

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 557

H.P. 440

House of Representatives, February 15, 2011

An Act To Qualify the Port of Eastport as Tax Exempt for Purpose of Bonding

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative BURNS of Whiting.
Cosponsored by President RAYE of Washington and
Representatives: FITTS of Pittsfield, HOGAN of Old Orchard Beach, KNAPP of Gorham,
LAJOIE of Lewiston, MAKER of Calais, PRESCOTT of Topsham, TILTON of Harrington.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** Private and Special Law 1977, chapter 14 established the Eastport Port
4 Authority to provide vitally needed economic stimulus to the City of Eastport; and

5 **Whereas,** Private and Special Law 1979, chapter 8 increased the bonding authority
6 of the Eastport Port Authority to \$6,000,000; and

7 **Whereas,** the federal Internal Revenue Service has determined that Eastport Port
8 Authority as currently constituted does not qualify as a "political subdivision" under the
9 Internal Revenue Code for purposes of issuing tax-exempt bonds; and

10 **Whereas,** the ability to exercise its current bonding authority on a tax-exempt basis
11 will assist the Eastport Port Authority to improve and expand its facilities and contribute
12 to job creation and economic development in Washington County; and

13 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
14 the meaning of the Constitution of Maine and require the following legislation as
15 immediately necessary for the preservation of the public peace, health and safety; now,
16 therefore,

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

18 **Sec. 1. P&SL 1977, c. 14, last ¶,** as amended by P&SL 1993, c. 82, §1, is further
19 amended to read:

20 The directors are the administrative officers of the authority and may employ
21 assistants as they may consider necessary to carry out this Act. They shall make plans to
22 obtain title to the wharf or wharves, or locations for the wharf or wharves, and they have
23 the authority to acquire, construct, operate, maintain, repair and replace piers, terminals,
24 industrial parks and transportation and warehouse facilities, roads, railways and other
25 facilities on the land and in the waters within the limits of the City of Eastport, as will in
26 their judgment improve and increase the harbor, docking and warehousing facilities in the
27 City of Eastport and enter into contracts for administration, operations, management and
28 consulting services within and beyond the boundaries of the City of Eastport. ~~With the~~
29 ~~consent of the Eastport city council, or a vote of a majority of the Eastport city council,~~
30 ~~the~~ The authority may take or acquire within the limits of the City of Eastport; real
31 property by purchase or otherwise, by gift or grant; or by the exercise of the right of
32 eminent domain, which right is expressly delegated to the Eastport Port Authority, and
33 hold the real property and rights and easements to the real property as the directors may
34 from time to time consider necessary for the purpose of constructing and maintaining the
35 Eastport Port Authority piers, docks and warehouses, highways and other port facilities,
36 and ~~have~~ has the right to construct suitable buildings, filling stations; and restaurants or
37 engage in other business opportunities that are not in direct competition with established
38 businesses, and ~~have~~ has the authority to lease the same, upon the terms as the directors
39 or a majority of the directors may determine to be in the best interests of the authority, the
40 proceeds from leases to accrue to the credit of the Eastport Port Authority. These

1 wharves, buildings and property are exempt from taxation by the City of Eastport, except
2 that this exemption does not exempt any lessee or person in possession, other than the
3 port authority, from taxes or assessments payable under the Maine Revised Statutes, Title
4 36, section 551. The Port Authority has the right to acquire property without the approval
5 of the city council, except that the property so acquired may not be exempted from
6 taxation. The authority shall render annually, at the end of the fiscal year, an annual
7 report to the city council, showing financial reports, together with recommendations and
8 plans for the improvement and operation of facilities. The board of directors has the
9 power to establish bylaws and all rules and regulations governing the operation and
10 maintenance of facilities under the control of the Eastport Port Authority; charge such
11 fees as may, in their judgment, be necessary for parking, docking and storage privileges;
12 contract for the construction of the wharf or wharves; or warehouse or warehouses, and
13 borrow money for these purposes; arrange for its financing; and provide for its protection
14 by insurance against damage by fire, water or wind and for any other casualty ~~which~~ that
15 the directors wish to insure against; and for liability against injury to persons and
16 property. The directors may accept federal, state and private grants and contributions for
17 the purposes of this Act and may enter into partnerships, joint ventures or other business
18 relationships, either directly or through an affiliate corporation owned by the authority.

19 **Emergency clause.** In view of the emergency cited in the preamble, this
20 legislation takes effect when approved.

21 **SUMMARY**

22 This bill removes the requirement that the Eastport Port Authority seek and obtain the
23 consent of the Eastport city council to acquire real property in the City of Eastport. The
24 intent of this change is to allow the Eastport Port Authority to qualify as a "political
25 subdivision" under the federal Internal Revenue Code for purposes of issuing bonds that
26 are exempt from federal income taxation.