit or other  
9           method of holding of qualified collateral or  
10           other security to be pledged by participating  
11           financing institutions to assure repayment of  
12           loans from the authority;

13           D. Standards and limitations recommended by the  
14           agency as to the type of projects to be financed;

15           E. Procedures for the submission of requests or  
16           the invitation of proposals from financing insti-  
17           tutions;

18           F. Schedules of fees and other charges to be  
19           made by the authority or the participating  
20           financing institution, or both, in accepting,  
21           acting upon or renewing applications for financ-  
22           ing assistance under this section;

23           G. Limitations on the rate of return on natural  
24           resource enterprise loans made by financing  
25           institutions pursuant to this section;

26           H. Methods of certification to the authority of  
27           the time, amount and nature of commitments made  
28           and of compliance with the standards of this  
29           chapter and rules of the authority; and

30           I. Warranties to assure the security of the  
31           loans and compliance with this chapter.

32           6. Records. The authority shall require the  
33           appropriate recording of an assignment of a mortgage  
34           loan purchased by it from a financing institution and  
35           may provide for other recording or notification. The  
36           authority is not required to inspect or take posses-  
37           sion of the mortgage documents, if the financing  
38           institution from which the loan is purchased enters a

1 contract to service the loan and account to the  
2 authority for it.

3 7. Enforcement of compliance. The authority  
4 may, through its members or authorized agents,  
5 inspect the books and records of a financing institu-  
6 tion to assure compliance with this section. The  
7 authority may require agreement by the financing  
8 institution to the payment of penalties to the  
9 authority for violation of agreements with the  
10 authority. Compliance by a financing institution with  
11 the terms of its agreement with the authority under  
12 this section may be enforced by decree of the Super-  
13 ior Court of any county of this State. The authority  
14 may require as a condition of an agreement that  
15 national or out-of-state financing institutions con-  
16 sent to the jurisdiction of courts of this State.

17 8. Inconsistency with other statutes. If a  
18 provision of this section is inconsistent with  
19 another provision of the law of this State governing  
20 financing institutions, the provision of this section  
21 shall control for the purposes of this subchapter.

22 §983. Bonds of the authority

23 1. General authority. The authority may issue  
24 its bonds in principal amounts which are necessary to  
25 provide sufficient funds for achievement of the pur-  
26 poses of this subchapter, including, but not limited  
27 to, the making of loans, the payment of interest on  
28 its bonds, the establishment of reserve or sinking  
29 funds to secure its bonds and all other expenditures  
30 of the authority incident or necessary to achievement  
31 of its purposes.

32 2. Types of bonds. The authority may issue such  
33 types of bonds as it may determine most suitable to  
34 achieve the purposes of this subchapter. Bonds may  
35 be issued in one or more series and shall bear such  
36 date or dates, mature at such time or times, bear  
37 interest at such rate or rates, be in such denomina-  
38 tion or denominations, be in such form either coupon  
39 or registered, carry such conversion or registration  
40 privileges, have such rank or priority, be executed  
41 in such manner, be payable in such medium of payment,  
42 at such place or places and be subject to such terms

1 of redemption with or without premium as are found to  
2 be necessary by the authority for the most advanta-  
3 geous sale and as its bond resolution, trust inden-  
4 ture or mortgage may provide. Bonds may be issued for  
5 the purposes of this subchapter on which the prin-  
6 cipal and interest are payable exclusively from the  
7 income and revenues of the project financed with the  
8 proceeds of these bonds; exclusively from the income  
9 and revenue of certain designated projects whether or  
10 not they are financed in whole or in part with the  
11 proceeds of the bonds; from the proceeds of mort-  
12 gages, bonds, notes or other securities held by the  
13 authority for the purposes of this subchapter; from  
14 money appropriated by the State or from the general  
15 revenues of the authority. Any bonds issued by the  
16 authority may be additionally secured by a pledge of  
17 any grant or contributions from the Federal Govern-  
18 ment or other source or a pledge of any income or  
19 revenues of the agency or the authority, including  
20 one or more reserve funds as established pursuant to  
21 section 986.

22 3. Limit on bonding. The authority may not have  
23 a total principal amount of bonds and notes outstand-  
24 ing at any time in excess of \$50,000,000.

25 4. Negotiable instruments. Notwithstanding any  
26 other provision of law, the bonds of the authority  
27 issued pursuant to this subchapter shall be and are  
28 negotiable instruments within the meaning of and for  
29 all the purposes of the Uniform Commercial Code.

30 5. Not an obligation of the State. Bonds or  
31 notes of the authority issued under this subchapter  
32 are not an obligation of the State or any political  
33 subdivision of the State other than the authority  
34 within the meaning of any constitutional or statutory  
35 debt limitations or any other provision of law. The  
36 authority, acting pursuant to this subchapter, shall  
37 not pledge the credit or taxing power of the State or  
38 any other political subdivision of the State. Bonds  
39 and notes issued by the authority under this subchap-  
40 ter shall state that they are not an obligation of  
41 the State.

42 6. Authorizing resolution. Bonds of the author-  
43 ity shall be authorized by its resolution.

1           7. Bond requirements specified. Bonds issued by  
2 the authority under this subchapter shall:

3           A. Be signed on behalf of the authority with the  
4 manual or facsimile signature of the chairman,  
5 attested by the manual or facsimile signature of  
6 another officer of the authority and have  
7 impressed or imprinted thereon the seal of the  
8 authority or a facsimile of it and any coupons  
9 attached shall be signed with the facsimile sig-  
10 nature of the chairman. In case any of the mem-  
11 bers of the authority whose signatures appear on  
12 any bonds or coupons shall cease to be a member  
13 or officer before the delivery of these bonds,  
14 the signatures shall, nevertheless, be valid and  
15 sufficient for all purposes, the same as if the  
16 members or officers had remained in office until  
17 the delivery; and

18           B. Be sold at prices, at public and private sale  
19 and in any manner as the authority may prescribe.

20           §984. Refunding bonds

21           The authority may issue its bonds for the purpose  
22 of refunding any bonds or notes of the authority then  
23 outstanding under this subchapter, including the pay-  
24 ment of any redemption premiums and any interest ac-  
25 crued or to accrue to the date of redemption of the  
26 outstanding bonds. Until the proceeds of bonds issued  
27 for the purpose of refunding outstanding bonds are  
28 applied to the purchase or retirement of outstanding  
29 bonds or notes or the redemption of outstanding bonds  
30 or notes, the proceeds may be placed in escrow and be  
31 invested and reinvested. The interest, income and  
32 profits earned or realized on such an investment may  
33 also be applied to the payment of the outstanding  
34 bonds or notes to be refunded by purchase, retirement  
35 or redemption. After the terms of the escrow have  
36 been fully satisfied and carried out, any balance of  
37 proceeds and interest earned or realized on the  
38 investments may be returned to the authority for use  
39 by it to further the purposes of this subchapter.  
40 All refunding bonds shall be issued and secured and  
41 subject to the provisions of this subchapter in the  
42 same manner and to the same extent as other bonds.

1     §985. Notice requirements

2             1. Notice and approval. The decision to issue  
3 bonds or notes under this subchapter shall not be  
4 considered rulemaking. The authority shall, in a man-  
5 ner consistent with Title 5, section 8053, provide  
6 notice of its intention to issue bonds or notes. The  
7 notice shall include a statement of the maximum  
8 amount of bonds or notes proposed to be issued and,  
9 in general, what the proceeds of the bond issue will  
10 be used for and which revenues will be pledged to pay  
11 the bonds, notes and interest. Where the amount of  
12 bonds to be issued exceeds \$250,000, the authority  
13 shall hold a public hearing and shall provide a sum-  
14 mary of the public testimony to the Governor. The  
15 Governor shall approve or disapprove the issuance of  
16 the bonds or notes of the authority. In reaching his  
17 decision, the Governor shall consider any public  
18 testimony which may be available and shall approve  
19 the bonds if the proposed issue is consistent with  
20 the Legislature's intent and will effectuate the  
21 public purpose described in section 973. The Governor  
22 shall be considered the applicable elected repre-  
23 sentative for purposes of the United States Internal  
24 Revenue Code.

25             2. Statute of limitations. After approval of  
26 the Governor pursuant to subsection 1, and notwith-  
27 standing any other provision of law, an action shall  
28 not be brought questioning the legality of the bonds  
29 or notes or the power of the authority to issue the  
30 bonds or notes or the legality of any proceedings in  
31 connection with the authorization or issuance of the  
32 bonds or notes after 30 days from the date of publi-  
33 cation of the notice or 15 days after the decision of  
34 the Governor, whichever is later.

35     §986. Reserve funds and appropriations

36             1. Creation of reserves. The authority may cre-  
37 ate and establish one or more special sinking or bond  
38 reserve funds and shall pay into each reserve fund  
39 any moneys appropriated and made available by the  
40 State for the purpose of the fund, any proceeds of  
41 sale of notes or bonds to the extent provided in the  
42 resolutions authorizing their issuance and any other  
43 available moneys which the authority determines to  
44 use for the purpose of the funds.

1       2. Use of reserve funds. Moneys held in a bond  
2 reserve fund, except as otherwise provided in this  
3 subchapter, shall be used, as required, solely for:

4       A. The payment of the principal of bonds secured  
5 in whole or in part by the reserve fund or of the  
6 sinking fund payments with respect to the bonds;

7       B. The purchase or redemption of the bonds; or

8       C. The payment of interest on the bonds or the  
9 payments of any redemption premium required to be  
10 paid when the bonds are redeemed prior to matu-  
11 riety.

12       3. Withdrawal from reserve funds. Moneys in a  
13 bond reserve fund shall not be withdrawn from it in  
14 an amount that will reduce the amount of the fund to  
15 less than the bond reserve fund requirement estab-  
16 lished for the fund, as provided in this section,  
17 except for the purpose of making payment when due of  
18 principal, interest, redemption premiums and the  
19 sinking fund payments with respect to the bonds for  
20 the payment of which other moneys of the authority  
21 are not available.

