

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND ELEVENTH LEGISLATURE

FIRST REGULAR SESSION
December 1, 1982 to June 24, 1983
Chapters 453-End

AND AT THE

FIRST SPECIAL SESSION
September 6, 1983 to September 7, 1983
Chapters 583-588

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH
IN ACCORDANCE WITH MAINE REVISED STATUTES
ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co., Inc.
Augusta, Maine
1983

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
FIRST REGULAR SESSION

CONTINUED

and

FIRST SPECIAL SESSION

of the

ONE HUNDRED AND ELEVENTH LEGISLATURE

1983

normal 4-year term until such time as the county commissioner district is reapportioned.

4. Funding. Equal amounts of money shall be made available through the commission to the 2 major parties represented on the commission for the purpose of this apportionment. In addition, sufficient funds shall be made available to the chairman of the commission. The commission shall recommend to the Legislature if that body is in session, otherwise to the Legislative Council, an appropriation sufficient to cover the cost of reapportionment.

Emergency clause. In view of the emergency cited in the preamble, this Act shall effect when approved.

Effective June 28, 1983

CHAPTER 519

S.P. 612 - L.D. 1747

AN ACT to Create the Finance Authority of Maine.

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

Sec. 1. 5 MRSA §7002, sub-§2, ¶K is enacted to read:

K. The director may provide financial and technical assistance to local development corporations to create community industrial buildings in industrial parks.

Sec. 2. 5 MRSA c. 361, sub-c. II is enacted to read:

SUBCHAPTER II

COMMUNITY INDUSTRIAL BUILDINGS PROGRAM

§7010. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Carrying costs. "Carrying costs" means reasonable costs incurred for the maintenance, pro-

tection and security of a community industrial building prior to occupancy, including, but not limited to, insurance, taxes and interest.

2. Community industrial building. "Community industrial building" means a building of flexible design whose construction or carrying costs, or both, are financed through this subchapter for the purpose of creating new jobs in a municipality resulting from the sale or lease of the building.

3. Industrial park. "Industrial park" means an area of land that is planned and designed for one or more industrial buildings.

4. Lease. "Lease" means a contract providing for the use of a project or portions of a project for a term of years for a designated or determinable rent. A lease may include an installment sales contract.

5. Lessee. "Lessee" means a tenant under lease and may include an installment purchaser.

6. Local development corporation. "Local development corporation" means any nonprofit organization created by a municipality; incorporated under Title 13, chapter 81; Title 13-B or otherwise chartered by the State; and designed to foster, encourage and assist the settlement or resettlement of industrial, manufacturing, fishing, agricultural, recreational and other business enterprises within the State. A majority vote of the municipal officers is sufficient to form a local development corporation, notwithstanding Title 13, chapter 81.

7. Municipality. "Municipality," as used in this subchapter, means any county, city or town in the State.

8. Rural area. "Rural area" means any area that is not an urban area as defined in this subchapter.

9. Urban area. "Urban area" means any municipality with a population greater than 10,000 persons.

§7011. Community Industrial Buildings Fund

1. Creation. The Community Industrial Buildings Fund is created as a nonlapsing revolving fund to be used by the State Development Office only for the purposes of this subchapter. There is created within the fund separate accounts for rural and urban areas, respectively called the "rural" and "urban" accounts, which shall be separately charged and credited as provided under this section according to the location

in a rural or urban area of each community industrial building.

2. Items charged or credited. Operating expenses of the State Development Office incurred under this subchapter shall be charged to the fund and all payments required by this subchapter shall be credited to it. All State Development Office expenses that arise out of assistance to local development corporations under this subchapter shall be charged solely against the proceeds of the sale or rental of a community industrial building or all or part of an industrial park assisted under this subchapter.

3. Deposited funds. Money in the fund not currently needed to meet the obligations of the State Development Office under this subchapter shall be deposited with the Treasurer of State to the credit of the fund with all interest earned by the deposit credited to the fund.

4. Successor to fund. The State Development Office shall be the successor to the Maine Guarantee Authority for the purposes of this subchapter. All properties, rights in land, buildings and equipment and any funds, moneys, revenues and receipts or assets of the Maine Guarantee Authority as they apply to the Community Industrial Buildings Program, including funds previously appropriated by the State for the Community Industrial Buildings Program, shall belong to the State Development Office as successor to the Maine Guarantee Authority. All liabilities of the Maine Guarantee Authority with respect to the Community Industrial Buildings Program shall become liabilities of the State Development Office. Any action taken by the Maine Guarantee Authority with respect to assisting a local development corporation to create community industrial buildings shall be an action taken by the State Development Office.

§7012. Assistance to development corporations

The State Development Office may assist a local development corporation to construct a community industrial building by loaning it money, for construction or carrying costs, or both, for the project, subject to subsection 1.

