

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 1652

7 H.P. 1145

House of Representatives, June 14, 1985

8 Referred to the Committee on Appropriations and Financial Affairs. Sent  
9 up for concurrence and ordered printed. Ordered sent forthwith.

10 EDWIN H. PERT, Clerk

Presented by Representative Diamond of Bangor.

11 Cosponsored by Representative Hayden of Durham, Senator Violette of  
Aroostook and Senator Clark of Cumberland.

12 STATE OF MAINE  
13

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

17 AN ACT to Promote Industrial Stability.  
18

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

21 Sec. 1. 10 MRSA c. 110, sub-c. II-A is enacted  
22 to read:

23 SUBCHAPTER II-A

24 INDUSTRIAL STABILITY PROGRAM

25 §1035. Purpose

26 The Legislature finds that the ability of major  
27 electricity intensive industrial firms to continue to  
28 contribute to the economic strength of the State by  
29 providing jobs; purchasing goods and services from  
30 Maine suppliers; paying income, property and other  
31 taxes; and stimulating business activity may be en-  
32 dangered by their increased costs of electric power  
33 caused by the introduction into retail electric rates

1 of the costs of new or abandoned generating plants  
2 and related charges. Many of these firms have, for a  
3 long time, been a significant element of state and  
4 local economies. It is characteristic of many of  
5 these firms that the cost of electricity is a signif-  
6 icant element of their costs of producing and selling  
7 their products.

8 The Legislature finds that it is the proper role  
9 for the State, for the benefit of the people of the  
10 State, to assist in efforts which will allow those  
11 firms to adjust to conditions created by increasing  
12 electricity costs so as to develop new products and  
13 processes which will allow them to continue to oper-  
14 ate in the State.

15 The Legislature finds that there is a need to de-  
16 velop a long-term policy for addressing the adverse  
17 effect of increases in electricity rates on major in-  
18 dustrial firms and that the first steps should pro-  
19 vide a concrete demonstration of the State's finan-  
20 cial commitment to provide energy impact assistance.

21 The Legislature finds that the use of funds as  
22 provided in this subchapter will serve an essential  
23 public purpose and is essential to the welfare of the  
24 State and its inhabitants. Any benefit which may  
25 accrue to individuals or to business corporations or  
26 associations, as a result of any activity authorized  
27 by this subchapter, is deemed by the Legislature to  
28 be incidental to the public purpose which will be  
29 served by carrying out this subchapter.

#### 30 §1036. Pilot program

31 1. Pilot program. There shall be a pilot pro-  
32 gram carried out under this subchapter for the pur-  
33 pose of providing assistance to a qualifying appli-  
34 cant and to take concrete action to fulfill the ob-  
35 jectives of this subchapter.

36 A. Only a firm that uses an electro-thermal pro-  
37 cess for manufacture of molded fibre products for  
38 later sale may be selected for the pilot program,  
39 provided that it engages in a program to reduce  
40 its electricity costs.

1        B. The assistance shall extend over a 2-year pe-  
2        riod commencing July 1, 1985.

3        C. In addition to its other powers, the Finance  
4        Authority of Maine shall administer the pilot  
5        program under the following conditions.

6                (1) Assistance shall be available only af-  
7                ter the authority has issued a certificate  
8                of financial need. Prior to issuance of  
9                this certificate, the authority must deter-  
10              mine that the firm employs at least 500 peo-  
11              ple in the State, that the firm has suffered  
12              a pretax operating loss at its Maine facili-  
13              ties for at least 2 of its 4 most recent  
14              complete fiscal years preceding the date of  
15              application for assistance under this sub-  
16              chapter and that its net annual costs for  
17              electrical energy are greater than 10% of  
18              the total manufacturing costs at the facili-  
19              ty at the time of application. The authori-  
20              ty shall also consider state and community  
21              benefit, proposed or actual cost  
22              minimization measures of the applicant to  
23              include wage and salary reductions and con-  
24              cessions, energy conservation measures pro-  
25              posed or implemented by the applicant, use  
26              of reasonable available interruptible elec-  
27              tricity tariffs and compliance with other  
28              state and federal laws and rules. The au-  
29              thority may require that the firm submit an-  
30              ual financial reports, including a state-  
31              ment on the report by a certified public ac-  
32              countant in accordance with American Insti-  
33              tute of Certified Public Accountants' State-  
34              ment of Auditing Standards, Section 622, re-  
35              lating to the pertinent facilities.