22       4. Income from reserve fund. Any income or  
23 interest earned by, or incremental to, a bond reserve  
24 fund may be transferred by the authority to other  
25 funds or accounts of the authority to the extent the  
26 transfer does not reduce the amount of that bond  
27 reserve fund below the applicable bond reserve fund  
28 requirement.

29       5. Bonds limited. The authority shall not at  
30 any time issue additional bonds, secured in whole or  
31 in part by a bond reserve fund if, upon the issuance  
32 of the bonds, the amount in the bond reserve fund  
33 will be less than the applicable bond reserve fund  
34 requirement, unless the authority at the time of  
35 issuance of the bonds deposits in the fund, from the  
36 proceeds of the bonds issued or from other sources,  
37 an amount which, together with the amount then in the  
38 fund, will not be less than the bond reserve fund re-  
39 quirement.

1           6. Bond reserve fund requirement. For the pur-  
2 poses of this section, the term "bond reserve fund  
3 requirement" shall be the amount the authority deter-  
4 mines to be necessary to achieve the credit ratings  
5 appropriate to maximize its ability to achieve the  
6 purposes of this chapter.

7           7. Notice to the Governor and report to the  
8 Legislature. In the event that it is necessary that  
9 the bond reserve funds are withdrawn for payment of  
10 principal or interest thereby reducing the amount of  
11 that fund to less than the bond reserve fund require-  
12 ment, the authority shall immediately notify the Gov-  
13 ernor and Legislature of this event and shall itself  
14 take whatever steps available to restore the fund to  
15 its bond reserve fund requirement from any funds  
16 available which are not pledged to the payment of  
17 other bonds or notes or legally limited to some other  
18 purpose. In order to further assure maintenance of  
19 the bond reserve funds, the chairman of the authority  
20 shall, on or before December 1st of each calendar  
21 year, make and deliver to the Governor a certificate  
22 stating the sum, if any, required to restore each  
23 bond reserve fund to its bond reserve fund require-  
24 ment. The Governor may submit a request to the next  
25 session of the Legislature for any sum required to  
26 restore each bond reserve fund to its bond reserve  
27 fund requirement. Sums appropriated by the Legis-  
28 lature and paid to the authority pursuant to this  
29 section shall be deposited by the authority in the  
30 applicable bond reserve fund.

31           8. Repayment to the State. Amounts paid over to  
32 the authority by the State pursuant to this section  
33 shall constitute and be accounted for as advances by  
34 the State to the authority and, subject to the rights  
35 of the holders of any bonds or notes of the author-  
36 ity, shall be repaid to the State, without interest,  
37 from all available operating revenues of the author-  
38 ity in excess of amounts required for the payment of  
39 bonds, notes or obligations of the authority, for  
40 maintenance of the bond reserve funds and for neces-  
41 sary operating expenses.

42           §987. Remedies of bondholders and noteholders



1           A holder of bonds or notes issued by the author-  
2 ity under this subchapter shall have the right, in  
3 addition to all other rights which may be conferred  
4 on that person and subject to applicable contractual  
5 restrictions to:

6           1. Civil action. By civil action or proceeding,  
7 compel the authority to carry out the terms of the  
8 agreement of the authority and to fulfill the duties  
9 imposed upon the authority by this subchapter, or to  
10 enjoin any act or thing which violates the rights of  
11 the bondholder or noteholder;

12           2. Additional remedies conferrable by author-  
13 ity. The authority shall have power by its resolu-  
14 tion, trust indenture, mortgage, lease or other con-  
15 tract to confer upon any bondholder or noteholder  
16 holding or representing a specified amount, addition-  
17 al rights, upon default, as defined in the applicable  
18 instrument, obtain the appointment of a trustee of  
19 any project of the authority or any part thereof and  
20 of the rents, profits or other available income  
21 therefrom and require the authority to provide an ac-  
22 counting to the court of its actions relative to the  
23 bondholders or noteholders;

24           3. Jurisdiction. The Superior Court shall have  
25 jurisdiction of any action brought pursuant to this  
26 section. The venue of the action shall be in Kennebec  
27 County.

28           §988. Agreement of the State

29           The State pledges and agrees with the holders of  
30 any bonds or notes issued under this subchapter that  
31 the State will not limit or alter the rights vested  
32 in the authority to fulfill the terms of agreements  
33 made with the holders or in any way to impair the  
34 rights and remedies of the holders until the bonds or  
35 notes, together with the interest on them and all  
36 costs and expenses in connection with an action by or  
37 on behalf of the holders, are fully met and dis-  
38 charged. The authority may include this pledge and  
39 agreement of the State in any agreement with the  
40 holders of bonds or notes.

41           §989. Bonds and notes as legal investments

1           Bonds and notes of the authority and any loan or  
2 extension of credit made or insured or guaranteed  
3 under this subchapter shall be a legal investment in  
4 which public officers and public bodies of the State,  
5 municipalities and political subdivisions, financing  
6 institutions, investment companies, fiduciaries,  
7 public and private pension funds and other similar  
8 persons authorized to invest in bonds or other obli-  
9 gations of the State, may properly and legally  
10 invest. The bonds, notes and loans or extensions of  
11 credit made or insured under this subchapter are also  
12 securities which may be deposited with and may be  
13 received by public officers, agencies and bodies of  
14 the State or of its municipalities or political  
15 subdivisions for any purpose for which the deposit of  
16 bonds or other obligations of this State is legally  
17 authorized. Nothing in this section may be construed  
18 as relieving any person of a duty of exercising  
19 reasonable care in selecting or reviewing securities.

20       §990. Limitation of liability

21           Members of the agency or the authority or persons  
22 acting in behalf of either, while acting within the  
23 scope of their employment or agency, are not subject  
24 to personal liability resulting from carrying out the  
25 powers and duties of this subchapter. As to bonds and  
26 notes, neither the members of the authority nor any  
27 person executing the bonds or notes under this sub-  
28 chapter shall be liable personally on the bonds by  
29 reason of the issuance thereof.

30           In any civil action or proceedings involving the  
31 validity or enforceability of any bond or note of the  
32 authority issued under this subchapter or the secur-  
33 ity thereof, any such bond or note reciting in sub-  
34 stance that it has been issued by the authority to  
35 aid in financing the activities of the authority  
36 under this subchapter shall be presumed to have been  
37 issued for that purpose and those activities shall be  
38 deemed to have been planned, selected, located and  
39 carried out in accordance with the purposes and  
40 provisions of this subchapter.

41       §991. Taxation and fees

42           1. Transactions and property; treatment. Not-

1 withstanding any other provisions of law, for the  
2 purposes of this subchapter, transactions and prop-  
3 erty of the authority shall be treated as follows.

4 A. Bonds and notes of the authority are declared  
5 to be issued for an essential public and govern-  
6 mental purpose and to be public instruments and,  
7 together with interest and income, including the  
8 profit made from their transfer or sale, shall be  
9 exempt from taxation within the State.

10 B. Conveyances by or to the authority and  
11 leases, mortgages and deeds of trust or trust  
12 indentures by or to the authority shall be exempt  
13 from all taxation by the State or any of its  
14 political subdivisions, including, but without  
15 limitation to, any applicable license and excise  
16 taxes imposed in respect of the privilege of  
17 engaging in any of the activities in which the  
18 authority may engage.

19 C. Property held by the authority pursuant to  
20 section 978, subsection 1 shall be exempt from  
21 all taxes and from betterments and special  
22 assessments of the city, town, county, State or  
23 any political subdivision thereof. The authority  
24 may agree to make payments in lieu of taxes to  
25 the applicable political subdivisions.

26 D. Nothing in this section may be construed to  
27 exempt any private person from payment of any  
28 taxes, recording fees or related fees, notwith-  
29 standing the fact that the authority has acquired  
30 an interest in the property or instrument subject  
31 to those taxes or fees.

32 §992. Annual report

33 The agency shall submit to the authority, not  
34 later than January 15th each year, a complete report  
35 on the activities of the agency. The report shall  
36 include all of the following:

37 1. Description. A description of its opera-  
38 tions, including a description of the progress toward  
39 the accomplishment of the purposes of section 973;



1           6. Insured. "Insured" means any individual,  
2 partnership, corporation, association or other entity  
3 with a project that has been insured by the author-  
4 ity.

5           7. Lease. "Lease" means a contract providing  
6 for the use of a project or portions of a project for  
7 a term of years for a designated or determinable  
8 rent. A lease may include an installment sales con-  
9 tract.

10           8. Lessee. "Lessee" means a tenant under lease  
11 and may include an installment purchaser.

12           9. Maturity date. "Maturity date" means the  
13 date on which the mortgage indebtedness would be  
14 ended if periodic payments were made as provided in  
15 a mortgage note or revenue obligation security.

16           10. Mortgage. "Mortgage" as used in this sub-  
17 chapter, means a first lien on an eligible project  
18 consisting of real estate, personal property or  
19 improvements and the underlying obligation secured by  
20 the first lien.

21           11. Mortgagee. "Mortgagee" means the original  
22 lender under a mortgage and his successors and  
23 assigns approved by the authority and may include all  
24 insurance companies, trust companies, banks, invest-  
25 ment companies, savings banks, savings and loan asso-  
26 ciations, executors, trustees and other fiduciaries,  
27 including public and private pension and retirement  
28 funds, and the Finance Authority of Maine in relation  
29 to loans made under this subchapter.

30           12. Mortgage payments. "Mortgage payments"  
31 means periodic payments called for by the mortgage,  
32 including, but not limited to, payments covering  
33 interest, installments of principal, taxes and  
34 assessments, loan insurance premiums and hazard  
35 insurance premiums.

