

MAINE STATE LEGISLATURE

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(New Draft of S.P. 511, L.D. 1535)
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 1807

S.P. 613

In Senate, June 10, 1987

Reported by Senator Andrews of Cumberland for the Committee on Economic Development and printed under Joint Rule 2. Original Bill sponsored by Senator Dillenback of Cumberland. Cosponsored by: Senator Perkins of Hancock, Senator Andrews of Cumberland, Representative Crowley of Stockton Springs.

JOY J. O'BRIEN, Secretary of the Senate

STATE OF MAINE

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

**AN ACT Providing for the 1987 Amendments to
the Finance Authority of Maine Act.**

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

6 **Sec. 1. 10 MRSA §963-A, sub-§43-A is enacted to**
7 **read:**

8 43-A. Professional. "Professional," when used
9 with reference to office space, means professions or
10 professionals regulated or licensed under applicable
11 state law.

12 **Sec. 2. 10 MRSA §963-A, sub-§49-A is enacted to**
13 **read:**

1 49-A. Seller-sponsored loan. "Seller-sponsored
2 loan" means a loan to one or more individuals or to a
3 family farm corporation from the seller of agricul-
4 tural land, which loan represents all or a signifi-
5 cant portion of the purchase price for that land,
6 provided that the authority has issued a certificate
7 designating the loan as a seller-sponsored loan with
8 respect to an identified seller after finding that
9 the interest rate to be charged is reasonably con-
10 sistent with current interest rates for loans for the
11 purchase of agricultural land, and that the purchas-
12 ers intend to use the land primarily for growing or
13 raising plants or animals for business purposes. The
14 loan shall cease to be a seller-sponsored loan if the
15 land ceases to be used for agricultural purposes.

16 **Sec. 3. 10 MRSA §1026-B, sub-§1, as amended by**
17 **PL 1985, c. 714, §19, is further amended to read:**

18 1. Scope of section. This section applies, in
19 addition to other applicable provisions of this sub-
20 chapter, when the original principal amount of the
21 mortgage insurance is \$500,000 or less, but not when
22 mortgage insurance is provided pursuant to section
23 1026-D.

24 **Sec. 4. 10 MRSA §1026-B, sub-§5, as enacted by**
25 **PL 1985, c. 714, §21, is amended to read:**

26 5. Professional office building projects. The
27 authority may insure mortgage loans for an a
28 professional office building project, provided that:

29 A. The principal amount of mortgage insurance
30 for the project does not exceed \$200,000;

31 B. Less than 35% of the project is intended or
32 planned for professional office space;

33 C. In Notwithstanding paragraph B, in the event
34 that the project proposes that more than 35% of
35 the project will be professional office space,
36 the project is not attached or adjoined to any
37 other professional office building, which has re-
38 ceived an insured mortgage loan under this chap-
39 ter; and

1 D. The applicant has not received mortgage in-
2 surance under this subsection for any other
3 professional office building project.

4 Sec. 5. 10 MRSA §1026-C, sub-§1, as enacted by
5 PL 1985, c. 344, §49, is repealed and the following
6 enacted in its place:

7 1. Scope of section. This section applies in ad-
8 dition to and not to the exclusion of other applica-
9 ble provisions of this subchapter, but not when mort-
10 gage insurance is provided pursuant to section
11 1026-D.

12 Sec. 6. 10 MRSA §1026-C, sub-§2, as amended by
13 PL 1985, c. 714, §22, is further amended to read:

14 2. Insurance. The authority may provide mort-
15 gage insurance benefiting a veteran in an original
16 principal amount of \$250,000 or less in addition or
17 as an alternative to any amount provided pursuant to
18 section 1026-B.

19 Sec. 7. 10 MRSA §1026-C, sub-§5, as enacted by
20 PL 1985, c. 714, §23, is amended to read:

21 5. Professional office building projects. The
22 authority may insure mortgage loans for an a
23 professional office building project, provided that:

24 A. The principal amount of mortgage insurance
25 for the project does not exceed \$200,000;

26 B. Less than 35% of the project is intended or
27 planned for professional office space;

28 C. ~~In~~ Notwithstanding paragraph B, in the event
29 that 35% or more of the project will be
30 professional office space, the project is not at-
31 tached to or does not adjoin any other
32 professional office building which has received
33 an insured mortgage loan under this chapter; and

34 D. The applicant has not received mortgage in-
35 surance under this subsection for any other
36 professional office building project.

