



115th MAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2393

S.P. 935

In Senate, March 2, 1992

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Housing and Economic Development suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator CONLEY of Cumberland Cosponsored by Representative LIPMAN of Augusta, Representative VIGUE of Winslow and Representative OLIVER of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-TWO

An Act to Promote Economic Recovery.

(EMERGENCY)

Printed on recycled paper

Emergency preamble. Whereas, Acts of the Legislature do not 2 become effective until 90 days after adjournment unless enacted as emergencies; and 4 Whereas, the State's economy continues to suffer from both the national recession and the dire economic situation in this б region; and 8 Whereas, a comprehensive program of activities must be enacted immediately to provide direct assistance to revitalize 10 the State's economy; and 12 Whereas, the policy changes made by this Act must take effect before the expiration of the 90-day period in order to 14 provide the necessary immediate benefit; and 16 Whereas, in the judgment of the Legislature, these facts 18 create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately 20 necessary for the preservation of the public peace, health and safety; now, therefore, 22 Be it enacted by the People of the State of Maine as follows: 24 PART A 26 Sec. A-1. 36 MRSA c. 106 is enacted to read: 28 CHAPTER 106 30 LOCAL SALARIES AND RENTS TAX 32 <u>§1131. Municipal option</u> 34 A municipality may elect to impose by ordinance a local tax 36 on salaries and rents as provided by this chapter if the property tax rate in each of the 2 preceding years has exceeded \$20 per \$1,000 of value and if the assessment rate in each of the 2 38 preceding years has been at least 90% of full value. 40 <u>§1132. Rate of tax limited</u> 42 The rate of tax imposed by the municipality under this chapter may not exceed .5% of the amount of salaries and rents 44 subject to the tax. The rate must be calculated so that it does not generate revenues that would be sufficient to reduce the 46 property tax rate in the municipality to less than \$20 per \$1,000 of value based on an assessment rate of at least 90% of full 48value. 50

> Page 1-LR3178(1) L.D.2393

- §1133. Amounts subject to taxation
- The local tax under this chapter, if adopted, is applicable 4 to:
 - Actual rents. Rents actually paid for tenancies of real property located within the municipality; and
- 2. Salaries and other income. Salaries, wages and other
 10 personal income payments paid for employment activities conducted within the municipality.

§1134. Rules

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- The State Tax Assessor shall adopt rules to govern the16operation of the local salaries and rent tax. The rules must
include a provision requiring review of proposed municipal18ordinances by the State Tax Assessor prior to adoption and must
also include a model ordinance for the guidance of municipalities.20
 - Sec. A-2. 36 MRSA §§5219-I, 5219-J and 5219-K are enacted to read:

24 **§5219-I.** Special energy equipment investment tax credits

- 26 <u>1. Definitions.</u> As used in this section, unless the context otherwise indicates, the following terms have the following meanings.
 28 following meanings.
- 30A. "Investment credit base" means the total original basis,
without adjustment, of all special energy equipment,32including the cost, if any, of installation placed in
service for the first time in this State on or after October341, 1991. In the case of a combined report, the term
"investment credit base" means the sum of the investment36credit bases for all corporations included in the report.

 B. "Qualified special energy equipment" means any tangible personal property purchased and installed for the purpose of solar-powered hot water heating, low-energy lighting, photovoltaic electricity generation, wind-turbine electricity generation and microhydroelectric electricity generation. The State Tax Assessor, in conjunction with the energy division of the State Planning Office, may identify and certify all tangible personal property that is eligible for the special energy equipment investment tax credit.

 48 2. Credit allowed. In addition to any other credit authorized by this Part, a taxpayer is allowed a credit against
 50 the tax imposed by this Part equal to 15% of the investment credit base of that taxpayer.