36           13. Mortgagor. "Mortgagor" means the borrower  
37 for an eligible project under a mortgage and his suc-  
38 cessors and assigns.

39           14. Project. "Project" means any eligible  
40 project permitted under subchapters II to IV.

1           15. Rent or rental. "Rent or rental" means pay-  
2           ments under a lease.

3           16. User. "User" means one or more persons act-  
4           ing as lessee, purchaser, mortgagor or borrower under  
5           a financial document.

6           §996. Creation of the agency

7           The Maine Business Development Finance Agency is  
8           established within the authority with the purpose of  
9           providing the authority with an administrative arm to  
10           carry out the purposes and programs of subchapters II  
11           to VI.

12           §997. Staff

13           A director and other staff of the agency shall be  
14           provided by the authority pursuant to section 964,  
15           subsection 5, and shall serve at the pleasure of the  
16           chief executive officer. The director may establish  
17           standards pursuant to which he may delegate his  
18           powers and duties to his staff.

19           §998. General powers

20           1. Powers. The agency, on behalf of the author-  
21           ity and with its approval, shall have all the powers  
22           necessary to carry out and effectuate the purposes  
23           and provisions of subchapters II to VI, except those  
24           specifically reserved to the authority in section 964  
25           or delegated to the agency by it, including, but not  
26           limited to:

27           A. Establishing business practices to be fol-  
28           lowed by an insured to avoid default;

29           B. Examining the books and records of any mort-  
30           gagor and its lessee, tenant or assignee during  
31           the duration of a mortgage;

32           C. Establishing rules to collect evidence from  
33           applicants for funding under subchapters II to  
34           VI:

35                   (1) That projects will serve the purpose of  
36                   those subchapters;

1           (2) Of a project's capability to achieve  
2           its revenue and employment goals;

3           (3) Of the economic feasibility of  
4           projects;

5           (4) Of financial capability, including  
6           effective commitments for equity, interim  
7           financing and final mortgage financing for a  
8           project; and

9           (5) Of management and planning capabilities  
10          of an applicant.

11          D. Establishing criteria for projects;

12          E. Receiving supporting information and documen-  
13          tation on the expediency and advisability of  
14          projects from municipal officers, planning  
15          boards, regional planning commissions, utilities,  
16          local development corporations, state departments  
17          and agencies and other parties which the agency  
18          in its discretion determines to have information  
19          pertinent to a project's advisability;

20          F. Arranging the financing and negotiating the  
21          sale of securities;

22          G. Making recommendations to the authority on  
23          the expediency and advisability of subchapters II  
24          to VI projects and provide periodic reports  
25          necessary to the proper management by the author-  
26          ity of agreements, contracts and other instru-  
27          ments entered into by the authority with any  
28          party under the provisions of these subchapters;

29          H. Issuing certificates of approval for any  
30          projects approved by the authority;

31          I. Assisting applicants, who may be persons,  
32          firms and corporations, private or public, except  
33          as provided in this chapter, in drafting financ-  
34          ing documents, trust agreements and other con-  
35          tracts;

36          J. Receiving reports and recommendations from  
37          the Board of Directors of the Maine Veterans'  
38          Small Business Loan Program;

1           K. Making and executing agreements, contracts  
2           and other instruments with any public or private  
3           entity, necessary and incidental to the proper  
4           functioning of the authority and the agency with  
5           respect to the implementation of programs estab-  
6           lished in subchapters II to VI;

7           L. Developing and conducting plans, studies and  
8           analyses;

9           M. Assessing and collecting application and ser-  
10          vice fees;

11          N. Sharing staff and coordinating administration  
12          of common projects and programs with the Natural  
13          Resource Financing and Marketing Agency; and

14          O. Performing other duties as may be from time  
15          to time required of it by the authority.

16          Sec. 8. 10 MRSA §1021, as enacted by PL 1981, c.  
17          476, §2, is amended to read:

18          §1021. Credit of State pledged

19                The Maine Guarantee Authority authority may  
20                insure the payment of mortgage loans, secured by eli-  
21                gible projects, and to this end the faith and credit  
22                of the State is pledged, consistent with the terms  
23                and limitations of the Constitution of Maine, Article  
24                IX, Section 14-A and such further limitations as may  
25                be provided by statute.

26          Sec. 9. 10 MRSA §1021-A is enacted to read:

27          §1021-A. Definitions

28                As used in this subchapter, in addition to the  
29                meanings given to the terms set forth in section 1003  
30                that are applicable to this subchapter unless the  
31                context indicates otherwise, the following terms have  
32                the following meanings.

33                1. Commitment to issue mortgage insur-  
34                ance. "Commitment to issue mortgage insurance" means  
35                a commitment to provide insurance for mortgage pay-  
36                ments, provided that a project is completed in a man-  
37                ner approved by the authority.



1           2. Cost of project. "Cost of project," as used  
2 in this subchapter, means the cost or fair market  
3 value of land, buildings, real estate improvements,  
4 labor materials, machinery and equipment, including  
5 installation, property rights, easements, franchises,  
6 financing charges, interest, engineering and legal  
7 services, plans, specifications, surveys, cost esti-  
8 mates, studies and other expenses as may be necessary  
9 or incidental to the development, construction, ac-  
10 quisition, financing and placing in operation of an  
11 eligible project.

12 In the case of a reconstruction of an existing build-  
13 ing project, cost of construction includes the cost  
14 of reconstruction or remodeling and all other costs  
15 as defined by this subsection.

16           3. Eligible project. "Eligible project," as  
17 used in this subchapter, means:

18           A. Any lands, buildings, real estate improve-  
19 ments or machinery and equipment, with auxiliary  
20 real and personal property, used by an industrial  
21 enterprise, including, but not limited to, an  
22 industrial enterprise constructing sea-going  
23 ships and vessels, or used by a manufacturing,  
24 fishing or agricultural enterprise for research  
25 and development or for manufacturing, processing,  
26 assembling or preparing for market of raw mate-  
27 rials or other products;

28           B. Any ocean pier or terminal used by an indus-  
29 trial, manufacturing, fishing or agricultural  
30 enterprise for manufacturing, processing, assem-  
31 bling, storing, shipping or preparing for market  
32 raw materials or other products;

33           C. Any building, real estate improvement, land  
34 or any interest in land, machinery or equipment  
35 used or usable in connection with public recrea-  
36 tional facilities, consisting of a combination of  
37 such improvements as approach roads, parking  
38 facilities, marinas, swimming pools, golf  
39 courses, campgrounds, picnic areas, hotels,  
40 motels, lodges, ski resorts, arenas or similar  
41 recreational development for which a comprehen-  
42 sive plan has been prepared;

1           D. Any fishing vessel documented or to be  
2           documented as a fishing vessel under laws of the  
3           United States, any fishing vessel registered or  
4           to be registered under a state's law which is  
5           designed to be used for catching, processing or  
6           transporting fish and any vessel outfitted for  
7           that activity; and

8           E. Any land designed as an industrial park, pro-  
9           vided that the municipality in which the park is  
10           to be located has agreed to provide utilities, and  
11           access, site preparation, market efforts and  
12           financial support deemed appropriate by the  
13           authority, and further provided that reasonable  
14           assurance is given to the authority that the  
15           project can gain approval for environmental per-  
16           mits and licenses and that the land shall be  
17           deeded to local development corporation.

18           4. Industrial park. "Industrial park" means an  
19           area of land that is planned and designed for one or  
20           more industrial buildings.

21           5. Local development corporation. "Local devel-  
22           opment corporation" means a nonprofit organization,  
23           incorporated under Title 13, chapter 81, Title 13-B  
24           or otherwise chartered by the State; and designed to  
25           foster, encourage and assist the settlement or  
26           resettlement of industrial, manufacturing, fishing,  
27           agricultural, recreational and other business enter-  
28           prises within the State. Local development corpora-  
29           tion also means any organized municipality.

30           Sec. 10. 10 MRSA §1023, sub-§1-A is enacted to  
31           read:

32           1-A. Mortgage Insurance Fund; successor. The  
33           Mortgage Insurance Fund is the successor to the fund  
34           formerly administered by the Maine Guarantee Author-  
35           ity and all assets, liabilities and actions of the  
36           Maine Guarantee Authority with respect to the Mort-  
37           gage Insurance Fund shall be assets, liabilities and  
38           actions of the Finance Authority of Maine.

39           Sec. 11. 10 MRSA §1025, sub-§1, as enacted by PL  
40           1981, c. 476, §2, is amended to read:

1           1. Acquisition and disposal of property. Take  
2 assignments of insured mortgages and other forms of  
3 security and take title by foreclosure or conveyance  
4 to any eligible project when an insured mortgage loan  
5 thereon is in default. The authority may sell, or on  
6 a temporary basis lease or rent, the eligible project  
7 for a use other than that specified in section 1003,  
8 subsection 6, paragraphs A to E. The Maine Guarantee  
9 Authority authority shall be liable to a municipality  
10 for property taxes on any unimproved real property  
11 owned by it in the municipality due on or after April  
12 1st at least one year after acquisition of the prop-  
13 erty by the authority;

14           Sec. 12. 10 MRSA §1027, first ¶, as enacted by  
15 PL 1981, c. 476, §2, is amended to read:

16           The authority may insure up to ~~95%~~ 90% of the  
17 mortgage payments required by a first mortgage on an  
18 eligible project provided that the uninsured portion  
19 is material in relation to the uninsured loans of the  
20 lender with respect to the project and provided fur-  
21 ther that the aggregate of the insured portions of  
22 all outstanding mortgages insured by the authority  
23 shall not exceed the amount of authorized and un-  
24 issued bonds for this purpose pursuant to section  
25 1024 and the Constitution of Maine, Article IX,  
26 Section 14-A. The same proportion of insurance by the  
27 authority and participation by the mortgagee shall be  
28 maintained until the mortgage is fully paid. In the  
29 event of a default of a mortgage loan whose mortgage  
30 payments are insured under this subchapter, the  
31 authority shall not pay interest during the period of  
32 default at a rate in excess of the Federal Housing  
33 Authority's insured rate plus 1/2 of 1% or the mort-  
34 gage note rate in effect at the time of default,  
35 whichever is less. With respect to mortgage insurance  
36 agreements issued for land designed as an industrial  
37 park, the guarantees shall not exceed ~~95%~~ 90% of the  
38 first mortgage loan nor 100% of the market value of  
39 the undeveloped land.

