

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1077

H.P. 780

House of Representatives, March 30, 1995

An Act to Authorize a General Fund Bond Issue in the Amount of \$100,000,000 to Encourage the Modernization of Paper Industry Facilities and Equipment.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative AHEARNE of Madawaska.
Cosponsored by Representatives: BUNKER of Kossuth Township, CLARK of Millinocket,
O'NEAL of Limestone, WHEELER of Bridgewater, Senator: PARADIS of Aroostook.

2 **Preamble.** Two thirds of both Houses of the Legislature
deeming it necessary in accordance with the Constitution of
4 Maine, Article IX, Section 14, to authorize the issuance of bonds
on behalf of the State of Maine to provide funds for the Paper
6 Industry Facility Modernization Program.

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

10 **PART A**

12 **Sec. A-1. Authorization of bonds to provide for the Paper Industry**
Facility Modernization Program. The Treasurer of State is
14 authorized, under the direction of the Governor, to issue bonds
in the name and on behalf of the State in an amount not exceeding
16 \$100,000,000 to raise funds for economic development activities
as authorized by section 6. The bonds are a pledge of the full
18 faith and credit of the State. The bonds may not run for a
period longer than 20 years from the date of the original issue
of the bonds. At the discretion of the Treasurer of State, with
20 the approval of the Governor, any issuance of bonds may contain a
call feature. The bonds must be issued from time to time so as
22 to meet the needs of the Paper Industry Facility Modernization
Program of the Finance Authority of Maine. The bonds, when paid
24 at maturity or otherwise retired, may not be reissued, but may be
refunded on terms more favorable to the State than those in the
26 original issue.

28 **Sec. A-2. Records of bonds issued to be kept by the Treasurer of**
State. The Treasurer of State shall keep an account of each bond
30 showing the number of the bond, the name of the successful bidder
to whom sold, the amount received for the bond, the date of sale
32 and the date when payable.

34 **Sec. A-3. Sale; how negotiated; proceeds appropriated.** The
Treasurer of State may negotiate the sale of the bonds by
36 direction of the Governor, but no bond may be loaned, pledged or
hypothecated on behalf of the State. The proceeds of the sale of
38 the bonds, which must be held by the Treasurer of State and paid
by the Treasurer of State upon warrants drawn by the State
40 Controller, are appropriated solely for the purposes set forth in
this Act. Any unencumbered balances remaining at the completion
42 of the project in section 6 lapse to the debt service account
established for the retirement of these bonds.

44 **Sec. A-4. Interest and debt retirement.** The Treasurer of State
46 shall pay interest due or accruing on any bonds issued under this
Act and all sums coming due for payment of bonds at maturity.
48

2 **Sec. A-5. Disbursement of bond proceeds.** The proceeds of the
bonds must be expended as set out in section 6 under the
direction and supervision of the Finance Authority of Maine.

4
6 **Sec. A-6. Allocations from General Fund bond issue; Paper Industry
Facility Modernization Program.** The proceeds of the sale of bonds
must be expended as designated in the following schedule.

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	1995-96	1996-97
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10 **FINANCE AUTHORITY OF MAINE**

12 **Paper Industry Facility**

14 **Modernization Program**

16	All Other	\$50,000,000	\$50,000,000
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18 Provides funds for the
capitalization of the Paper
20 Industry Facility
Modernization Program. The
22 program consists of a
revolving loan fund, which is
24 used to provide loans to
assist businesses to create
26 or retain jobs by modernizing
paper manufacturing
28 facilities and equipment.
The fund and the program are
30 administered by the Finance
Authority of Maine.

32 **Sec. A-7. Contingent upon ratification of bond issue.** Sections 1
34 to 6 do not become effective unless the people of the State have
ratified the issuance of bonds as set forth in this Act.

36 **Sec. A-8. Appropriation balances at year end.** At the end of each
38 fiscal year, all unencumbered appropriation balances representing
state money carry forward. Bond proceeds that have not been
40 expended within 10 years after the date of the sale of the bonds
lapse to General Fund debt service.

42 **Sec. A-9. Bonds authorized but not issued.** Any bonds authorized
44 but not issued, or for which bond anticipation notes are not
issued within 5 years of ratification of this Act, are
46 deauthorized and may not be issued; except that the Legislature
may, within 2 years after the expiration of that 5-year period,
48 extend the period for issuing any remaining unissued bonds or

2 bond anticipation notes for an additional amount of time not to
exceed 5 years.

4 **Sec. A-10. Referendum for ratification; submission at statewide**
5 **election; form of question; effective date.** This Act must be submitted
6 to the legal voters of the State of Maine at a statewide election
7 held on the Tuesday following the first Monday of November
8 following passage of this Act. The municipal officers of this
9 State shall notify the inhabitants of their respective cities,
10 towns and plantations to meet, in the manner prescribed by law
11 for holding a statewide election, to vote on the acceptance or
12 rejection of this Act by voting on the following question:

14 "Do you favor a \$100,000,000 bond issue to create and
15 establish a fund to make loans for the purposes of
16 modernizing paper industry facilities and equipment?"