2	3. Homeowner deduction allowed. In addition to any other
4	<u>credit authorized by this Part, a taxpayer is allowed a credit of</u> up to \$1,000 of the cost of any gualified special energy
-	equipment installed in the principal residence of that taxpayer.
6	<u>§5219-J. Business personal property investment credit</u>
8	1. Definitions. As used in this section, unless the
10	context otherwise indicates, the following terms have the
12	following meanings.
14	A. "Business" means any corporation liable for Maine income taxes.
16	B. "Investment credit base" means the total original basis, without adjustment, for federal income tax purposes, of the
18	business of all tangible personal property placed in service for the first time in this State by the business on or after
20	October 1, 1991 and before January 1, 1993. In the case of a combined report, the term "investment credit base" means
22	the sum of the investment credit bases for all businesses included in the report.
24	inoradou in one report.
	2. Credit allowed. In addition to any other credit
26	authorized by this Part, a taxpayer is allowed a credit against the tax imposed by this Part for tax years 1992, 1993 and 1994
28	equal to 5% of the investment credit base of the taxpayer. In the case of an affiliated group of corporations engaged in a
30	unitary business, the credit must be applied against the total
32	<u>tax liability of all the taxable corporations in the affiliated</u> group and must be apportioned among those taxable corporations in
0 -	the same proportion the tax liability of each taxable corporation
34	bears to the total tax liability of all the taxable corporations.
36	<u>3. Limitation. The credit allowed by subsection 2 may not exceed \$10,000 in any tax year or the tax liability of the</u>
38	taxpayer or the total tax liability of all taxable corporations that are members of an affiliated group engaging in a unitary
40	business. Any credit or portion of credit that remains unused
42	<u>due to the limitation of this subsection may not be carried forward or carried back to any other tax year.</u>
44	<u>§5219-K. Worker reemployment tax credit</u>
46	1. Credit allowed. In addition to any other credit
48	authorized by this Part, a taxpayer is allowed a credit against the tax imposed by this Part of \$100 for each eligible employee,
50	as defined in subsection 2, hired by the taxpayer, up to a maximum credit of \$1,000 in any tax year.

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2	2. Eligible employee. The credit allowed by this section is available when the taxpayer has hired a new employee during
4	the tax year for which the credit is claimed and if the new
	employee:
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8	A. Has been unemployed for 24 months or more before the date of hire; or
10	<u>B. Has been receiving full or partial benefits pursuant to</u> Title 39 for 24 months or more before the date of hire.
12	PART B
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	Sec. B-1. 5 MRSA §1825-I is enacted to read:
16	<u>\$1825-1. Bid preference for Maine-based contractors and</u>
18	subcontractors
20	The State Purchasing Agent shall give preference to
22	Maine-based contractors and subcontractors as provided in this section.
24	1. Definitions. As used in this section, unless the
26	<u>context otherwise indicates, the following terms have the</u> <u>following meanings.</u>
20	<u>TOTTONING MEGMINGD</u>
28	A. "Maine-based costs" means products or services at least
30	90% of the value of which has been produced, assembled or manufactured within the State. Labor costs must be measured
20	by the amounts subject to the state income tax paid to
32	residents of the State.
34	B. "Small Maine business" means a business enterprise that:
36	(1) Has a principal place of business located within
38	the State:
50	(2) Is at least 70% owned directly or indirectly by
40	persons who pay state income tax on any distributed profits of the business and who pay state income taxes
42	on any salary, wages or other income paid by the
	business to them; and
44	
46	<u>(3) Maintains at least 90% of its business assets, exclusive of bank deposits and publicly traded</u>
10	securities, in the State or has a work force at least
48	90% of which is comprised of residents of the State.

Page 4-LR3178(1) L.D.2393

2. Adjustment of bids. All bids for any purchase or acquisition by the State of parts, supplies, materials, services, 2 labor, professional services or other similar acquisitions submitted by small Maine businesses must be adjusted for purposes 4 of determining the lowest bidder as follows. 6 A. Bids in which a small Maine business proposes to provide the purchase or acquisition using products and labor at 8 least 90% of which is comprised of Maine-based costs are 10 entitled to a bid price reduction of 10%, or the amount of direct additional taxes payable to the State by the bidder as established by the bidder to the satisfaction of the 12 State Purchasing Agent, whichever is more. 14 B. Bids in which a small Maine business proposes to provide the purchase or acquisition using products and labor at 16 least 60% of which is comprised of Maine-based costs are 18 entitled to a bid price reduction of 7.5%, or 60% of the amount of direct additional taxes payable to the State by 20 the bidder as established by the bidder to the satisfaction of the State Purchasing Agent, whichever is more. 22 C. Bids in which a small Maine business proposes to provide 24 the purchase or acquisition using products and labor at least 30% of which is comprised of Maine-based costs are 26 entitled to a bid price reduction of 5%, or 30% of the amount of direct additional taxes payable to the State by the bidder as established by the bidder to the satisfaction 28 of the State Purchasing Agent, whichever is more. 30 D. The State Purchasing Agent administering bid selection 32 may determine the qualification of any bidder. Notwithstanding chapter 375, this determination is final and 34 is not subject to judicial review. 36 3. Subcontractors. If a bidder is not eligible for an adjustment pursuant to subsection 2, the bidder may identify a 38 Maine-based small business as a subcontractor who will exclusively provide a portion of the acquisition or purchase called for in the bid and may be allowed 75% of the bid 40 adjustment on those portions of the bid provided by the 42 subcontractor. In order to be eligible for adjustment under this subsection, the State Purchasing Agent must be provided with 44 satisfactory evidence that the identified subcontractors and the bidder are bound by an enforceable agreement, subject only to bid 46 acceptance, and that the subcontractor will provide the acquisition or purchase for which preference is claimed. 48 Provision of satisfactory evidence may be a condition of bid acceptance and, notwithstanding chapter 375, all determinations 50 made by the State Purchasing Agent are final and are not subject to judicial review.