40           Sec. 13. 10 MRSA §1031, as enacted by PL 1981,  
41 c. 476, §2, is amended to read:

42           §1031. Mortgages eligible for investment

1 Mortgages insured under this subchapter are made  
2 legal investments for all insurance companies, trust  
3 companies, banks, investment companies, savings  
4 banks, savings and loan associations, executors,  
5 trustees and other fiduciaries, and public and pri-  
6 vate pension or retirement funds.

7 Sec. 14. 10 MRSA §1041-A is enacted to read:

8 §1041-A. Definitions

9 As used in this subchapter, in addition to the  
10 meanings given to the terms set forth in section 1003  
11 that are applicable to this subchapter, unless the  
12 context indicates otherwise, the following terms have  
13 the following meanings.

14 1. Combined projects. "Combined projects" means  
15 any combination of projects eligible under the appli-  
16 cable subchapter.

17 2. Commitment to issue mortgage insur-  
18 ance. "Commitment to issue mortgage insurance" means  
19 a commitment to provide insurance for mortgage pay-  
20 ments, provided that the project is completed in a  
21 manner approved by the authority.

22 3. Cost of project. "Cost of project," as used  
23 in this chapter, means the cost or fair market value  
24 of land, buildings, real estate improvements, labor  
25 materials, machinery and equipment, including  
26 installation, property rights, easements, franchises,  
27 financing charges, interest, engineering and legal  
28 services, plans, specifications, surveys, cost esti-  
29 mates, studies and other expenses as may be necessary  
30 or incidental to the development, construction, ac-  
31 quisition, financing and placing in operation of an  
32 eligible project. In addition to the foregoing  
33 costs, reserves for payment of future debt on bonds  
34 of not more than the maximum amount of interest plus  
35 annual serial principal or sinking fund payments due  
36 in any 12-month period may be included as part of the  
37 cost of project.

38 Any obligation or expenses incurred by the State, a  
39 municipality or any private person in connection with  
40 any of the foregoing items of cost related to revenue

1 obligation securities may be regarded as part of the  
2 cost and reimbursed to the State, municipality or  
3 person out of the proceeds of the securities issued.

4 In the case of a reconstruction of an existing build-  
5 ing project, cost of construction includes the cost  
6 of reconstruction or remodeling and all other costs  
7 as defined by this subsection.

8 4. Eligible project. "Eligible project," as  
9 used in this subchapter, means any project eligible  
10 under federal law and regulations promulgated by the  
11 United States Internal Revenue Service.

12 5. Energy conservation project. "Energy conser-  
13 vation project" means the purchasing and installation  
14 of energy conservation equipment or facilities,  
15 including building modifications, with a calculated  
16 payback period of more than one year, but less than  
17 7 years. This term does not include simple  
18 weatherization measures.

19 6. Energy distribution system project. "Energy  
20 distribution system project" means an energy distri-  
21 bution system owned, in whole or in part, by a munic-  
22 ipality, corporation or firm and which uses biomass,  
23 peat, solar, waste, water and related dams, wind,  
24 wood, coal or natural gas.

25 7. Energy generating system project. "Energy  
26 generating system project" means:

27 A. For a system which does not generate elec-  
28 tricity, an energy generating system owned, in  
29 whole or in part, by a municipality, corporation  
30 or firm, and which system uses biomass, peat,  
31 solar, waste, water and related dams, wind, wood  
32 or coal, or which is an energy conservation  
33 project, including a transportation project con-  
34 sistent with the United States Internal Revenue  
35 Service guidelines; or

36 B. For a system which does generate electricity,  
37 an energy generating system which uses biomass,  
38 peat, solar, waste, water and related dams, wind,  
39 wood or coal, and which is owned, in whole or in  
40 part, by a public utility or a municipality, cor-

1 poration or firm which qualifies as a cogenerator  
2 or small power producer under Title 35, chapter  
3 172.

4 8. Industrial park. "Industrial park" means an  
5 area of land that is planned and designed for one or  
6 more industrial buildings.

7 9. Local development corporation. "Local  
8 development corporation" means a nonprofit organiza-  
9 tion incorporated under Title 13, chapter 81, Title  
10 13-B or otherwise chartered by the State; and  
11 designed to foster, encourage and assist the settle-  
12 ment or resettlement of industrial, manufacturing,  
13 fishing, agricultural, recreational and other busi-  
14 ness enterprises within the State.

15 10. Pollution-control project. "Pollution-con-  
16 trol project" means any buildings, structure, machin-  
17 ery, equipment or facilities, including transporta-  
18 tion equipment or facilities, which may be deemed  
19 necessary for preventing, avoiding, reducing, con-  
20 trolling, abating or eliminating contamination, solid  
21 waste, thermal pollution or pollution by any other  
22 means of the air, the water or the earth, together  
23 with all land, property, rights, rights-of-way fran-  
24 chises, easements and interests in lands which may be  
25 acquired by the authority or a user under this sub-  
26 chapter, or the municipality under subchapter IV, for  
27 the construction or operation of the project.

28 11. Reconstruction of existing building  
29 project. "Reconstruction of existing building  
30 project" means any building which is at least 50  
31 years old which is remodeled, reconstructed or reha-  
32 ilitated for commercial use, together with all  
33 lands, property, rights, rights-of-way, franchises,  
34 easements and interests in lands which may be ac-  
35 quired by the municipality or a user for completion  
36 of the project.

37 12. Revenue obligation security. "Revenue obli-  
38 gation security" means a note, bond or other evidence  
39 of indebtedness to the payment of which is pledged  
40 the revenues provided in section 1045, or the reve-  
41 nuues as provided in section 1065.

1           13. Water supply system project. "Water supply  
2 system project" means any building structure, facili-  
3 ties, machinery, pipes, aqueducts, conduits, drains  
4 or the equipment which may be deemed necessary to  
5 supply water for municipal, domestic and combined  
6 use, together with all lands, property, rights-  
7 of-way, franchises, easements and interests in lands  
8 which may be acquired by the municipality for the  
9 construction or operation of the project.

10           Sec. 15. 10 MRSA §1041, first ¶, as enacted by  
11 PL 1981, c. 476, §2, is repealed and the following  
12 enacted in its place:

13           The authority may:

14           Sec. 16. 10 MRSA §1041, sub-§1, as enacted by PL  
15 1981, c. 476, §2, is repealed and the following  
16 enacted in its place:

17           1. Kinds of projects. Acquire, construct,  
18 reconstruct, maintain, renew and replace projects  
19 permitted by federal law and regulations promulgated  
20 by the United States Internal Revenue Service within  
21 the State, whether or not now in existence, or assist  
22 a user to acquire, construct, reconstruct, renew and  
23 replace these projects;

24           Sec. 17. 10 MRSA §1044, sub-§9, as enacted by PL  
25 1981, c. 476, §2, is amended to read:

26           9. Credit not pledged. Except as provided in  
27 this subsection, securities issued under this sub-  
28 chapter shall not constitute any debt or liability of  
29 the State or of any municipality therein or any  
30 political subdivision thereof, or of the authority of  
31 a pledge of the faith and credit of the State or of  
32 any such municipality or political subdivision, but  
33 shall be payable solely from the revenues of the  
34 project or projects for which they are issued and all  
35 such securities shall contain on their face a state-  
36 ment to that effect. The issuance of securities under  
37 this subchapter shall not directly or indirectly or  
38 contingently obligate the State or any municipality  
39 or political subdivision to levy or to pledge any  
40 form of taxation whatever therefore or to make any  
41 appropriation for their payment. Under subchapter II,

1 the Maine Guarantee Authority authority may insure  
2 mortgage loans made with the proceeds of revenue  
3 obligation securities and anticipatory notes issued  
4 under this chapter. To these ends, the faith and  
5 credit of the State may be pledged, under and con-  
6 sistent with the terms and limitations of the Consti-  
7 tution of Maine, Article IX, Section 14-A, and such  
8 further limitations, if any, as may be provided by  
9 statute.

10 Sec. 18. 10 MRSA §1052 is enacted to read:

11 §1052. Successor to Maine Guarantee Authority

12 The Finance Authority of Maine is the successor  
13 to the former Maine Guarantee Authority and all  
14 securities, mortgages, trust agreements, authoriza-  
15 tions, financial documents, resolutions and actions  
16 of the Maine Guarantee Authority shall be obli-  
17 gations, resolutions or actions of the Finance  
18 Authority of Maine.

19 Sec. 19. 10 MRSA §1061, sub-§1, as enacted by PL  
20 1981, c. 476, §2, is repealed and the following  
21 enacted in its place:

22 1. Kinds of projects. Acquire, construct,  
23 reconstruct, renew and replace or provide financing  
24 for, within the corporate limits of the municipality,  
25 projects permitted under federal laws and regulations  
26 promulgated by the United States Internal Revenue  
27 Service;

28 Sec. 20. 10 MRSA §1061-A is enacted to read:

29 §1061-A. Definitions

30 As used in this subchapter, in addition to the  
31 meanings given to the terms set forth in section 1003  
32 that are applicable to this subchapter, unless the  
33 context indicates otherwise, the following terms have  
34 the following meanings.