1. Project. The following conditions apply to the project.

A. The project shall be within the scope of this subchapter, shall be of public use and benefit and shall reasonably be expected to create new employment opportunities.

B. Within the separate rural and urban accounts, preference shall be given to projects in economically deprived areas within labor market districts declared to be in need of economic development assistance by the Department of Labor; and

C. No more than one unoccupied community industrial building project may be financed in a county at one time.

2. Local development corporation. The local development corporation shall comply with the following.

A. The local development corporation shall own or hold on long-term lease the site for the project.

B. The local development corporation, in the opinion of the State Development Office, shall be responsible and shall present evidence of its ability to carry out the project as planned.

C. The site owned or leased by the local development corporation shall be not less than 4 times the size of the community industrial building.

D. The local development corporation shall provide and maintain, with funds other than those provided by the State Development Office, an adequate access road from a public highway to the proposed site and water, sewer and power facilities. The development corporation will also be responsible for plowing out the plant site at all times and for landscaping the building in an attractive fashion until the building is occupied by an industrial tenant.

E. The local development corporation's project plans shall comply with applicable zoning, planning and sanitary regulations in the municipality where it is to be located. No loan may be approved and no certificate of approval for the project or for any subsequent enlargement or addition to the project may be issued until the Department of Environmental Protection has certified to the State Development Office that all licenses required from the department have been issued or that none are required.

F. The local development corporation shall make adequate provisions for insurance protection, fire protection and maintenance of the building while it is unoccupied.

3. Loan terms. Terms for a loan are as follows.

A. The State Development Office may prescribe the terms and conditions of the loan.

B. Loans shall be repaid in full, including interest and other charges within 90 days after the building is occupied.

C. The building financed by a State Development Office loan may not be sold or leased without the express approval of the State Development Office of the purchaser or lessee. If the local development corporation and the State Development Office agree that a community industrial building is unlikely to be sold in the near future despite a marketing effort, the State Development Office may permit an interim lease upon terms it deems appropriate for the protection of the fund. Occupation of the premises under an interim lease shall not require payment in full of the entire loan within 90 days, as provided in paragraph B.

4. Promotion and development. The State Development Office shall undertake promotional and publicity activities on behalf of community industrial buildings to properly market them to prospective purchasers or tenants. The office shall maintain a constant and continual effort to secure suitable tenants or purchasers for these buildings and shall prepare necessary advertising and promotional materials.

5. Taxes. While the community industrial building remains unoccupied and a first mortgage is held by the State Development Office, it is declared to be property held for a legitimate public use and benefit and shall be exempt from all taxes and special assessments of the State or any of its political subdivisions. This section shall not apply to any community industrial building whose construction is not financed under this chapter.

6. Municipality. A municipality may raise or appropriate money supporting and guaranteeing the obligation of a chamber of commerce, a board of trade, a local development corporation, a chamber of commerce and a local development corporation or a board of trade and local development corporation for the purpose of constructing a community industrial building subject to the provisions of this subchapter.

Sec. 3. 5 MRSA c. 401, as amended, is repealed.

Sec. 4. 10 MRSA c. 109 is enacted to read:

CHAPTER 109

MAINE NATURAL RESOURCE CAPITAL CORPORATION

§956. Formation; name; purpose

There is authorized the formation by the Division of Natural Resources Financing and Marketing under Title 13-A of a private investment corporation to be named the "Maine Natural Resource Capital Corporation" for the purpose of providing investment capital to new state natural resource enterprises or to existing state natural resource enterprises for purposes of expansion.

§957. Limitations on purposes and powers

The Maine Natural Resource Capital Corporation shall have all of the general powers of business corporations enumerated in Title 13-A, section 202, except that:

1. Investments and related business dealings. Its financings and related business dealings shall be restricted to persons eligible for financial assistance under chapter 110, subchapter I-A. Any funds so invested in state natural resource enterprises by purchase of stock or otherwise shall be used solely for the purpose of enhancing their productive capacities or ability to do business within the State, or to facilitate their ability to generate value added within the State to goods or services for export to out-of-state markets. Financings may include, in any combination and without limitation, equity investments, loans, guarantees and commitments for these financings;

2. Investment limited. Its investment in any one state natural resource enterprise under this chapter shall be limited to a maximum of \$200,000. The Maine Natural Resource Capital Corporation shall not invest in any firm in which a person, or his spouse or dependent children, owning common stock of the Maine Natural Resource Capital Corporation holds over a 25% interest;

3. Maximum capitalization. Its maximum capitalization shall not exceed \$1,000,000 and shall consist of 10,000 shares of common stock having a par value of \$100 per share. All shares offered for sale by the corporation shall be for cash at their par value;

4. Commencement of business. Before it commences doing business, the corporation shall have and thereafter maintain a board of 11 directors, 7 of whom shall be the members of the Maine Natural

Resource Financing and Marketing Board and 4 of whom shall be elected by the shareholders;

5. Amount of stock and dividends. The amount of stock held, its tax status and dividends payable by the Maine Natural Resource Capital Corporation shall be governed by the same provisions as applicable to the Maine Capital Corporation pursuant to section 952, subsections 5 and 6; and

6. Financial statement. The Division of Natural Resources Financing and Marketing shall include in its report to the authority under section 992 an audited financial statement detailing the investment and financial activities of the Maine Natural Resource Capital Corporation.