1 **Sec. 8. 10 MRSA §1026-D, sub-§3, ¶B**, as amended
2 by PL 1985, c. 714, §24, is further amended to read:

3 B. The original principal amount of the mortgage
4 loan, including any mortgage loan secured by a
5 coordinate or priority lien or security interest
6 in the same eligible collateral which is pro-
7 posed to secure repayment of the insured mortgage
8 loan, shall not exceed the sum of the following
9 percentages of the cost or value, as determined
10 by the authority at the time of application for
11 mortgage insurance, of eligible collateral held,
12 owned, controlled or used by any eligible enter-
13 prise:

14 (1) One hundred percent of the cost or val-
15 ue of real estate designed as an industrial
16 park or 100% of the value of cash, deposits
17 of money, certificates of deposit or other
18 cash equivalents, irrevocable letters of
19 credit issued by financial institutions ac-
20 ceptable to the authority or loan guarantees
21 from insurance companies or other institu-
22 tions satisfactory to the authority;

23 (2) Ninety percent of the cost or value of
24 real estate;

25 (3) Eighty percent of the cost or value of
26 eligible collateral consisting primarily of
27 one or more fishing or other vessels;

28 (4) Seventy-five percent of the cost or
29 value of eligible collateral consisting pri-
30 marily of machinery and equipment;

31 (5) Notwithstanding subparagraph (2), 75%
32 of the cost or value of eligible collateral
33 held, owned, controlled or used by a recrea-
34 tional enterprise; or

35 (6) Sixty percent of the cost or value of
36 other eligible collateral.

37 **Sec. 9. 10 MRSA §1026-D, sub-§5**, as enacted by
38 PL 1985, c. 344, §49, is amended to read:

1 5. Office space. The authority may not insure
2 any mortgage loan for a project 35% or more of which,
3 as determined by the authority, is professional of-
4 fice space, as defined by the authority.

5 Sec. 10. 10 MRSA §1041-A, sub-§3, as enacted by
6 PL 1985, c. 344, §62, is amended to read:

7 3. Professional office space. The authority may
8 not use more than 35% of the proceeds of an issue of
9 its revenue obligation securities to provide finan-
10 cial assistance for professional office space, as de-
11 fined by the authority, except under the following
12 circumstances:

13 A. In the case of the reconstruction of an ex-
14 isting building project satisfying the require-
15 ments of subsection 4;

16 B. In any case where there will be a 35% or more
17 increase in jobs in a business where 50% or more
18 of the products or services are or will be sold
19 or used outside the State, as determined by the
20 authority;

21 C. In any case where provision of housing is
22 likely to be facilitated as a result of a project
23 constituting both housing and office space, as
24 determined by the authority; or

25 D. Where the authority is an occupant of the
26 project.

27 Sec. 11. 10 MRSA §1049, as enacted by PL 1981,
28 c. 476, §2, is amended to read:

29 §1049. Tax exemption

30 Revenue obligation securities issued under this
31 subchapter shall constitute a proper public purpose
32 and the securities, their transfer and the income
33 from them, including any profits made on their sale,
34 shall at all times be exempt from taxation within the
35 State, whether or not those securities, their trans-
36 fer or the income from them, including any profits
37 made on their sale, are subject to taxation under the
38 United State Internal Revenue Code, as amended.

1 **Sec. 12. 10 MRSA §1054**, as amended by PL 1985,
2 c. 593, §3, is further amended to read:

3 §1054. Taxable bond option

4 With respect to all or any portion of any issue
5 of any bonds or any series of bonds which the author-
6 ity may issue in accordance with the limitations and
7 restrictions of this subchapter, the authority may
8 covenant and consent that the interest on the bonds
9 shall be includable, under the United States Internal
10 Revenue Code of 1954 or any subsequent corresponding
11 internal revenue law of the United States, in the
12 gross income of the holders of the bonds to the same
13 extent and in the same manner that the interest on
14 bills, bonds, notes or other obligations of the
15 United States is includable in the gross income of
16 the holders under the United States Internal Revenue
17 Code or any subsequent law. ~~The powers--conferred--by~~
18 Bonds issued pursuant to this section shall not be
19 subject to any limitations or restrictions of any law
20 which may limit the authority's power to ~~so--covenant~~
21 ~~and--consent~~ issue those bonds or to the procedures
22 set forth in section 1043 or in section 1044, subsec-
23 tions 1, 11 and 12. The foregoing grant of power
24 shall not be construed as limiting the inherent power
25 of the State or its agencies under any other provi-
26 sion of law to issue debt, the interest on which is
27 includable in the gross income of the holders of the
28 interest under the United States Internal Revenue
29 Code or any subsequent law.