35 1. Combined projects. "Combined projects" means  
36 any combination of projects eligible under the appli-  
37 cable subchapter.



1       2. Cost of project. "Cost of project" as used  
2 in this chapter means the cost or fair market value  
3 of land, buildings, real estate improvements, labor  
4 materials, machinery and equipment, including  
5 installation, property rights, easements, franchises,  
6 financing charges, interest, engineering and legal  
7 services, plans, specifications, surveys, cost esti-  
8 mates, studies and other expenses as may be necessary  
9 or incidental to the development, construction, ac-  
10 quisition, financing and placing in operation of an  
11 eligible project. In addition to the foregoing  
12 costs, reserves for payment of future debt on bonds  
13 of not more than the maximum amount of interest plus  
14 annual serial principal or sinking fund payments due  
15 in any 12-month period may be included as part of the  
16 cost of project.

17 Any obligation or expenses incurred by the State, a  
18 municipality or any private person in connection with  
19 any of the foregoing items of cost related to revenue  
20 obligation securities may be regarded as part of the  
21 cost and reimbursed to the State, municipality or  
22 person out of the proceeds of the securities issued.

23 In the case of a reconstruction of an existing build-  
24 ing project, cost of construction includes the cost  
25 of reconstruction or remodeling and all other costs  
26 as defined by this subsection.

27       3. Eligible project. "Eligible project," as  
28 used in this subchapter, means any project eligible  
29 under federal law and regulations promulgated by the  
30 United States Internal Revenue Service.

31       4. Energy conservation project. "Energy conser-  
32 vation project" means the purchasing and installation  
33 of energy conservation equipment or facilities,  
34 including building modifications, with a calculated  
35 payback period of more than one year, but less than 7  
36 years. This term does not include simple  
37 weatherization measures.

38       5. Energy distribution system project. "Energy  
39 distribution system project" means an energy distri-  
40 bution system owned, in whole or in part, by a munic-  
41 ipality, corporation or firm and which uses biomass,  
42 peat, solar, waste, water and related dams, wind,  
43 wood, coal or natural gas.

1           6. Energy generating system project. "Energy  
2 generating system project" means:

3           A. For a system which does not generate elec-  
4 tricity, an energy generating system owned, in  
5 whole or in part, by a municipality, corporation  
6 or firm, and which system uses biomass, peat,  
7 solar, waste, water and related dams, wind, wood  
8 or coal, or which is an energy conservation  
9 project, including a transportation project con-  
10 sistent with the United States Internal Revenue  
11 Service guidelines; or

12           B. For a system which does generate electricity,  
13 an energy generating system which uses biomass,  
14 peat, solar, waste, water and related dams, wind,  
15 wood or coal, and which is owned, in whole or in  
16 part, by a public utility or a municipality, cor-  
17 poration or firm which qualifies as a cogenerator  
18 or small power producer under Title 35, chapter  
19 172.

20           7. Industrial park. "Industrial park" means an  
21 area of land that is planned and designed for one or  
22 more industrial buildings.

23           8. Local development corporation. "Local devel-  
24 opment corporation" means a nonprofit organization,  
25 incorporated under Title 13, chapter 81, Title 13-B  
26 or otherwise chartered by the State; and designed to  
27 foster, encourage and assist the settlement or  
28 resettlement of industrial, manufacturing, fishing,  
29 agricultural, recreational and other business enter-  
30 prises within the State.

31           9. Pollution-control project. "Pollution-con-  
32 trol project" means any buildings, structures,  
33 machinery, equipment or facilities, including trans-  
34 portation equipment or facilities, which may be  
35 deemed necessary for preventing, avoiding, reducing,  
36 controlling, abating or eliminating contamination,  
37 solid waste, thermal pollution or pollution by any  
38 other means of the air, the water or the earth,  
39 together with all land, property, rights, rights-  
40 of-way franchises, easements and interests in lands  
41 which may be acquired by the authority or a user  
42 under subchapter III, or the municipality under this

1 subchapter, for the construction or operation of the  
2 project.

3 10. Reconstruction of existing building  
4 project. "Reconstruction of existing building  
5 project" means any building which is at least 50  
6 years old which is remodeled, reconstructed or reha-  
7 ilitated for commercial use, together with all  
8 lands, property, rights, rights-of-way, franchises,  
9 easements and interests in lands which may be ac-  
10 quired by the municipality or a user for completion  
11 of the project.

12 11. Revenue obligation security. "Revenue obli-  
13 gation security" means a note, bond or other evidence  
14 of indebtedness to the payment of which is pledged  
15 the revenues provided in section 1045, or the reve-  
16  nues as provided in section 1065.

17 12. Water supply system project. "Water supply  
18 project" means any building, structure, facilities,  
19 machinery, pipes, aqueducts, conduits, drains or the  
20 equipment which may be deemed necessary to supply  
21 water for municipal, domestic and combined use,  
22 together with all lands, property, rights-of-way,  
23 franchises, easements and interests in lands which  
24 may be acquired by the municipality for the construc-  
25 tion or operation of the project.

26 Sec. 21. 10 MRSA §1062, as enacted by PL 1981,  
27 c. 476, §2, is amended to read:

28 §1062. Assistance to municipalities

29 The Maine Guarantee Authority authority may  
30 assist municipalities in negotiations with prospects,  
31 drafting of contracts, arranging for financing and  
32 negotiations for sale of securities to be issued  
33 under this subchapter.

34 Sec. 22. 10 MRSA §1073 is enacted to read:

35 §1073. Successor to program

36 The Municipal Obligations Approval Program is the  
37 successor to the program of the same name formerly  
38 administered by the Maine Guarantee Authority and all

1 resolutions and actions taken by the Maine Guarantee  
2 Authority, without exception, relative to the Municip-  
3 al Obligations Approval Program shall be a resolu-  
4 tion or action taken by the Finance Authority of  
5 Maine.

6       Sec. 23. 10 MRSA c. 110, sub-c. V, as amended,  
7 is repealed and the following enacted in its place:

8                               SUBCHAPTER V

9                               MAINE SMALL BUSINESS LOAN PROGRAM

10 §1091. Definitions

11       As used in this subchapter, unless the context  
12 otherwise indicates, the following terms have the  
13 following meanings.

14       1. Application and service fees. "Application  
15 and service fees" means the amount of money author-  
16 ized to be charged for the costs of application,  
17 servicing and technical assistance.

18       2. Authority. "Authority" means the Finance  
19 Authority of Maine.

20       3. Commitment to issue mortgage insur-  
21 ance. "Commitment to issue mortgage insurance" means  
22 a commitment to provide insurance for mortgage pay-  
23 ments, provided that a project is completed in a man-  
24 ner approved by the authority.

25       4. Cost of project. "Cost of project" means the  
26 cost of fair market value of lands, buildings, real  
27 estate improvements, fishing vessels, new machinery  
28 and equipment, including the installation thereof;  
29 stock, merchandise, used machinery and equipment,  
30 property rights, easements, franchises, financing  
31 charges, interest, engineering and legal services,  
32 plans, specifications, surveys, cost estimates,  
33 studies and other expenses as may be necessary or  
34 incidental to the development, construction, financ-  
35 ing and placing in operation of an eligible project.

36       5. Eligible project. "Eligible project," as  
37 used in this subchapter, means any business or

1 recreational facilities or any lands, buildings, real  
2 estate improvements or machinery and equipment, mer-  
3 chandise and stock, with auxiliary real and personal  
4 property, located within the State, used by a commer-  
5 cial, industrial, manufacturing, mining, fishing or  
6 agricultural enterprise, sales and service, or both,  
7 the manufacturing, processing, assembling or prepar-  
8 ing for market of raw materials or other products, or  
9 for the purposes of providing working capital or  
10 research and development for those enterprises.

11 6. Federal agency. "Federal agency" includes  
12 the United States, the President of the United States  
13 and any current or future corporation, department,  
14 agency or instrumentality created, designated or  
15 established by the United States.

16 7. Financial document. "Financial document"  
17 means a lease, installment sale agreement, condi-  
18 tional sale agreement, mortgage or loan agreement  
19 between a lessor, seller, mortgagee or lender and a  
20 user as lessee, purchaser, mortgagor or borrower.

21 8. Lease. "Lease" means a contract providing  
22 for the use of a project or portions of a project for  
23 a term of years for a designated or determinable  
24 rent. A lease may include an installment sales con-  
25 tract.

26 9. Lessee. "Lessee" means a tenant under lease  
27 and may include an installment purchaser.

28 10. Maturity date. "Maturity date" means the  
29 date on which the mortgage indebtedness would be  
30 ended if periodic payments were made as provided in  
31 a mortgage note or revenue obligation security.

32 11. Mortgage. "Mortgage," as used in this sub-  
33 chapter, means a first lien on an eligible project  
34 consisting of real estate, personal property or  
35 improvements and the underlying obligation secured by  
36 the first lien.

37 12. Mortgagee. "Mortgagee" means the original  
38 lender under a mortgage and his successors and  
39 assigns approved by the authority and may include all  
40 insurance companies, trust companies, banks, invest-

1 ment companies, savings banks, savings and loan asso-  
2 ciations, executors, trustees and other fiduciaries,  
3 including public and private pension and retirement  
4 funds, and the Finance Authority of Maine in relation  
5 to loans made under this subchapter.

6 13. Mortgage payments. "Mortgage payments"  
7 means periodic payments called for by the mortgage,  
8 including, but not limited to, payments covering  
9 interest, installments of principal, taxes and  
10 assessments, loan insurance premiums and hazard  
11 insurance premiums.

12 14. Mortgagor. "Mortgagor" means the borrower  
13 for an eligible project under a mortgage and his suc-  
14 cessors and assigns.

15 15. Rent or rental. "Rent or rental" means pay-  
16 ments under a lease.

