

MAINE STATE LEGISLATURE

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BUSINESS, RESEARCH AND ECONOMIC DEVELOPMENT

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**STATE OF MAINE
SENATE
121ST LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 464, L.D. 1408, Bill, "An Act To Refine the Maine Rural Development Statutes"

Amend the bill by inserting after the enacting clause and before section 1 the following:

'Sec. 1. 5 MRSA §13120-A, first ¶, as enacted by PL 2001, c. 703, §6, is amended to read:

The Maine Rural Development Authority, as established by section 12004-F, subsection 18 and referred to in this subchapter as the "authority," is a body both corporate and politic and a public instrumentality of the State established for the purpose of providing loans to communities for the development of commercial facilities on a speculative basis and for serving as lead lender or investor in the acquisition, development, redevelopment and sale of commercial facilities in areas where economic needs are not supported by private investment.

Sec. 2. 5 MRSA §13120-D, sub-§4, as enacted by PL 2001, c. 703, §6, is amended to read:

4. Administration. ~~The board of trustees shall elect one of its members~~ Commissioner of Economic and Community Development shall serve as chair, of the board of trustees. The board of trustees shall elect one member as vice-chair, who shall serve as secretary, one member as treasurer and such other officers as the board of trustees may from time to time consider necessary.'

2 Further amend the bill by striking out all of sections 2 to
4 and inserting in their place the following:

4
6 **Sec. 2. 5 MRSA §13120-I, sub-§1**, as enacted by PL 2001, c.
703, §6, is amended to read:

8 **1. Authorization.** The authority may provide by resolution
9 for the issuance of bonds for the purpose of funding the
10 Community Industrial Buildings Fund, ~~as established in section~~
11 ~~13120-0~~ or any successor to the fund, for the construction of
12 proposed commercial facilities and improvement of existing or
13 acquired commercial facilities and for the fulfillment of other
14 undertakings that it may assume. The bonds of the authority do
15 not constitute a debt of the State or of any agency or political
16 subdivision of the State but are payable solely from the revenue
17 of the authority, and neither the faith nor credit nor taxing
18 power of the State or any political subdivision of the State is
19 pledged to payment of the bonds. Notwithstanding any other
20 provision of law, any bonds issued pursuant to this subchapter
21 are fully negotiable. If any member of the board of trustees
22 whose signature appears on the bond or coupons ceases to be a
23 member of the board of trustees before the delivery of those
24 bonds, that signature is valid and sufficient for all purposes as
25 if that member of the board of trustees had remained a member of
26 the board of trustees until delivery.

28 **Sec. 3. 5 MRSA §13120-N, sub-§1, ¶¶C and D**, as enacted by PL
2001, c. 703, §6, are amended to read:

30
32 C. The authority shall charge interest on loans or funds
33 provided under this section ~~and section 13120-0~~ to the
34 municipality or local development corporation for a
35 community industrial building that remains unoccupied for 3
36 or more years following completion of the building.

38 D. The authority shall adopt rules under chapter 375 with
respect to:

40 (1) The methodology and criteria for allocating funds
41 to community industrial building projects;

42 (2) The process through which municipalities and local
43 development corporations must apply for community
44 industrial building funds;

46 (3) Rates of interest, the duration of interest
47 payments and any other terms to which municipalities
48 and local development corporations must be subject
49 under this paragraph; and
50

(4) Other matters necessary to the proper administration of this section ~~and section 13120-O.~~

Rules adopted under this paragraph are ~~major--substantive routine technical~~ rules pursuant to chapter 375, subchapter II-A ~~--and--are--subject--to--review--by--the--joint--standing committee--of--the--Legislature--having--jurisdiction--over economic-development-matters 2-A.~~

Sec. 4. 5 MRSA §13120-N, sub-§3, ¶C, as enacted by PL 2001, c. 703, §6, is amended to read:

C. A community industrial building financed by an authority loan may not be sold or leased without the express approval of the purchaser or lessee by the authority. If the municipality or local development corporation and the authority agree that a community industrial building is unlikely to be sold in the near future despite a marketing effort, the authority may permit an interim lease upon terms it considers appropriate for the protection of the Community Industrial Buildings Fund ~~established in section 13120-O~~ or any successor to the fund. Occupation of the premises under an interim lease does not require payment in full of the entire loan within 90 days, as provided in paragraph B.

Sec. 5. 5 MRSA §13120-O, as enacted by PL 2001, c. 703, §6, is repealed.