> Page 5-LR3178(1) L.D.2393

4. Rules. The State Purchasing Agent shall adopt rules to implement this section.

Sec. B-2. Acceleration of bonds. The Treasurer of State shall, an expedited basis and as soon as is practicable and 6 on consistent with sound financial practices, bring all bond issues authorized but not yet issued to market. The Treasurer of State 8 shall take all reasonable steps necessary to ensure prompt sale 10 of all bonds issued or to be issued and shall ensure that the proceeds are promptly disbursed to implementing agencies. The 12 Treasurer of State shall report to the Joint Standing Committee on Appropriations and Financial Affairs by May 1, 1992 on the implementation of this section. The report must identify all 14outstanding bonds, any bonds that remain to be issued, a plan for 16 the issuance of any remaining bonds and a plan for the disbursement of remaining proceeds.

Sec. B-3. Acceleration of projects. Each department sponsoring,
conducting, administering or funding an approved project for which funding has been authorized in the current fiscal year or
fcr which bonds or funding under applicable law has been approved but not issued or has been issued but not expended shall, within
30 days of the effective date of this Act:

 Inventory all such projects and report the results of the inventory to the Governor and the Joint Standing Committee on Appropriations and Financial Affairs; and

 Take all acts necessary, including the issuance of any emergency rules that, notwithstanding the Maine Revised Statutes,
 Title 5, chapter 375, may be effective for up to 9 months after issuance, to provide for the funding and commencement of the project on the following schedule:

36 A. Projects comprising 30% of the total dollar value of all inventoried projects within 60 days of inventory submission;

B. Projects comprising an additional 30% of the total
 dollar value of all inventoried projects within 120 days of inventory submission; and

C. Projects comprising the balance of the inventory within 180 days of inventory submission.

PART C

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Sec. C-1. 10 MRSA §§1023-H and 1026-I are enacted to read:

Page 6-LR3178(1) L.D.2393

<u>§1023–H.</u>	Maine	Street	Investment	Program	Fund

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2	1. Creation. The Maine Street Investment Program Fund,
4	referred to in this section as the "fund," is created under the
-	jurisdiction and control of the authority.
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	2. Sources of money. The fund consists of the following:
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	A. All money appropriated or allocated for inclusion in the
10	<u>fund, from whatever source;</u>
12	B. Subject to any pledge, contract or other obligation, all
	interest, dividends or other pecuniary gains from investment
14	of money from the fund;
16	C. Subject to any pledge, contract, fee or other
10	obligation, any money that the authority receives in
18	repayment of advances from the fund; and
	<u>rogalitano or aatamood rrom and rama, ama</u>
20	D. Any other money available to the authority and directed
	by the authority to be paid into the fund.
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	3. Application of fund. Money in the fund may be applied
24	to carry out any power of the authority under or in connection
	with section 1026-I or to pay obligations incurred in connection
26	with the fund. Money in the fund not needed currently to meet
	the obligations of the authority as provided in this section may
28	<u>be invested in a manner permitted by law.</u>
30	4. Accounts within fund. The authority may divide the fund
	into separate accounts it determines necessary or convenient for
32	carrying out this section, including, but not limited to,
34	accounts reserved for grants or for loans.
74	5. Revolving fund. The fund is a nonlapsing, revolving
36	fund. All money in the fund must be continuously applied by the
30	authority to carry out this section and section 1026-I.
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	<u> §1026-I. Maine Street Investment Program</u>
40	
	The Maine Street Investment Program, referred to in this
42	section as the "program," is established to provide loans to
	businesses for investments in downtown areas and business
44	districts.
46	1. Definitions. As used in this section, unless the
	<u>context otherwise indicates, the following terms have the</u>
48	<u>following meanings.</u>

Page 7-LR3178(1) L.D.2393 4

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A. "Business district" means any area zoned by a municipality for business or industrial uses or, where no zoning exists, where business or industrial uses would not be inconsistent with current uses, as determined by the authority.

B. "Downtown" means the area designated by a municipality or generally considered to be the central business district of a municipality, as determined by the authority.