36              (2) The authority shall decide upon the ap-  
37              plication and, if appropriate, issue a cer-  
38              tificate within 60 days of the submission of  
39              a complete application.

40              (3) Upon submission of the application, the  
41              firm shall pay to the authority a filing fee  
42              of \$10,000.

1 D. The Industrial Stability Fund is established  
2 and shall be administered by the authority. All  
3 sums appropriated for the pilot program shall be  
4 deposited in the Industrial Stability Fund.  
5 Funds may be expended for financial assistance.  
6 Eligible expenses incurred in a previous year  
7 when insufficient sums were available for assist-  
8 ance shall be reimbursed in any subsequent year  
9 when sums are available in the fund. Any bal-  
10 ances in this fund at the close of a fiscal year  
11 shall be carried forward to the next fiscal year.

12 E. Assistance shall be made available to the  
13 firm:

14 (1) To pay an amount equal to the differ-  
15 ence between the electric rates in effect on  
16 July 1, 1985, and those in effect at any la-  
17 ter date during the period in which the firm  
18 is eligible for state assistance pursuant to  
19 the pilot program for the actual usage of  
20 the firm not to exceed annually 95% of the  
21 average annual usage of the firm at its per-  
22 tinent facilities for the last 5 years pre-  
23 ceding application;

24 (2) To pay the costs of capacity and ener-  
25 gy, including, but not limited to, purchases  
26 from Canada, to be available for use and  
27 used to supplement any power supply that may  
28 be obtained directly by the firm, provided  
29 that the payments be no greater than those  
30 for which the firm would be eligible under  
31 subparagraph (1); or

32 (3) To pay a combination of costs under  
33 subparagraphs (1) and (2) not to exceed the  
34 payments for which the firm would be eligi-  
35 ble under subparagraph (1).

36 F. The seller of electricity shall be paid di-  
37 rectly by the authority for amounts eligible for  
38 state assistance under paragraph E. The seller  
39 of electricity shall be paid directly by the firm  
40 for all other amounts payable for the purchase of  
41 capacity and energy.

1           Sec. 2. Commission on Industrial Stabili-  
2 ty. There is established a Commission on Industrial  
3 Stability to be appointed by the Governor by Execu-  
4 tive Order. The commission shall include members  
5 from the Legislature, electric utilities, industry,  
6 labor and the executive branch. The commission shall  
7 examine the effects of increased electric energy  
8 costs on industrial stability and prepare recommenda-  
9 tions for assisting firms to adjust to higher elec-  
10 tricity costs. In preparing its report and recommen-  
11 dations, the commission shall utilize, insofar as  
12 possible, the criteria used in the pilot program in  
13 the design of a program of general application. The  
14 commission shall submit its report to the Governor  
15 and the Legislature no later than December 1, 1985.  
16 Members of the commission shall serve without remun-  
17 eration.

18           Sec. 3. Appropriation. The following funds are  
19 appropriated from the General Fund to carry out the  
20 purposes of this Act.

21 1986-87

22 FINANCE AUTHORITY OF MAINE

23 Industrial Stability Fund

24 All Other \$900,000

25 FISCAL NOTE

26 This bill appropriates \$900,000 from the General  
27 Fund for fiscal year 1986-87. Sales tax revenues  
28 will be reduced by approximately \$40,000. It is an-  
29 ticipated that General Fund revenues will exceed the  
30 appropriation and the reduction in Sales Tax for fis-  
31 cal year 1986-87.

32 STATEMENT OF FACT

33 This bill expresses the intent of the Legislature  
34 to assist major industrial employers to adjust to in-  
35 creased electricity costs.

It provides for a pilot program, to be administered by the Finance Authority of Maine, to take the first steps in providing that assistance. State assistance would be contingent on the designated firm establishing eligibility.

This bill also provides for the establishment of a Commission on Industrial Stability to make a report and recommendations no later than December 1, 1985, on assisting industrial firms in Maine to adjust to increased costs of electricity.

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