Sec. 6. 5 MRSA §13120-P, as enacted by PL 2001, c. 703, §6, is amended to read:

§13120-P. Commercial Facilities Development Program

1. **Establishment; purpose.** The Commercial Facilities Development Program is established within the authority to serve the following purposes:

A. Restore employment opportunities by serving as principal, partner, lender or investor in the acquisition and redevelopment of nonproductive commercial facilities for subsequent return to productive use through sale or lease; and

B. Create employment opportunities in areas of economic need that are underserved by private investors by serving as principal, partner, lender or investor in the acquisition of property and development of commercial facilities for subsequent sale or lease into private productive use.

In carrying out its duties under this section, the authority shall make all reasonable and appropriate efforts to maximize the leverage of its funds through partnership and risk-sharing arrangements with public and private organizations.

2. Redevelopment of property. Except as provided in section 13120-Q, the authority may ~~acquire--interests--in--and~~ undertake the redevelopment of property as an owner or lender for subsequent use and sale under the following conditions:

A. The property has been previously and materially used as a commercial facility or the property is suitable for adaptive use as a commercial or industrial facility;

B. The property is currently not in productive commercial use or is expected to be taken out of productive commercial use within the immediate future;

C. The property has not been placed under a purchase option or contract;

D. The authority, using due diligence, has determined that:

(1) There is a reasonable expectation that the property will become financially viable following its redevelopment; and

(2) The economic benefits, including the restoration of employment opportunities, expected to result from the redevelopment justify the risks associated with the authority's equity interest in the property; and

E. At least 25% of the total cost to acquire, redevelop and return the property to productive commercial use will be borne by the municipality or local development corporation.

3. Development of property. Except as provided in section 13120-Q, the authority may ~~acquire-interests-in-and~~ undertake the development of property as an owner or lender for subsequent use and sale under the following conditions:

A. The property consists of real estate that is zoned, sited or otherwise suitable for development as a commercial facility;

B. The property is currently not in productive commercial use;

C. The property has not been placed under a purchase option or contract;

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- 2 D. The authority, using due diligence, has determined that:
- 4 (1) There is a reasonable expectation that the
- 6 property will become financially viable following its
- 8 development;
- 10 (2) The development of the property will create
- 12 employment opportunities and other economic benefits
- 14 within the region; and
- 16 (3) The economic benefits expected to result from the
- 18 development justify the risks associated with the
- 20 authority's equity interest in the property; and
- 22 E. At least 25% of the total cost to acquire, develop and
- 24 bring the property to productive commercial use will be
- 26 borne by the municipality or local development corporation.

20 **Sec. 7. Successor to fund.** The Maine Rural Development
 22 Authority, referred to in this section as "the authority," is the
 24 successor to the Department of Economic and Community
 26 Development, referred to in this section as "the department," for
 28 the purposes of the Maine Revised Statutes, Title 5, section
 30 13120-N and former section 13120-O. All properties, rights in
 32 land, buildings and equipment and any funds, money, revenues and
 34 receipts or assets of the department as they apply to the former
 36 Community Industrial Buildings Fund, established under Title 5,
 38 former section 13120-O, including funds previously appropriated
 by the State for the Community Industrial Buildings Fund under
 Title 5, former section 13082, belong to the authority as
 successor to the department. All liabilities of the department
 with respect to the Community Industrial Buildings Fund under
 Title 5, former section 13082 become liabilities of the
 authority. Any action taken by the department with respect to
 assisting a municipality or local development corporation to
 create community industrial buildings is an action taken by the
 authority.'

40 Further amend the bill by relettering or renumbering any
 42 nonconsecutive Part letter or section number to read
 44 consecutively.

46 **SUMMARY**

48 This amendment expressly grants the Maine Rural Development
 50 Authority the power to make loans under the Commercial Facilities
 Development Program, designates the Commissioner of Economic and
 Community Development as the chair of the board of

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trustees and removes language that requires a separate fund to be set up for the community industrial building program.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT

Approved: 04/28/03 *MAC*

**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1408

An Act To Refine the Maine Rural Development Statutes



LR 1869(02)

Fiscal Note for Bill as Amended by Committee Amendment 'A' S-148

Committee: Business, Research and Economic Development

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

Any additional cost to the Department of Economic and Community Development associated with the Commissioner serving as chair of the Maine Rural Development Authority Board of Trustees can be absorbed utilizing existing budgeted resources.