18 The legal voters of each city, town and plantation shall
19 vote by ballot on this question and designate their choice by a
20 cross or check mark placed within a corresponding square below
21 the word "Yes" or "No." The ballots must be received, sorted,
22 counted and declared in open ward, town and plantation meetings
23 and returns made to the Secretary of State in the same manner as
24 votes for members of the Legislature. The Governor shall review
25 the returns and, if a majority of the legal votes are cast in
26 favor of the Act, the Governor shall proclaim the result without
27 delay, and the Act becomes effective 30 days after the date of
28 the proclamation.

30 The Secretary of State shall prepare and furnish to each
31 city, town and plantation all ballots, returns and copies of this
32 Act necessary to carry out the purpose of this referendum.

34 PART B

36 **Sec. B-1. 10 MRSA §1023-J** is enacted to read:

38 **§1023-J. Paper Industry Facility Modernization Fund**

40 **1. Creation.** The Paper Industry Facility Modernization
41 Fund, referred to in this section as the "fund," is created under
42 the jurisdiction and control of the Finance Authority of Maine.

44 **2. Source of money.** The fund consists of the following:

46 **A. All money appropriated or allocated for inclusion in the**
47 **fund, from whatever source;**

2 B. Subject to any pledge, contract or other obligation, all
3 interest, dividends or other pecuniary gains from investment
4 of money from the fund;

5 C. Subject to any pledge, contract, fee or other
6 obligation, any money that the authority receives in
7 repayment of advances from the fund; and

8 D. Any other money available to the authority and directed
9 by the authority to be paid into the fund.

10
11
12 3. Application of fund. Money in the fund may be applied
13 to carry out any power of the authority under or in connection
14 with section 1026-N or to pay obligations incurred in connection
15 with the fund. Money in the fund not needed currently to meet
16 the obligations of the authority as provided in this section may
17 be invested in a manner permitted by law.

18
19 4. Accounts within fund. The authority may divide the fund
20 into separate accounts it determines necessary or convenient for
21 carrying out this section.

22
23 5. Revolving fund. The fund is a nonlapsing, revolving
24 fund. All money in the fund must be continuously applied by the
25 authority to carry out this section and section 1026-N.

26
27 **Sec. B-2. 10 MRSA §1026-N** is enacted to read:

28
29 **§1026-N. Paper Industry Facility Modernization Program**

30
31 The Paper Industry Facility Modernization Program, referred
32 to in this section as the "program," is established to provide
33 loans to businesses engaged in the manufacturing of paper or
34 paper products that are in need of modernizing manufacturing
35 facilities in order to preserve or create jobs and that
36 demonstrate an ability to repay the loans.

37
38 1. Eligibility for loans. Businesses may apply to the
39 authority for loans under the program. Eligibility criteria are
40 as follows.

41
42 A. The projects to be financed must pertain to paper or
43 paper products manufacturing, be located in the State and
44 provide significant public benefit in relation to the amount
45 of the loan, as determined by the authority. Public
46 benefits include, but are not limited to, preservation of
47 jobs, increased opportunities for employment, increased
48 capital flows, particularly capital flowing into the State
49 from outside the State, and increased state and municipal
50 tax revenues. Loan proceeds may be used for rehabilitation

2 or modernization of any building, structure, machinery,
3 equipment or facility in the State that ensures the
4 viability of the borrower as determined by the authority.

6 B. The authority must determined that the borrower is a
7 creditworthy commercial entity and is reasonably likely to
8 repay the loan.

10 C. The authority must determine that the loan is necessary
11 to realize the public benefits of the application.

12 D. The borrower must contribute at least 25% of the total
13 costs of the project.

14 **2. Loan terms and conditions.** Loans may not exceed
15 \$20,000,000 per borrower. The authority may establish prudent
16 terms and conditions for loans, including requiring adequate
17 collateral for the loans. Loan terms may not exceed 20 years in
18 the case of loans primarily secured by real estate and 10 years
19 in the case of loans secured primarily by machinery and
20 equipment. The interest rate charged on each loan must be 5% per
21 year.

24 **3. Rulemaking.** The authority shall establish rules for the
25 implementation of the program, including, but not limited to, the
26 establishment of fees that may be charged for the administration
27 of the program and may do so notwithstanding:

28 A. The omission of any rules from the authority's current
29 regulatory agenda prepared pursuant to Title 5, section 8060
30 or section 8053-A, subsection 2; or

32 B. Any limitation imposed by Title 5, section 8064.

34 **Sec. B-3. Application; contingent on bond issue.** This Part takes
35 effect only if the bond issue submitted pursuant to Part A of
36 this Act is approved by the voters of this State.

40 STATEMENT OF FACT

42 The funds provided by this bond issue, in the amount of
43 \$100,000,000, will be used to encourage modernization of paper
44 industry facilities and equipment.