2. Eligibility for loans. Businesses may apply to the 12 authority for loans under the program.

14 A. The projects to be financed must pertain to manufacturing, industrial, recreational or natural resource 16 enterprises, be located in the State and provide significant public benefit in relation to the amount of the loan, as 18 determined by the authority. Public benefits include, but are not limited to, increased opportunities for employment, 20 increased capital flows, particularly capital flowing in from outside the State, increased state and municipal tax revenues, rehabilitation of blighted or under utilized areas 22 and provision of necessary services. Loan proceeds may be 24 used for any appropriate commercial purpose, as determined by the authority, including working capital.

B. The authority must determine that the borrower is a for-profit or nonprofit commercial entity, that it is creditworthy and reasonably likely to repay the loan. If the authority determines that the proposed borrower is not creditworthy or not likely to be able to repay the loan, the municipality may elect either to cosign the loan or borrow the money directly and relend the proceeds to the business, assuming the obligation to repay the loan to the authority.

C. The authority must determine that the loan is necessary to implementation of the project either because the borrower has insufficient access to other funds or because the borrower demonstrates and the authority determines that the project would not provide the projected public benefits without the availability of the loan.

D. The authority must determine that the project will not44result in a substantial detriment to existing business in
the State. In making this determination, the authority46shall consider it necessary to measure and evaluate the
effect of the project on existing business, including48considering:

(1) Whether a loan for a project should be approved 2 if, as a result of the project, there will not be sufficient demand within the market area of the State to be served by the project to employ the efficient 4 capacity of existing business; and 6 (2) Whether any adverse economic effect of the project on existing business is outweighed by the contribution 8 that the project will make to the economic growth and 10 vitality of the State. 12 The applicant has the burden of demonstrating a reasonable likelihood that the project will not result in a substantial 14 detriment to existing business, except when no interested parties object to the project, in which event the requirements of this paragraph are deemed satisfied. 16 Interested parties must be given an opportunity, with or without a hearing at the discretion of the authority, to 18 present their objections to the project on grounds that the project will result in a substantial detriment to existing 20 business. If any interested party presents objections with 22 reasonable specificity and persuasiveness, the authority may divulge whatever information concerning the project it 24 considers necessary for a fair presentation by the objecting party and evaluation of such objections. If the authority 26 finds that the applicant has failed to meet its burden of proof as specified in this paragraph, the application must 28 be denied. 30 3. Loan terms and conditions. Loans may not exceed 50% of total project costs up to a total loan of \$500,000 per project. 32 The authority may establish prudent terms and conditions for loans, including placing limits on the amount of loans for any 34 one project and requiring adequate collateral for the loans. Loan terms may not exceed 20 years for loans primarily secured by 36 real estate, 10 years for loans secured primarily by machinery and equipment and 7 years for other loans. The interest rate 38 charged on each loan may not exceed the prime rate of interest less 2%, as determined by the authority. 40 4. Rulemaking. The authority shall establish rules for the 42 implementation of the program established by this section, including, but not limited to, the establishment of fees that may be charged for the administration of the program. 44 Sec. C-2. Effective date. This Part does not take effect unless 46 bonds authorized for the purposes set forth in the Maine Revised 48 Statutes, Title 10, section 1026-I are approved by the voters.

> Page 9-LR3178(1) L.D.2393

2	PART D
4	Sec. D-1. 10 MRSA c. 110, sub-c. IV-A is enacted to read:
б	<u>SUBCHAPTER IV-A</u>
8	MAINE INDIGENOUS INDUSTRIES PROGRAM
10	§1075. Definitions
12	As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.
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16	1. Alternative energy industry. "Alternative energy industry" means any enterprise whose principal business is the operation of processes or the production, assembly or manufacture
18	of devices, materials or supplies designed to be used to manage, conserve or reduce the consumption of fuel-based energy,
20	including, without limitation, producers or manufacturers of devices and equipment for utilizing solar, wind, hydroelectric or
22	<u>geothermal sources of energy for business or residential use,</u> producers or fabricators of insulation, energy management
24	devices, windows having an R-value exceeding 3.5 or doors having an R-value exceeding 8.0 or producers or manufacturers of any
26	device certified by the Public Utilities Commission as eligible for the energy conservation tax credit.
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	2. Conservation and recycling industry. "Conservation and
30	<u>recycling industry" means any enterprise whose principal business</u> is the operation of processes or the production, assembly or
32	<u>manufacture of devices, materials or supplies designed to be used to to be used to recycle or reclaim household, business, commercial or</u>
34	<u>industrial waste materials, and recycle the same for use as an</u> energy source or for sale as raw materials or partially finished
36	<u>materials. It does not mean licensed redemption centers unless a</u> <u>center also engages in the reprocessing of beverage containers</u>
38	into reuseable or resaleable forms.
40	3. Eligible business enterprise. "Eligible business enterprise that has more than 50%
42	of its gross revenue derived from alterative energy industry activities, conservation and recycling industry activities or
44 .	indigenous industry activities.
46	4. Indigenous industries. "Indigenous industries" means those industrial, business and commercial undertakings that have
18	historically been resource-based sources of employment in the State. These undertakings include agriculture, animal husbandry,
50	forestry management, timber harvesting, lumber and wood products