17 16. Small business. "Small business" means any  
18 business employing 20 persons or less or with sales  
19 of \$2,500,000 or less.

20 17. User. "User" means one or more persons act-  
21 ing as lessee, purchaser, mortgagor, borrower under a  
22 financial document.

23 §1092. Credit of State pledged

24 The Finance Authority of Maine, as successor to  
25 the Maine Small Business Loan Authority, may insure  
26 the payment of up to 90% of mortgage loans to small  
27 businesses, secured by eligible projects, and to this  
28 end the faith and credit of the State is pledged,  
29 consistent with the terms and limitations of the Con-  
30 stitution of Maine, Article IX, Section 14-A.

31 §1093. Loan insurance fund

32 1. Fund established. There is established a  
33 Maine Small Business Loan Insurance Fund, hereinafter  
34 in this chapter referred to as the "fund," which is  
35 managed by the authority but held separate from other  
36 funds of the authority, which shall be used by the  
37 authority as a nonlapsing, revolving fund for carry-  
38 ing out this subchapter. This fund shall initially

1 be the sum of \$100,000. To this sum shall be  
2 charged interest and principal payments required by  
3 loan defaults, and to the sum shall be credited all  
4 income from loan insurance premiums and sale, dis-  
5 posal, lease or rental proceeds.

6 2. Deposited with Treasurer of State or  
7 invested. Moneys in the fund, not needed currently  
8 to meet the obligations of the authority as provided  
9 for in this subchapter, shall be deposited with the  
10 Treasurer of State to the credit of the fund or may  
11 be invested in such manner as is provided for by  
12 statute.

13 3. Successor to fund. The Maine Small Business  
14 Loan Insurance Fund is the successor to the fund for-  
15 merly administered by the Maine Small Business Loan  
16 Authority, and all assets, liabilities and actions of  
17 the Maine Small Business Loan Authority shall be a  
18 resolution of the Finance Authority of Maine or an  
19 action taken by the Finance Authority of Maine.

20 §1094. Additions to

21 If, from time to time in the opinion of the  
22 authority, the addition of moneys to the fund may be  
23 required to meet obligations, the authority shall, in  
24 writing, request the Governor to provide moneys in  
25 such amounts as may be necessary for the purpose.  
26 The Governor shall transfer to this fund sufficient  
27 moneys for the purpose from the State Contingent Ac-  
28 count or from the proceeds of bonds to be issued as  
29 provided in this section. If bonds are to be issued,  
30 the Governor shall order the Treasurer of State to  
31 issue bonds in the amount requested, but not exceed-  
32 ing in the aggregate at any one time outstanding, the  
33 amount set forth in the Constitution of Maine, Arti-  
34 cle IX, Section 14-A, as it may be from time to time  
35 amended, to mature serially or made to run for such  
36 periods as the Governor may determine, but none of  
37 them shall run for a longer period than 20 years and  
38 at such rates of interest and on such terms and con-  
39 ditions as the Governor shall determine. The bonds  
40 so issued shall be deemed a pledge of the faith and  
41 credit of the State.

42 §1095. Insurance of loans

1           The authority may, upon application of the pro-  
2 posed lender, insure loan payments to small busi-  
3 nesses required by the first mortgage on any eligible  
4 project, upon such terms and conditions as the loan  
5 authority board may prescribe, provided that the  
6 aggregate amount of principal obligations of all  
7 mortgages so insured outstanding at any one time  
8 shall not exceed \$2,500,000. To be eligible for  
9 insurance under this chapter a loan shall:

10           1. Lender. Be one which is to be made and held  
11 by a lender approved by the authority as responsible  
12 and able to service the loan properly;

13           2. Maturity limit. Have a maturity satisfactory  
14 to the authority;

15           3. Amortization. Contain complete amortization  
16 provisions satisfactory to the authority requiring  
17 periodic payments by the mortgagor, which shall  
18 include principal and interest payments, cost of  
19 local property taxes and assessments, land lease  
20 rents, if any, hazard insurance on the property and  
21 such loan insurance premiums as are required under  
22 section 1096.

23           4. Other terms. Contain such terms and provi-  
24 sions with respect to property insurance, repairs,  
25 alterations, payment of taxes and assessments, de-  
26 fault reserves, delinquency charges, default remedies,  
27 anticipation of maturity, additional and secondary  
28 liens and other matters as the authority may pre-  
29 scribe;

30           5. Principal obligation; limit. Involve a prin-  
31 cipal obligation not to exceed \$100,000; and

32           6. Nonassignability of proceeds. No right, pay-  
33 ment or proceeds of any loan made under this subchap-  
34 ter or statutes supplementary thereof may be subject  
35 to garnishment, attachment or execution of the claim  
36 of any other creditor other than the lender; nor may  
37 any such right or payment be capable of assignment  
38 except under such rules as may be prescribed by the  
39 authority.

40 \$1096. Loan insurance premiums



1        The authority may fix loan insurance premiums for  
2 the insurance of loan payments under this chapter,  
3 those premiums to be computed as a percentage of the  
4 principal obligation of the loan outstanding at the  
5 beginning of each year. Those insurance premiums  
6 shall not be less than 1/2 of 1% per year nor more  
7 than 2% per year of the outstanding principal obli-  
8 gation. Those premiums shall be payable by the  
9 lenders in such manner as shall be prescribed by the  
10 authority.

11        §1097. Acquisition and disposal of property

12        The authority may take assignments of insured  
13 loans and other forms of security and may take title  
14 by foreclosure or conveyance to any eligible project  
15 when an insured loan thereon is clearly in default  
16 and when in the opinion of the authority such acquisi-  
17 tion is necessary to safeguard the loan insurance  
18 fund and may sell, or on a temporary basis lease or  
19 rent, such eligible project for a use other than that  
20 specified.

21        §1098. Loans eligible for investment

22        Loans insured by the authority are made legal  
23 investment for all insurance companies, trust compa-  
24 nies, banks, investment companies, savings banks,  
25 savings and loan associations, executors, trustees  
26 and other fiduciaries, public and private pension or  
27 retirement funds.

28        §1099. Loans with little or no collateral

29        The authority may insure a loan to a borrower  
30 with less than full collateral or even no collateral  
31 other than the loan proceeds providing that the bor-  
32 rower is of good character and has a good personal  
33 credit record.

34        §1100. Safeguarding the fund

35        When a loan insured under this chapter is clearly  
36 in default, the authority may assent to the extension  
37 of the time of payment of that insured loan, may  
38 extend the insurance thereon accordingly and may  
39 waive loan insurance premiums thereon when, in the

1 opinion of the authority, any such action is neces-  
2 sary to safeguard the fund.

3 Sec. 24. 10 MRSA c. 110, sub-c. VI is enacted to  
4 read:

5 SUBCHAPTER VI

6 MAINE VETERANS' SMALL BUSINESS LOAN PROGRAM

7 §1100-A. Definitions

8 As used in this subchapter, in addition to mean-  
9 ings given to the terms set forth in section 1003  
10 that are applicable to this subchapter, unless the  
11 context indicates otherwise, the following terms have  
12 the following meanings.

13 1. Commitment to issue mortgage insur-  
14 ance. "Commitment to issue mortgage insurance" means  
15 a commitment to provide insurance for mortgage pay-  
16 ments, provided that a project is completed in a man-  
17 ner approved by the authority.

18 2. Cost of project. "Cost of project" means the  
19 cost or fair market value of lands, buildings, real  
20 estate improvements, fishing vessels, new machinery  
21 and equipment, including the installation thereof;  
22 stock, merchandise, used machinery and equipment,  
23 property rights, easements, franchises, financing  
24 charges, interest, engineering and legal services,  
25 plans, specifications, surveys, cost estimates,  
26 studies and other expenses as may be necessary or  
27 incidental to the development, construction, financ-  
28 ing and placing in operation of an eligible project.

29 In the case of a reconstruction of an existing build-  
30 ing project, cost of construction includes the cost  
31 of reconstruction or remodeling and all other costs  
32 as defined by this subsection.

33 3. Eligible project. "Eligible project," as  
34 used in this subchapter, means any business or  
35 recreational facilities or any lands, buildings, real  
36 estate improvements or machinery and equipment, mer-  
37 chandise and stock, with auxiliary real and personal  
38 property, located within the State, used by a commer-

1 cial, industrial, manufacturing, mining, fishing or  
2 agricultural enterprise, sales and service, or both,  
3 the manufacturing, processing, assembling or prepar-  
4 ing for market of raw materials or other products, or  
5 for the purposes of providing working capital or  
6 research and development for those enterprises.

7       4. Resident. "Resident," as used in this sub-  
8 chapter, means anyone who entered the United States  
9 Armed Forces from Maine or who has established a  
10 legal residence in this State of at least 16 months  
11 duration immediately prior to making application for  
12 a loan under this subchapter and who has received  
13 certification as an eligible Maine resident veteran  
14 from the Bureau of Veterans' Services.

15       5. Small Business. "Small business" means any  
16 business employing 20 persons or less or with sales  
17 of \$2,500,000 or less.

18       6. Veteran. "Veteran" shall be construed to  
19 mean any person who served in the United States Armed  
20 Forces on active duty during World War I, World War  
21 II, the Korean War or Viet Nam War, not dishonorably  
22 discharged. A veteran of the Viet Nam War shall have  
23 served on active duty for a period of more than 180  
24 days, any part of which occurred after August 4,  
25 1964, and before May 7, 1975, except if he was dis-  
26 charged for a service-connected disability after that  
27 date.

