

# MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 1496, L.D. 1971)

2 SECOND REGULAR SESSION  
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE  
5

6 Legislative Document

No. 2194

7  
8 H.P. 1661

House of Representatives, March 8, 1984

9 Reported by Representative Cooper from the Committee on State  
10 Government. Printed under Joint Rule 2.

11 EDWIN H. PERT, Clerk

Original bill presented by Representative MacBride of Presque Isle.  
Cosponsored by Speaker Martin of Eagle Lake.

12  
13 STATE OF MAINE  
14

15 IN THE YEAR OF OUR LORD  
16 NINETEEN HUNDRED AND EIGHTY-FOUR  
17

18 AN ACT Amending the Laws Relating to the  
19 Finance Authority of Maine Concerning  
20 Eligibility of Small Business for Financing.  
21

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

24 Sec. 1. 10 MRSA §1001, sub-§7, as enacted by PL  
25 1983, c. 519, §7, is repealed and the following en-  
26 acted in its place:

27 7. Eligible project, subchapters III and IV.  
28 "Eligible project," as used in subchapters III and IV  
29 means any type of project for which the proceeds of  
30 the revenue obligation securities may be expended  
31 without causing the interest on the securities to  
32 lose its exemption from federal income taxation under  
33 the United States Internal Revenue Code, Section 103  
34 and as provided in section 1041, subsection 1 and  
35 section 1061, subsection 1, except:

1       A. Retail stores;

2       B. Professional office buildings;

3       C. Office building or space, except professional  
4       office building or space, of less than 10,000  
5       square feet, located in municipalities of more  
6       than 5,000 persons, and at the time of applica-  
7       tion less than 25% of the employees occupying the  
8       square footage over a 3-year period prior to con-  
9       struction or at the time of occupation represent  
10       new jobs;

11       D. Office building or space, except professional  
12       office building or space, of less than 5,000  
13       square feet located in municipalities of 5,000  
14       persons or less, and at the time of application  
15       less than 20% of the employees occupying the  
16       square footage over a 3-year period prior to con-  
17       struction or at the time of occupation represent  
18       new jobs;

19       E. Any office building or space proposed by an  
20       applicant who, as determined by the authority is  
21       able to compete successfully in the normal com-  
22       mercial lending market and to pay the rates which  
23       private financial institutions are charging for  
24       similar projects; and

25       F. Any office building or space proposed by an  
26       applicant who or which does not meet the require-  
27       ments prescribed in rules by the authority per-  
28       taining to individual net worth, affect of the  
29       proposed project on similar, existing projects,  
30       affect of the proposed project on the general ar-  
31       ea in which it is located and any other standards  
32       deemed necessary by the authority to determine  
33       the potential affect of the proposed project and  
34       the ability of the applicant to undertake the  
35       project with resources of conventional financing  
36       institutions.

37       Sec. 2. 10 MRSA §1001, sub-§§23-A and 24-A are  
38       enacted to read:

39       23-A. Office building or space. "Office build-  
40       ing or space" means any building in which 75% or more

1 of the gross square footage is used for office space  
2 except professional office space or buildings as defined  
3 in this section. The authority may adopt rules  
4 in accordance with Title 5, chapter 375 to distinguish  
5 between buildings used for offices and buildings  
6 used for other purposes.

7 24-A. Professional office space or building.  
8 "Professional office space or building" means any office  
9 building in which 25% or more of the gross  
10 square footage is occupied by any person licensed,  
11 certified or registered in any occupation or profession  
12 in Title 32, or as referred to in Title 10, section  
13 9003, Title 4, section 801, Title 12 sections  
14 7301 and 7302 or Title 26, sections 171 and 475.

15 Sec. 3. 10 MRSA §1041, sub-§1, as repealed and  
16 replaced by PL 1983, c. 519, §14, is repealed and  
17 the following enacted in its place:

18 1. Kinds of projects. Acquire, construct, reconstruct,  
19 maintain, renew and replace eligible  
20 projects within the State, as defined in section  
21 1001, subsection 7, whether or not now in existence,  
22 or assist a user to acquire, construct, reconstruct,  
23 renew and replace these projects;

24 Sec. 4. 10 MRSA §1061, sub-§1, as repealed and  
25 replaced by PL 1983, c. 519, §17, is repealed and  
26 the following enacted in its place:

27 1. Kinds of projects. Acquire, construct, reconstruct,  
28 renew and replace or provide financing  
29 for, within the corporate limits of the municipality,  
30 eligible projects, as defined in section 1001, subsection  
31 7.

32 A. For the purposes of this subchapter only, a  
33 municipality may undertake or provide for the financing  
34 of reconstruction of an existing building  
35 project as defined in section 1001, subsection 26  
36 and section 1063, subsection 2, paragraph G.

1 STATEMENT OF FACT

2 This new draft reduces the restrictions imposed  
3 on office building financing that currently exist in  
4 the laws governing the issuance of revenue obligation  
5 security under the Finance Authority of Maine. This  
6 new draft allows revenue bond financing of office  
7 buildings of no less than 5,000 square feet in munic-  
8 ipalities of 5,000 or less persons. In addition, 20%  
9 or more of the employees are required to be new em-  
10 ployees within 3 years prior to construction or re-  
11 construction or at the time of occupation. In munic-  
12 ipalities of more than 5,000 persons, revenue obliga-  
13 tion securities may be used to finance office build-  
14 ings of no less than 10,000 square feet. In addi-  
15 tion, 25% of the employees are required to be new em-  
16 ployees within 3 years prior to construction or re-  
17 construction or at the time of occupation.

18 Professional office buildings, such as offices  
19 for medical doctors, lawyers and other professions  
20 and occupations are excluded from revenue obligation  
21 security financing. Retail stores are excluded which  
22 also is a provision in current law.

23 In order to qualify for revenue bond financing,  
24 an applicant is required to demonstrate that he or  
25 she is unable to compete in the normal commercial  
26 lending market. The authority is also authorized to  
27 establish rules with respect to net worth require-  
28 ments and the effect of the project on similar exist-  
29 ing projects and the general area in which the  
30 project is located.

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