production, fishing, shellfish harvesting, clamming and other
 mollusk harvesting, marine-related industries, including
 boatbuilding, and processing and value-added production
 industries associated with these resource-based industries.

6 <u>5. Program.</u> "Program" means the Maine Indigenous Industries Program as established in this subchapter.

<u>§1076. Program established</u>

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There is established within the authority the Maine12Indigenous Industries Program. The authority shall providefinancing and marketing assistance to eligible business14enterprises within the State as provided by this subchapter.

16 **§1077. Financing**

18 The authority shall inventory and report on the available state and federal programs to guarantee or provide financing to 20 eligible business enterprises in this State. The authority shall administer a direct lending or guarantee program to ensure 22 adequate long-term availability of capital to eligible business enterprises to allow the long-term growth of those industries in 24 this State. In addition, the authority shall administer a small business start-up program to assist in the creation or growth of 26 small eligible business enterprises.

28 §1078. Marketing assistance

30 The authority shall prepare an analysis of domestic and international markets where eligible business enterprises may 32 gain markets for their products and services, together with a compilation of legal, regulatory and financial barriers to access 34 to those markets. The authority shall identify market structures, processes and approaches useful for individual 36 businesses or industry cooperatives in gaining access to identified markets and make available resource information to 38 eligible business enterprises to assist in gaining access to those markets.

<u>§1079. Rules</u>

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The authority shall adopt rules to implement the program 44 established by this subchapter.

46 Sec. D-2. 10 MRSA c. 110, sub-c. XI is enacted to read:

SUBCHAPTER XI

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BUSINESS PRESERVATION ASSISTANCE

Page 11-LR3178(1) L.D.2393 2 §1100-Y. Business Preservation Assistance Program

The Business Preservation Assistance Program is established and is administered by the authority.

Provide technical assistance. The authority shall
 provide technical assistance, research, advice and other
 resources to a group or entity that wishes to conduct an
 assessment for possible purchase of any existing manufacturing
 plant or company that the authority determines is in danger of
 closure.

14 2. Secure funds for operation. To the extent possible, the authority shall secure funding from federal or private grant 16 sources, funding to support the operation of the Business Preservation Assistance Program.

3. Provide financial assistance. When possible, the
 authority shall give priority, under existing programs for loans
 and other funds that provide financing, to groups that commit to
 operate for at least 3 years an existing manufacturing plant or
 company that the authority determines is in danger of closure.
 The authority may prioritize assistance based on the number of
 existing jobs that will be preserved.

4. Rules. The authority may adopt rules to implement this section.

30 Sec. D-3. Report to Legislature. The Finance Authority of Maine shall submit a report to the joint standing committee of 32 the Legislature having jurisdiction over housing and economic development matters of the First Regular Session of the 116th Legislature by December 1, 1992. 34 The report must include a statement of the results of the inventory and analysis required by the Maine Revised Statutes, Title 10, sections 1077 and 1078, 36 a summary of the rules adopted or proposed by the authority and a report of the results of initial operations of the Maine 38 Indigenous Industries Program. The authority may submit any enabling legislation necessary to fully implement the purposes of 40 the Maine Indigenous Industries Program.

PART E

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SUBCHAPTER VIII

Sec. E-1. 35-A MRSA c. 31, sub-c. VIII is enacted to read:

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ELECTRIC UTILITY SMALL LOAN PROGRAM