28 §1100-B. Organization of loan board

29       The Maine Veterans' Small Business Loan Board is  
30 created and in this subchapter called the "loan  
31 board". The loan board shall consist of 9 members,  
32 including the Director of Veterans' Services, and 8  
33 members-at-large appointed by the Governor for a  
34 period of 4 years, provided that of the members first  
35 appointed, 2 shall be appointed for a term of one  
36 year, 2 for a term of 2 years, 2 for a term of 3  
37 years and 2 for a term of 4 years. Two public mem-  
38 bers of the loan board shall be appointed by the Gov-  
39 ernor to serve on the Finance Authority of Maine  
40 board. A vacancy in the office of an appointive  
41 member, other than by expiration, shall be filled in  
42 like manner as an original appointment, but only for

1 the remainder of the term of the retiring member.  
2 Appointive members may be removed by the Governor for  
3 cause. The loan board shall elect one of its members  
4 as chairman, one as vice-chairman, one as treasurer  
5 and one as secretary. Five members of the loan board  
6 shall constitute a quorum. The affirmative vote of 5  
7 members present and voting shall be necessary for any  
8 action taken by the loan board. No vacancy in the  
9 membership of the loan board may impair the right of  
10 the quorum to exercise all rights and perform all the  
11 duties of the loan board.

12 All the members of the loan board shall be reim-  
13 bursed for their actual expenses necessarily incurred  
14 in the performance of their duties and by a per diem  
15 of \$75 for each authorized meeting attended.

16 §1100-C. Powers

17 The loan board shall have the following powers  
18 and duties:

19 1. Clearinghouse. To serve as a clearinghouse  
20 for information relating to financing, management and  
21 marketing concerns of veteran small businessmen;

22 2. Annual plan. To submit an annual plan to the  
23 Finance Authority of Maine board recommending cri-  
24 teria to be used in evaluating projects for financing  
25 under the veterans' small business loan program;

26 3. Agreements. To make and execute agreements,  
27 contracts and other instruments, with any public or  
28 private entity;

29 4. Acceptance of funds. To receive and accept  
30 appropriations, gifts, grants, loans, contributions  
31 of property or any interest therein, labor or other  
32 items of value from public or private entities,  
33 including, without limitation, any grants, funds or  
34 property from any agency or instrumentality of the  
35 United States;

36 5. Advice. To provide advice to veteran small  
37 businessmen on the loan programs of the authority and  
38 to assist them in complying with guidelines for  
39 participation in those programs; and

1       6. Cooperation. To cooperate with the author-  
2 ity, the Maine Business Development Finance Agency  
3 and the Natural Resource Financing and Marketing  
4 Agency on projects common to the interests of the  
5 board, authority and agencies.

6       §1100-D. Credit of the State pledged

7       The Finance Authority of Maine, as successor to  
8 the Maine Veterans Small Business Loan Authority may  
9 insure the payment of up to 90% of mortgage loans to  
10 resident veteran small businessmen, secured by eligi-  
11 ble projects, and, to this end, the faith and credit  
12 of the State is pledged, consistent with the terms  
13 and limitations of the Constitution of Maine, Article  
14 IX, Section 14-E.

15       §1100-E. Loan insurance fund

16       1. Fund established; charges and credits to  
17 fund. There is established a Veterans' Small Busi-  
18 ness Loan Insurance Fund, in this subchapter referred  
19 to as the "fund," which is managed by the authority,  
20 but held separate from other funds of the authority,  
21 which shall be used by the authority as a nonlapsing,  
22 revolving fund for carrying out this subchapter.  
23 This fund shall initially be the sum of \$200,000. To  
24 this sum shall be charged interest and principal pay-  
25 ments required by loan defaults, and to the sum shall  
26 be credited all income from loan insurance premiums  
27 and sale, disposal, lease or rental proceeds.

28       2. Deposited with Treasurer of State or  
29 invested. Moneys in the fund, not needed currently  
30 to meet the obligations of the authority as provided  
31 for in this subchapter, shall be deposited with the  
32 Treasurer of State to the credit of the fund or may  
33 be invested in such manner as is provided for by  
34 statute.

35       3. Successor to fund. The Veterans' Small Busi-  
36 ness Loan Insurance Fund is the successor to the fund  
37 formerly administered by the Maine Veterans Small  
38 Business Loan Authority, and all assets, liabilities  
39 and actions of the Maine Veterans Small Business Loan  
40 Authority shall be a resolution of the Finance  
41 Authority of Maine or an action taken by the Finance  
42 Authority of Maine.

1     §1100-F. Additions to

2             If, from time to time in the opinion of the  
3 authority, the addition of moneys to the fund may be  
4 required to meet obligations, the authority shall, in  
5 writing, request the Governor to provide moneys in  
6 such amounts as may be necessary for the purpose.  
7 The Governor shall transfer to this fund sufficient  
8 moneys for the purpose from the State Contingent Ac-  
9 count or from the proceeds of bonds to be issued as  
10 provided in this section. If bonds are to be issued,  
11 the Governor shall order the Treasurer of State to  
12 issue bonds in the amount requested, but not exceed-  
13 ing in the aggregate at any one time outstanding the  
14 amount set forth in the Constitution of Maine, Arti-  
15 cle IX, Section 14-E, as it may be from time to time  
16 amended, to mature serially or made to run for such  
17 periods as the Governor may determine, but none of  
18 them shall run for a longer period than 20 years and  
19 at such rates of interest and on such terms and con-  
20 ditions as the Governor shall determine. The bonds  
21 so issued shall be deemed a pledge of the faith and  
22 credit of the State.

23     §1100-G. Insurance of loans

24             The authority may, upon application of the pro-  
25 posed lender, insure loan payments required by the  
26 first mortgage to resident veterans' small businesses  
27 on any eligible project, upon such terms and condi-  
28 tions as the authority may prescribe, provided that  
29 the aggregate amount of principal obligations of all  
30 mortgages so insured outstanding at any one time  
31 shall not exceed \$4,000,000. To be eligible for  
32 insurance under this subchapter a loan shall:

33             1. Lender. Be one which is to be made and held  
34 by a lender approved by the authority as responsible  
35 and able to service the loan properly;

36             2. Maturity; limit. Have a maturity satisfac-  
37 tory to the authority;

38             3. Amortization. Contain complete amortization  
39 provisions satisfactory to the authority requiring  
40 periodic payments by the mortgagor which shall  
41 include principal and interest payments, cost of

1 local property taxes and assessments, land lease  
2 rents, if any, hazard insurance on the property and  
3 such loan insurance premiums as are required under  
4 section 1100-H;

5 4. Other terms. Contain such terms and provi-  
6 sions with respect to property insurance, repairs,  
7 alterations, payments of taxes and assessments, de-  
8 fault reserves, delinquency charges, default remedies,  
9 anticipation of maturity, additional and secondary  
10 liens and other matters as the authority may pre-  
11 scribe;

12 5. Principal obligation; limit. Involve a prin-  
13 cipal obligation not to exceed \$100,000; and

14 6. Nonassignability of proceeds. No right, pay-  
15 ment or proceeds of any loan made under this subchap-  
16 ter or statutes supplementary thereof may be subject  
17 to garnishment, attachment or execution of the claim  
18 of any other creditor other than the lender; nor may  
19 any such right or payment be capable of assignment  
20 except under such rules as may be prescribed by the  
21 authority.

22 §1100-H. Loan insurance premiums

23 The authority may fix loan insurance premiums for  
24 the insurance of loan payments under this subchapter,  
25 those premiums to be computed as a percentage of the  
26 principal obligation of the loan outstanding at the  
27 beginning of each year. Those insurance premiums  
28 shall not be less than 1/2 of 1% per year nor more  
29 than 2% per year of the outstanding principal obli-  
30 gation. The premiums shall be payable by the lenders  
31 in such manner as shall be prescribed by the author-  
32 ity.

33 §1100-I. Acquisition and disposal of property

34 The authority may take assignments of insured  
35 loans and other forms of security and may take title  
36 by foreclosures or conveyance to any eligible project  
37 when an insured loan thereon is clearly in default  
38 and when in the opinion of the authority that acquis-  
39 ition is necessary to safeguard the loan insurance  
40 fund and may sell, or on a temporary basis lease or

1 rent, that eligible project for use other than that  
2 specified.

3 §1100-J. Loans eligible for investment

4 Loans insured by the authority are made legal  
5 investments for all insurance companies, trust compa-  
6 nies, banks, investment companies, savings banks,  
7 savings and loan associations, executors, trustees  
8 and other fiduciaries, public and private pension or  
9 retirement funds.

10 §1100-K. Loans with little or no collateral

11 The authority may insure a loan to a borrower  
12 with less than full collateral or even no collateral  
13 other than the loan proceeds, provided that the bor-  
14 rower is of good character and has a good personal  
15 credit record.

16 §1100-L. Safeguarding the fund

17 When a loan insured under this subchapter is  
18 clearly in default, the authority may assent to the  
19 extension of the time of payment of that insured  
20 loan, may extend the insurance thereon accordingly  
21 and may waive loan insurance premiums thereon, when  
22 in the opinion of the authority any such action is  
23 necessary to safeguard the fund.

24 §1100-M. Accounts

25 The loan board shall keep proper records and ac-  
26 counts.

27 Sec. 25. 13-A MRSA §401, sub-§4, as enacted by  
28 PL 1971, c. 565, §12-A, is amended to read:

29 4. Nothing in this section shall may be con-  
30 strued to prevent the organization of agricultural  
31 credit corporations under the Federal Farm Loan Act.  
32 Such agricultural credit corporations shall not be  
33 deemed banking corporations or institutions.