30 **Sec. 13. 10 MRSA §1061-A, sub-§2**, as enacted by
31 PL 1985, c. 344, §80, is amended to read:

32 2. Professional office space. A municipality
33 may not use more than 35% of the proceeds of an issue
34 of its revenue obligation securities to provide fi-
35 nancial assistance for professional office space, as
36 defined by the authority, except under the following
37 circumstances:

38 A. In the case of the reconstruction of an ex-
39 isting building project satisfying the require-
40 ments of subsection 3;

1 B. In any case where there will be a 35% or more
2 increase in jobs in a business where 50% or more
3 of the products or services are or will be sold
4 or used outside the State, as determined by the
5 authority; or

6 C. In any case where provision of housing is
7 likely to be facilitated as a result of a project
8 consisting of both housing and office space, as
9 determined by the authority.

10 **Sec. 14. 10 MRSA §1071**, as enacted by PL 1981,
11 c. 476, §2, is amended to read:

12 §1071. Tax exemption

13 Revenue obligation securities issued under this
14 subchapter shall constitute a proper public purpose
15 and the securities, their transfer and the income
16 from such--securities,--or--from--their--transfer them,
17 including any profit made on their sale, shall at all
18 times be exempt from taxation within the State,
19 whether or not those securities, their transfer or
20 the income from them, including any profits made on
21 their sale, are subject to taxation under the United
22 States Internal Revenue Code, as amended.

23 **Sec. 15. 10 MRSA §1074**, as enacted by PL 1985,
24 c. 593, §7, is amended to read:

25 §1074. Taxable bond option

26 With respect to all or any portion of any issue
27 of bonds or any series of bonds which any municipali-
28 ty may issue in accordance with the limitations and
29 restrictions of this subchapter, the municipality may
30 covenant and consent that the interest on the bonds
31 shall be includable, under the United States Internal
32 Revenue Code of 1954 or any subsequent corresponding
33 internal revenue law of the United States, in the
34 gross income of the holders of the bonds to the same
35 extent and in the same manner that the interest on
36 bills, bonds, notes or other obligations of the
37 United States is includable in the gross income of
38 the holders under the United States Internal Revenue
39 Code or any subsequent law. ~~The powers conferred by~~
40 Bonds issued pursuant to this section shall not be

1 subject to any limitations or restrictions of any law
2 which may limit the municipality's power to ~~se-cove-~~
3 ~~nant-and-consent~~ issue those bonds or to the proce-
4 dures set forth in section 1063 or in section 1064,
5 subsection 1. Any bonds or issue or series of bonds
6 with respect to which the municipality covenants and
7 consents that the interest on the bonds shall be in-
8 cludable, under the United State Internal Revenue
9 Code of 1954 or any subsequent corresponding internal
10 revenue law of the United States in the gross income
11 of the holders of the bonds to the same extent and in
12 the same manner that interest on bills, bonds, notes
13 or other obligations of the United States is includ-
14 able in the gross income of the holders under the
15 United States Internal Revenue Code or any subsequent
16 law shall be a properly authorized, legal, valid,
17 binding and enforceable obligation of the municipali-
18 ty, regardless of whether the bonds were authorized,
19 executed, delivered or issued prior to or after the
20 effective date of this section. The foregoing grant
21 of power shall not be construed as limiting the in-
22 herent power of municipalities under any other provi-
23 sion of law to issue debt, the interest on which is
24 includable in the gross income of the holders of the
25 interest under the United States Internal Revenue
26 Code or any subsequent law.

27 Sec. 16. 12 MRSA §404, as enacted by PL 1983, c.
28 458, §1, is amended to read:

29 §404. Finance Authority of Maine

30 The Maine--Guarantee Finance Authority of Maine
31 may not finance any energy generating system project
32 under Title 10, chapter 110, if that project is lo-
33 cated in whole or in part on any river listed in sec-
34 tion 403.

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STATEMENT OF FACT

2 The Finance Authority of Maine Act contains limi-
3 tations on the use of financial assistance for office
4 space. This new draft changes references from "office
5 space" to "professional office space" and defines
6 "professional" with reference to those professions
7 regulated by state law, which includes, but is not
8 limited to, accountants, architects, attorneys, fi-
9 nancial institutions, insurance companies and medical
10 professions. The changes will permit the authority to
11 consider projects which might operate out of offices,
12 but which serve the purposes of the Finance Authority
13 of Maine Act in providing jobs and encouraging eco-
14 nomic and technological development.

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