Page 12-LR3178(1) L.D.2393

2 §3201. Program required

4	Any public utility offering electric service to residential
c	customers in this State shall establish a program to provide
б	small loans to residential customers. The utility at least
8	<u>annually shall offer loans to residential customers on the following terms.</u>
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10	1. Purposes. The loans are available only for the costs of
12	<u>purchase and installation of energy conserving electric devices</u> and equipment, including hot water heating and heating timers;
12	low energy fluorescent lighting and other lighting designed as a
14	substitute for incandescent lighting; automatic control
TI	thermostats and similar energy management devices; and other
16	devices and equipment the commission designates by rule.
10	devices and equipment the commission designates by fule.
18	2. Loan amount; term. Applications for loans of up to \$300
10	for qualifying purposes must be approved. Applications for loans
20	for more than \$300 may be approved in accordance with rules
	adopted pursuant to section 3202. The term of a loan may not be
22	less than one year.
24	3. Interest rate. The rate of interest may not exceed 5%
	per year.
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	4. Repayment. Loan payments may be billed by the utility
28	4. Repayment. Loan payments may be billed by the utility in conjunction with regular periodic billing for electric utility
28	<u>4. Repayment. Loan payments may be billed by the utility in conjunction with regular periodic billing for electric utility service.</u>
28 30	in conjunction with regular periodic billing for electric utility
-	in conjunction with regular periodic billing for electric utility
-	in conjunction with regular periodic billing for electric utility service.
30	in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be
30	in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is
30 32	in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is
30 32	in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided.
30 32 34	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the
30 32 34	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of
30 32 34 36	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of
30 32 34 36	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners.
30 32 34 36 38	<pre>in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. \$3202. Rules; report The commission shall adopt rules to govern the operation of</pre>
30 32 34 36 38	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. §3202. Rules; report
30 32 34 36 38 40	<pre>in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. \$3202. Rules; report The commission shall adopt rules to govern the operation of</pre>
30 32 34 36 38 40	<pre>in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. \$3202. Rules; report The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement</pre>
30 32 34 36 38 40 42	<pre>in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. \$3202. Rules; report The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement form approved by the commission and standards governing extension</pre>
30 32 34 36 38 40 42	<pre>in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. \$3202. Rules; report The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement form approved by the commission and standards governing extension of credit for amounts greater than \$300. The rules must provide</pre>
30 32 34 36 38 40 42 44	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. §3202. Rules; report The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement form approved by the commission and standards governing extension of credit for amounts greater than \$300. The rules must provide that the cost of the program and any reasonable expenses for
30 32 34 36 38 40 42 44	 in conjunction with regular periodic billing for electric utility service. 5. Limitations. Loans under this small loan program may be limited to the owners of premises where electric service is provided. 6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of electrical service to the borrower or subsequent owners. §3202. Rules; report The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement form approved by the commission and standards governing extension of credit for amounts greater than \$300. The rules must provide that the cost of the program and any reasonable expenses for administration are incorporated into the rate base of the utility

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The rules must encourage the development of packaged energy conservation approaches for customers; cooperative retailing by utilities in conjunction with nonutility enterprises; and creative marketing approaches such as vouchers and competitions that encourage utilization of the program to maximize energy savings.

8 The commission shall report annually to the joint standing committee of the Legislature having jurisdiction over utilities 10 matters the past year's utilization rate and the projected total dollar and energy savings from that rate, together with the 12 cumulative dollar and energy savings.

Sec. E-2. 35-A MRSA §§6113 and 6114 are enacted to read:

16 §6113. Water district and utility small loan program

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 18 Any public utility, municipal or quasi-municipal authority offering water or sewerage disposal services to residential
 20 customers in this State shall establish a program to provide small loans to residential customers. The utility, municipality
 22 or authority at least annually shall offer loans to residential customers on the following terms.

 Purposes. The loans are available only for the costs of
 purchase and installation of water and hot water conserving devices, including low flow toilets; low flow showerheads and
 faucets; solar hot water heaters; instantaneous water heaters; and such other devices and equipment as the commission designates
 by rule.

32 2. Loan amount; term. Applications for loans of up to \$300 for qualifying purposes must be approved. Applications for loans 34 for more than \$300 may be approved in accordance with rules adopted pursuant to section 3202. The term of a loan may not be 1ess than one year.

38 **<u>3. Interest rate.</u>** The rate of interest may not exceed 5% per year.

 <u>4. Repayment.</u> Loan payments may be billed by the utility
 42 in conjunction with regular periodic billing for water or sewer service.

5. Limitations. Loans under this small loan program may be 46 limited to the owners of premises where water and sewer service is provided.

> Page 14-LR3178(1) L.D.2393

<u>6. Default. Failure to repay these loans according to the terms of this section constitutes grounds for termination of water and sewer service to the borrower or subsequent owners.
</u>

6 §6114. Rules; report

8 The commission shall adopt rules to govern the operation of the small loan program. The rules must include a loan agreement 10 form approved by the commission and standards governing extension of credit for amounts greater than \$300. The rules must provide 12 that the cost of the program and any reasonable expenses for administration are incorporated into the rate base of the utility 14 and that the utility is able to earn a reasonable rate of return on its investment in the program.

