

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 129

S.P. 68

In Senate, January 21, 1993

Referred to the Committee on Taxation and ordered printed. Sent down forthwith for concurrence. In House, January 21, 1993, referred to the Committee on Taxation and ordered printed, in concurrence.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator SUMMERS of Cumberland (GOVERNOR'S BILL).

Cosponsored by Senator BALDACCI of Penobscot, Representative MURPHY of Berwick and Representative DORE of Auburn.

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STATE OF MAINE

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

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**An Act to Amend the Defense Finance and Accounting Service Financial Assistance Laws.**

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

2  
3 Sec. 1. 30-A §5272, sub-§6, as enacted by PL 1991, c. 886, §1  
4 and affected by §2, is amended to read:

6 6. Cap on DFAS revenues. The maximum amount of DFAS  
7 revenues available to a municipality may not exceed the amount  
8 necessary to finance costs specified in the municipality's  
9 response on or before ~~June 1, 1992~~ January 4, 1993 to the Defense  
10 Finance and Accounting Service's Opportunity for Economic Growth  
11 announcement issued March 2, 1992.

12  
13 Sec. 2. 30-A MRSA §5272, sub-§10, as enacted by PL 1991, c.  
14 886, §1 and affected by §2, is amended to read:

16 10. Program administration. The commissioner shall  
17 administer the DFAS financial assistance program ~~and shall adopt~~  
18 ~~rules pursuant to the Maine Administrative Procedure Act for~~  
19 ~~implementation of that program.~~ The State Tax Assessor shall  
20 establish the method for determining DFAS revenues as part of the  
21 program, ~~subject to section 5273, subsection 5, paragraph D.~~  
22 That method must provide for calculation of revenues as a factor  
23 or percentage of wages paid to persons employed within the DFAS  
24 project area, based on the State Tax Assessor's determination of  
25 the relationship between those wages and the State's income tax  
26 revenue and sales tax revenue.

28 Sec. 3. 30-A MRSA §5273, sub-§1, ¶L, as enacted by PL 1991, c.  
29 886, §1 and affected by §2, is amended to read:

30  
31 L. The duration of the program, which may not exceed ~~30~~ 33  
32 years from the date of designation of the project area.

34 Sec. 4. 30-A MRSA §5273, sub-§5, ¶D, as enacted by PL 1991, c.  
35 886, §1 and affected by §2, is repealed.

36  
37 Sec. 5. 30-A MRSA §5273, sub-§5, ¶E is enacted to read:

38  
39 E. The municipality submitting the application has  
40 successfully negotiated a debt retirement guarantee with the  
41 Federal Government. This guarantee must insure a revenue  
42 stream sufficient to retire the debt incurred in  
43 implementing the DFAS development program. Forms that this  
44 guarantee may take include, but are not limited to, the  
45 following:

46  
47 (1) A lease arrangement from the date of initiation of  
48 a DFAS operation. The annual lease payment must be  
49 sufficient to cover annual development program costs  
50 and be adjusted annually for changes in an indicator of

2 economic performance such as the federal "Consumer  
3 Price Index-Urban." The lease must provide that the  
4 payment will be waived for any year in which DFAS or  
5 other federal employment in the DFAS project area  
6 averages 3,500 full-time equivalent positions. These  
7 positions must be new jobs within the region in which  
8 the DFAS facility is located and be compensated on a  
9 salary structure that meets or exceeds that of the  
10 proposed DFAS employees. The lease must provide that,  
11 in years in which the number of full-time equivalent  
12 positions falls below 3,500, a varied percentage of  
13 lease payments will be made as follows:

14 <u>EMPLOYMENT LEVEL</u>	15 <u>PERCENTAGE OF ANNUAL LEASE</u>
	16 <u>PAYMENT</u>
17 <u>3,000 to 3,499</u>	18 <u>25%</u>
19 <u>2,500 to 2,999</u>	20 <u>50%</u>
21 <u>2,000 to 2,499</u>	22 <u>75%</u>
23 <u>Below 2,000</u>	24 <u>100%</u>

25 (2) A credit enhancement arrangement on the part of  
26 the Federal Government. A credit enhancement may be a  
27 letter of credit, a performance bond, pledges of assets  
28 or securities or a guarantee of the project's debt from  
29 an appropriate federal agency such as the Small  
30 Business Administration, the Farmers Home  
31 Administration or other agency that is authorized to  
32 guarantee debt repayment, or another arrangement  
33 determined acceptable by the commissioner; or

34 (3) Any other form of guarantee that insures the  
35 repayment of the debt incurred in implementing the DFAS  
36 development program, either in a lump sum or by  
37 payments applied over time, if the facility closes or  
38 if employment levels fall below an acceptable level.

### 39 STATEMENT OF FACT

40 This bill is necessary as a result of the Defense Finance  
41 and Accounting Service, or DFAS, selection process, which allows  
42 for a refinement of the proposal submitted on June 1, 1992. The  
43 refined proposal was due for submission to DFAS on January 4,  
44 1993.

45 The bill removes the requirement that the Commissioner of  
46 Economic and Community Development adopt rules in order to  
47 administer the DFAS financial assistance program. This program  
48 will only be utilized once and should therefore not require any  
49 rules.

2           The bill provides that a DFAS development program of a  
4           municipality applying for a DFAS project may be effective for 33  
6           years as opposed to the current 30 years and removes the  
          requirement that the Legislature approve the DFAS development  
          program within 60 days of local approval.

8           Finally, the bill requires that, prior to issuing a  
10          certificate of approval from the DFAS development program, the  
12          Commissioner of Economic and Community Development determine that  
          the applicant municipality has successfully negotiated a debt  
          retirement guarantee with the Federal Government.