§958. Initial organization; approval of Commissioner of Business Regulation

The Division of Natural Resources Financing and Marketing shall take the necessary steps as incorporators to provide for the initial organization of the Maine Natural Resource Capital Corporation. The agency shall file with the Secretary of State the articles of incorporation of the corporation which shall reflect the purposes set forth in this section. It shall further submit to the Commissioner of Business Regulation for his approval of their conformity with the limitations set forth in section 957 the proposed bylaws of the Maine Natural Resource Capital Corporation, which shall not be adopted or later amended without his approval.

§959. Subscription and sales of stock; first stockholders meeting

The division, as and when it deems practicable, may solicit and receive subscriptions for the issuance and purchase of the shares of the common stock of the Maine Natural Resource Capital Corporation, provided that subscriptions for amounts exceeding 10 shares shall be reduced pro rata among subscribers subscribing for more than 10 shares in the event the issue is over-subscribed by the termination date as may be set by the division. At any time in its discretion after the division has received subscriptions for at least 2,500 shares, it may call and hold an organizational shareholders meeting for the purpose of adopting the proposed bylaws, electing directors and officers, issuing shares of stock and conducting any other business which may properly come before the meeting.

Sec. 5. 10 MRSA c. 110, first 2 lines, as

enacted by PL 1981, c. 476, §2, are repealed and the following enacted in their place:

CHAPTER 110

FINANCE AUTHORITY OF MAINE

Sec. 6. 10 MRSA c. 110, sub-c. I, as amended, is repealed and the following enacted in its place:

SUBCHAPTER I

FINANCE AUTHORITY OF MAINE ACT

§961. Finance Authority of Maine Act

This chapter shall be known and may be cited as the "Finance Authority of Maine Act."

§962. Purpose

There is a statewide need to provide enlarged opportunities for gainful employment to the people of the State and to insure the preservation and betterment of the economy of the State and its inhabitants; to provide a more healthy environment through the restoration of purity to the air, the water or the earth of the State which are fouled with, among other things, industrial and other waste materials and pollutants, and to insure the preservation and betterment of the living standards and health of its inhabitants; to stimulate a larger flow of private investment funds from banks, investment house insurance companies and other financial institutions, including pension and retirement funds, to help finance expansion of industrial, manufacturing, recreational, fishing, agricultural and other natural resource based enterprises; and to increase the access of smaller business and veterans to financing at reasonable terms and rates.

For these purposes, the Finance Authority of Maine is established to:

1. Mortgage loans. Encourage the making of mortgage loans to finance the development and expansion of industrial, manufacturing, recreational, fishing, agricultural and other natural resource based enterprises;

2. Revenue obligation securities. Issue revenue obligation securities to finance projects permitted under the United States Internal Revenue Service Code;

3. Assist municipalities. Assist municipalities

to issue revenue obligation securities for financing projects permitted under the United States Internal Revenue Service Code;

4. Small businesses and veteran-owned small businesses. Encourage the making of mortgage loans to small businesses and veteran-owned small businesses; and

5. Natural resource financing. Provide natural resource financing.

The authority will serve a public purpose and perform an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter. Any benefits accruing to private individuals or associations, as a result of the activities of the authority, are deemed by the Legislature to be incidental to the public purposes to be achieved by the implementation of this Part.

§963. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Authority. "Authority" means the Finance Authority of Maine as established by this chapter.

2. Maine Small Business Loan Program. "Maine Small Business Loan Program" means the program as defined in subchapter V.

3. Maine Veterans' Small Business Loan Program. "Maine Veterans' Small Business Loan Program" means the program as defined in subchapter VI.

4. Mortgage Insurance Program. "Mortgage Insurance Program" means the program as defined in subchapter II.

5. Municipal Securities Approval Program. "Municipal Securities Approval Program" means the program as defined in subchapter IV.

6. Natural Resources Financing and Marketing Programs. "Natural Resources Financing and Marketing Programs" means the program as authorized under subchapter I-A.

7. Revenue Obligation Securities Program. "Revenue Obligation Securities Program" means the program as defined in subchapter III.