34 Sec. 26. 30 MRSA §5106, sub-§1, as amended by PL  
35 1973, c. 112, is further amended to read:



1           1. Board of trade. Supporting and guaranteeing  
2 obligations of a chamber of commerce or board of  
3 trade or a local development corporation, or a cham-  
4 ber of commerce and a local development corporation,  
5 or a board of trade and a local development corpora-  
6 tion-;

7           Sec. 27. 36 MRSA §5122, sub-§2, ¶A, as enacted  
8 by PL 1977, c. 686, §9, is amended to read:

9           A. Interest or dividends on obligations of the  
10 United States and its territories and possessions  
11 or of any authority, commission or instrumental-  
12 ity of the United States or on a seller-sponsored  
13 loan, as defined by Title 10, section 974, sub-  
14 section 16 to the extent includible in gross  
15 income for federal income tax purposes but exempt  
16 from state income taxes under the laws of the  
17 United States, provided that the amount sub-  
18 tracted shall be decreased by any expenses incur-  
19 red in the production of the interest or dividend  
20 income to the extent that these expenses, includ-  
21 ing amortizable bond premiums, are deductible in  
22 determining federal adjusted gross income; and

23           Sec. 28. 36 MRSA §5127, sub-§4 is enacted to  
24 read:

25           4. Credit for capital gains on sales of agricul-  
26 tural land. A resident taxpayer who sells agricul-  
27 tural land to an entrant to natural resource enter-  
28 prises under a seller-sponsored loan shall be allowed  
29 a one-time credit against the tax otherwise due of  
30 50% of the tax on the first \$50,000 of capital gains,  
31 provided that the amount of the credit taken in any  
32 one taxable year shall not exceed 50% of the total  
33 tax imposed on the taxpayer for that taxable year  
34 before application of the credit. The applicability  
35 of this section shall be contingent on a certifica-  
36 tion by the Natural Resource Financing and Marketing  
37 Agency that the taxpayer, land and loan involved are  
38 within the requirements of Title 10, chapter 110,  
39 subchapter I-A. This section does not apply to any  
40 person who acquired the farmland for the purpose of  
41 obtaining the income tax benefits under this section.

42           Sec. 29. 36 MRSA §5216, sub-§1, as enacted by PL  
43 1981, c. 364, §70, is amended to read:



1 dition, there will be a decrease in General Fund revenue  
2 in fiscal year 1985 of \$125,000 because of tax  
3 credits on investment in the Natural Resource Financing  
4 and Marketing Agency.

5 STATEMENT OF FACT

6 This bill creates a single development finance  
7 authority, the Finance Authority of Maine, to meet  
8 the financial needs of a broad spectrum of businesses  
9 in Maine. It consolidates the Maine Guarantee  
10 Authority, the Maine Veterans Small Business Loan  
11 Authority and the Maine Small Business Loan Authority  
12 into a single institution. It also expands the scope  
13 of development finance in Maine by creating within  
14 this new institution, an agency to focus on the special  
15 financing and marketing needs of natural  
16 resource-based enterprises.

17 Maine has been a national innovator in the area  
18 of development finance and has developed a broad  
19 range of programs to address capital needs of business  
20 in the State, evidencing its commitment to  
21 increasing the flow of capital to smaller enterprises.  
22 In addition to statewide programs, Maine  
23 also has a strong network of regional and local corporations  
24 actively involved in the economic development process.  
25 The most fundamental concern with  
26 development finance in Maine is the lack of communication  
27 and coordination among existing institutions.

28 Lack of coordination of efforts results in a  
29 number of serious problems. First, it creates lack  
30 of understanding and confusion in both the small  
31 business and finance communities. Second, it leads  
32 to many inefficiencies; 2 organizations may be providing  
33 the same service or may be looking for the  
34 same information. Lack of coordination decreases the  
35 efficiency in the operation of each institution and  
36 the system as a whole. Third, without coordinated  
37 planning, none of the programs are targeted as effectively  
38 as possible to meet stated public policy  
39 objectives. Finally, individual institutions do not  
40 jointly participate on as many projects as would be  
41 possible with increased coordination. Combining the  
42 3 existing authorities into one new institution will  
43 address all of these problems.

1           The new natural resource agency will operate  
2 within this unified institutional framework to ad-  
3 dress the needs of Maine's natural resource indus-  
4 tries -- agriculture, forestry and fishing -- which  
5 are a major element of Maine's economy and currently  
6 represent nearly 1/3 of the state's total  
7 export-based employment. Resource-based enterprises  
8 also have a special place in the state's economic  
9 structure, because they are the key to maintaining  
10 Maine's rural character. Many of these enterprises  
11 are now faced with marketing and financing problems  
12 which may affect both the current strength of these  
13 industries and the ability of new enterprises to  
14 enter this sector.

15           In particular, Maine is a capital-short State,  
16 lacking significantly in long-term debt and equity  
17 capital which are crucial to new, small enterprises.  
18 Heavy federal involvement in natural resources  
19 financing, particularly agriculture, has left the  
20 State especially vulnerable to federal policy  
21 changes, and has resulted in the loss of technical  
22 expertise needed to make and service loans to natural  
23 resource enterprises among private lenders.

24           The Finance Authority of Maine is guided by a  
25 single 11-member board of directors, which includes  
26 individuals sensitive to the conditions and needs of  
27 the full range of Maine business, and representatives  
28 of state departments charged with economic and natu-  
29 ral resources development. It affects economies of  
30 scale with regard to staff capability and marketing,  
31 and serves as a central clearinghouse for development  
32 projects and inquiries, while insuring that develop-  
33 ment activities further the objectives of the State.

34           To administer the various programs of the author-  
35 ity, 2 new agencies are created within it: The Maine  
36 Business Development Finance Agency and the Natural  
37 Resource Financing and Marketing Agency. The bill  
38 also transfers administration of the Maine Guarantee  
39 Authority's Community Industrial Buildings Program to  
40 the State Development Office.

41           Program elements are as follows.

42           Maine Business Development Finance Agency:

1           1. Mortgage Insurance Program. The authority is  
2 empowered to insure mortgage loans of up to 90% of  
3 project costs to finance expansion, construction and  
4 modernization of industrial, manufacturing, recrea-  
5 tional, fishing and agricultural enterprises.

6           2. Revenue Obligation Securities Program. The  
7 authority may issue tax-exempt revenue obligation  
8 securities for financing a broad range of industrial,  
9 recreational and community development projects that  
10 are permitted under federal law and regulation.

11           3. Municipal Securities Approval Program. The  
12 authority is authorized to assist municipalities with  
13 their revenue obligation securities programs and  
14 approve issuing of municipal bonds for the same types  
15 of projects that are eligible above.

16           4. Umbrella Bond Program. This program permits  
17 the consolidation of several project loans into a  
18 single bond issue. Loans are for permanent financing  
19 for projects whose total costs do not exceed  
20 \$1,500,000.

21           5. Small Business Loan Program. Designed to  
22 primarily serve Maine's microbusiness borrowers,  
23 under this program the authority is authorized to  
24 guarantee a maximum of 90% of loans of up to \$100,000  
25 made by Maine lending institutions to independent  
26 Maine-based businesses. By limiting the risk expo-  
27 sure of the lending institution, these guarantees  
28 enable Maine lenders to extend credit to sound busi-  
29 ness ventures which they consider too risky to  
30 finance conventionally.

31           6. Maine Veterans' Small Business Loan Program.  
32 Identical in design and intent to the Small Business  
33 Loan Program, guarantees are reserved specifically  
34 for Maine resident veteran small businessmen. The  
35 Maine Veterans' Small Business Loan Board makes  
36 recommendations to the authority on criteria for ad-  
37 ministering the program.

38           Natural Resource Financing and Marketing Agency:

39           1. Expanded financing for resource-based enter-  
40 prises through existing lenders: The agency will

1 oversee the purchase of mortgages and other secured  
2 instruments and loans to participating financial  
3 institutions in order to expand the amount of avail-  
4 able capital in the private sector. Through training  
5 and consultation, the agency can encourage financial  
6 institutions to develop the in-house knowledge and  
7 experience to make the service loans to natural  
8 resource enterprises.

9 2. Entrants to natural resources enterprises  
10 program: This loan program is specifically for  
11 people involved in new or small resource-based enter-  
12 prises who are willing to take advantage of training  
13 and marketing programs. Special financing terms may  
14 be made available to qualified participants. The  
15 bill also creates capital gains credits and tax ex-  
16 emptions on interest income to encourage  
17 seller-financed low interest loans to agricultural  
18 entrants.

19 3. Direct Loan Program. This program is avail-  
20 able to any participant meeting the general qualifi-  
21 cations and may be for acquisition, reconstruction,  
22 improvement or operation of facilities which meet the  
23 agency's objectives and are within the agency's bud-  
24 get.

25 4. Assessment of natural resource sector needs:  
26 The agency is charged with evaluating current  
27 resource-based economic activity and fostering enter-  
28 prises which strengthen this sector. For example,  
29 the agency may provide market analysis and market  
30 development assistance, information on new production  
31 techniques or business management training when such  
32 assistance will encourage key innovative resource-  
33 based enterprises.

34 The authority is authorized to issue bonds to ac-  
35 complish the objectives defined in the natural  
36 resources subchapter of this bill; the total amount  
37 of outstanding bonds are not obligations of the  
38 State. The interest income from authority bonds is  
39 designed to be tax free under both state and federal  
40 law.

41 The bill also creates a Maine Natural Resource  
42 Capital Corporation to provide equity capital to new

1 or expanding natural resource enterprises. The cor-  
2 poration is modeled after the Maine Capital Corpora-  
3 tion.

4 This bill was developed in part as a result of  
5 recommendations from the Governor's Small Business  
6 Advisory Council, and a study conducted by Belden H.  
7 Daniels of the Counsel for Community Development,  
8 Inc. for the State Development Office. In addition,  
9 the Governor's Rural Development Committee, which is  
10 charged with coordinating federal, state and local  
11 resources to address the needs of Maine rural areas,  
12 and the Blaine House Conference on State and Local  
13 Relations Workshop on Housing, Community and Economic  
14 Development contributed significantly to the creation  
15 of the Natural Resource Financing and Marketing  
16 Agency.

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