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The rules must encourage the development of packaged water conservation approaches for customers; cooperative retailing by utilities in conjunction with nonutility enterprises; and creative marketing approaches such as vouchers and competitions that encourage utilization of the program to maximize water savings.

24 The commission shall report annually to the joint standing committee of the Legislature have jurisdiction over utilities
26 matters the past year's utilization rate and the projected total dollar and water savings from that rate, together with the
28 cumulative dollar and water savings.

PART F

Sec. F-1. 9-B MRSA §354-B is enacted to read:

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<u>§354-B. Local investment capability required</u>

 Approval required. Notwithstanding any other provision
 of this chapter, the superintendent may not approve any merger, consolidation, acquisition or other transfer of ownership or
 control if that merger, consolidation, acquisition or other transfer will result in a reduction of assets or capital
 available for investment in the State.

44	<u>Review required.</u> For any merger, consolidation,
	acquisition or other transfer approved and consummated prior to
46	the effective date of this section, the superintendent shall
	review the net effect of the transfer on the financial
48	institution's assets and capital available for investment in the
	State. If the superintendent finds any reduction in available
50	assets or capital attributable to the transfer, the

superintendent shall order the institution to take such actions as the superintendent determines necessary to restore the level of available assets and capital to the levels existing prior to the transfer. The superintendent may decline to issue an order under this section if the superintendent determines that remedial action would threaten the viability of the institution.

3. Rules. The superintendent may adopt rules to implement this section.

Sec. F-2. 9-B MRSA §439-B is enacted to read:

<u> §439-B. Loan rehabilitation</u>

Avoidance of liquidation losses. Whenever possible,
 financial institutions shall avoid incurring liquidation losses
 by the premature foreclosure or default of loans made to
 borrowers within the State. Notwithstanding any covenant or
 agreement to the contrary, any loan made to a borrower within the
 State is subject to the following.

 A. Actions to collect principal, interest or costs claimed by a lender in the event of nonpayment or other default on loans that have an original principal amount of \$125,000 or less must be submitted to arbitration. The arbitration must be conducted by a single arbitrator under the expedited procedure provisions of the commercial arbitration rules of the American Arbitration Association. The provisions of this subsection may be waived by the written agreement of all parties to the action.

The superintendent shall adopt rules to ensure that 32 в. financial institutions that rehabilitate transactions through changes in loan or security terms, conditions, 34 waivers of default or any other concession change afforded to the original borrower are allowed to recognize the full 36 value of the resulting asset of the financial institution. Any transaction rehabilitated in accordance with these rules 38 is deemed not to be in default under Title 30-A, section 4914, subsection 1, paragraph D, notwithstanding the status 40 of the transaction prior to rehabilitation.

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Sec. F-3. 14 MRSA §6210 is enacted to read:

<u>§6210. Redemption after auction</u>

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In any foreclosure proceeding brought pursuant to this subchapter, a borrower has the right to redeem any property sold at auction by payment of the auction sale price to the lender within 90 days of the date of auction.

2	Sec.F-4. 14 MRSA'§6326 is enacted to read:
4	<u>§6326. Redemption after auction</u>
б	In any foreclosure proceeding brought pursuant to this subchapter, a borrower has the right to redeem any property sold
8	at auction by payment of the auction sale price to the lender within 90 days of the date of auction.
10	Sec.F-5. 30-A MRSA §4914 is enacted to read:
12	<u>§4914. Maine commercial mortgage securities</u>
14	The authority may issue mortgage-backed securities that are
16	secured by pools of first mortgage loans issued by financial institutions within the State for existing or rehabilitated
18	commercial, industrial or multi-unit residential or mixed use
20	developments.
22	1. Eligible mortgages. In order to be eligible for inclusion in a pool a mortgage must comply with the following requirements.
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26	A. The mortgaged property must be located in the State.
28	<u>B. The borrower must be a resident of the State or a corporation, partnership, limited partnership or joint venture with a principal place of business located within</u>
30	the State.
32	<u>C. The mortgage must have a fixed rate and the maturity</u> <u>date must be at least 7 years from the date of the issuance</u>
34	of the mortgage-backed security.
36	D. The mortgage may not be in default and must be secured by property that has a value at least equal to the
38	outstanding balance of the mortgage.
40	2. Eligible lenders. A financial institution may not participate in the mortgage-backed security program established
42	by this section unless the institution agrees to purchase securities of at least the value of the mortgages originated by
44	that institution that are accepted for a pool.
46	Sec. F-6. Effective date. Sections 3 and 4 of this Part take effect March 1, 1992 and apply to all auctions occurring on or
48	after that date. These sections also apply to auctions held prior to March 1, 1992 but within 90 days prior to the effective
50	date of this Act.

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Sec. G-1. 30-A MRSA §4403, sub-§5-A is enacted to read:

5-A. Subdivision approval extension. Notwithstanding any other provision of law or municipal ordinance, the deadline for initiation of construction activity in a subdivision approved under this subchapter on or after October 1, 1990 is extended by 18 months.

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Sec. G-2. 38 MRSA §344-B is enacted to read:

<u>§344-B. Permit extension</u>

Notwithstanding any other provision of law, including any rule or municipal ordinance, any permit, license or order issued on or after October 1, 1989 that approves or allows a development activity but is conditioned on commencement of the development activity by a certain date before October 1, 1992 is automatically extended for 2 years from the specified date if:

24 <u>1. Notice to registry.</u> The holder of the permit, license or order files a notice claiming the extension provided by this 26 <u>section in the registry of deeds for the county in which the</u> <u>development activity is located; and</u>

2. Notice to issuing authority. The holder of the permit,
 30 license or order files a copy of the notice with the agency or
 municipality that issued the permit, license or order.

This section is repealed October 1, 1994.

Sec. G-3. 38 MRSA §483-A, sub-§1 is enacted to read:

 Subdivision approval extension. Notwithstanding any
 other provision of law or board rule, the deadline for initiation of construction activity in a subdivision approved under this
 article or article 5-A on or after October 1, 1990 is extended by 18 months.

Sec. G-4. Construction and development financing inventory. The Department of Professional and Financial Regulation shall conduct an inventory of financing available in the State for the funding of development and construction of housing, commercial and industrial properties. The department shall report on the results of its inventory to the Joint Standing Committee on Housing and Economic Development by July 1, 1992. 2 Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved except as otherwise indicated.

STATEMENT OF FACT

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This bill implements a multiple part, comprehensive plan designed to provide immediate assistance to various sectors of the economy of the State.

Part A implements a series of tax reforms. A local option 14 tax on salaries and rents is enacted. An investment tax credit for qualified special energy equipment is established and a 16 deduction for installation of energy conservation devices by homeowners is provided. A personal property investment tax 18 credit is established for businesses. Finally, a credit for taxpayers who hire unemployed workers or workers who are receiving workers' compensation benefits is established. 20

22 Part B establishes a preference for Maine-based contractors and subcontractors in evaluation of bids for purchases by the 24 State. State bonds that have been approved by the voters but not yet brought to market are accelerated. Projects of state 26 departments that have been approved but not yet commenced are also accelerated.

Part C establishes the Maine Street Investment Program, 30 contingent on approval of a companion bond issue bill. This program was enacted in the First Regular Session of the 115th 32 Legislature but never took effect because voters failed to approve funding at the last election.

Part D gives new responsibilities to the Finance Authority 36 The Maine Indigenous Industries Program is established of Maine. to assist business in resource-based indigenous industries such fishing, agriculture and timber harvesting, as well 38 as as alternative energy businesses and conservation and recycling enterprises. The Business Preservation Assistance Program is 40 also created to provide technical and financial assistance to potential buyers of troubled manufacturing plants and companies. 42

Part E establishes 2 small loan programs under the auspices of the Public Utilities Commission. These programs will allow
electric, water and sewer utilities to offer small loans to residential customers to purchase conservation equipment and to
include repayments in the customer's regular utility bill.

Page 19-LR3178(1) L.D.2393

Part F makes reforms related to banking, loans and 2 mortgages. It requires the Superintendent of the Bureau of Banking to examine proposed mergers of financial institutions to 4 ensure that capital and assets are available to make loans within the State and further requires remedial actions to correct past 6 losses of capital and assets. It also requires arbitration of collection actions on loans of less than \$125,000 and establishes a 90-day right of redemption on foreclosed property that has been 8 sold at auction. It also authorizes the Maine State Housing 10 Authority to issue pooled securities backed by certain mortgages on property in the State.

Part G provides an 18-month extension for approved 14 subdivision permits and up to a 2-year extension to certain development projects that have been approved by state and local 16 It also directs the Department of Professional and regulators. Financial Regulation to report to the Joint Standing Committee on 18 Housing and Economic Development concerning the availability of loan funding for development activities.

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An Act to Authorize a General Fund Bond Issue in the Amount of \$20,000,000 to Provide Funding for Urgent Economic Development Activities, LR 3784, is a companion measure to this bill and provides start-up funds for programs established by this bill.