§964. Organization and responsibility

1. Finance Authority of Maine. The Finance Authority of Maine is established as a body corporate and politic and a public instrumentality of the State, and the exercise by the authority of the powers conferred by this chapter shall be deemed and held to be the performance of essential governmental functions.

The Finance Authority of Maine shall be responsible for the administration of the:

- A. Mortgage Insurance Program;
- B. Revenue Obligation Securities Program;
- C. Municipal Securities Approval Program;
- D. Maine Small Business Loan Program;
- E. Maine Veterans' Small Business Loan Program;
and
- F. Natural Resources Financing and Marketing Programs.

2. Divisions. The Finance Authority of Maine shall consist of 2 divisions to implement the programs and perform the duties as defined in this chapter and as required by the authority. The divisions shall be entitled:

- A. The Division of Maine Business Development and Finance; and
- B. The Division of Natural Resources Financing and Marketing.

§965. Membership

The authority shall consist of 12 voting members and one nonvoting member as follows.

1. Selected board members. Four members of the authority shall consist of:

- A. Two veterans who shall be selected by the Governor from the at-large members of the Maine Veterans' Small Business Loan Authority Board;
and
- B. Two members who shall be selected by the Governor from the public members of the Natural Resources Financing and Marketing Board.

2. Designated members. Three members appointed by the Governor and subject to review by the joint standing committee of the Legislature having jurisdiction over State Government and subject to confirmation by the Legislature shall consist of:

A. One member who is a certified public accountant;

B. One member who is an attorney; and

C. One member who is a commercial banker.

3. At-large members. Three members appointed by the Governor and subject to review by the joint standing committee of the Legislature having jurisdiction over State Government and subject to confirmation by the Legislature shall be appointed from at large.

4. State members. Three members of the authority shall represent the State and shall consist of:

A. The Director of the State Development Office;

B. One natural resources commissioner from the Department of Agriculture, Food and Rural Resources; the Department of Conservation; or the Department of Marine Resources; and

C. The Treasurer of State as an ex officio, non-voting member.

§966. Terms of office

The terms of office for the designated and at-large members defined in section 965, subsections 2 and 3, shall be for 4 years, except for initial appointees. The terms of office for the appointees who are selected board members, as defined in section 965, subsection 1, shall be coterminous with their terms of office with the boards from which they are selected.

1. Initial terms of office. The initial terms of office shall apply to the initial designated and at-large appointees, as defined in section 965, subsections 2 and 3. The initial terms of office for these members shall be as follows:

A. One shall be appointed for one year;

B. Two shall be appointed for 2 years;

C. Two shall be appointed for 3 years; and

D. One shall be appointed for one year.

For purposes of determining eligibility for reappointment of the designated and at-large members, the initial appointments for one or 2 years, as described in paragraphs A and B, shall not be deemed to be full terms.

2. Limitation on terms; removal. Except for state members, a member of the authority shall serve no more than 2 full consecutive terms. Any member of the board may be removed by the Governor for cause.

§967. Compensation; expenses; indemnification

A member of the authority shall:

1. Compensation. Receive the same per diem salary as paid to a Legislator for time spent in performance of his duties, except that the state members shall receive no per diem compensation;

2. Expenses. Be reimbursed for actual expenses at the same rate as paid to state employees; and

3. Legal expenses. Be indemnified by the authority against expenses actually and necessarily incurred by him in connection with the defense of any action or proceeding in which he is made a party by reason of his being or having been a member of the authority, against any final judgment rendered against him in that action or proceeding.

§968. Administration

The authority shall elect one of its members as chairman; one member as vice-chairman, who shall serve as secretary; one member as treasurer; and shall employ a chief executive officer.

§969. Powers and duties of the authority

The authority may:

1. Bylaws. Adopt bylaws for the regulation of its affairs and the conduct of its business;

2. Seal. Adopt an official seal and alter it at pleasure;

3. Office. Maintain an office at a place or places within the State as it may designate;

4. Sue and be sued; services of process. Sue and be sued in its own name and plead and be impleaded.

Services of process in any action shall be made by service upon the chief executive officer of the authority, either in hand or by leaving a copy of the process at the office of the chief executive officer, and by sending a copy to the Attorney General;

5. Employees. The authority may employ a chief executive officer and other staff, who shall be bonded to limits set by the authority. Before the issuance of any bonds or notes under this chapter, each employee of the authority shall execute a surety bond in the penal sum required by the authority, each such surety bond to be conditioned upon the faithful performance of the duties of the office of each such employee, to be executed by a surety company authorized to transact business in the State as surety and to be approved by the Attorney General and filed in the office of the Secretary of State. At all times after the issuance of any bonds or notes by the authority, each employee of the authority shall maintain those surety bonds in full force and effect. All costs of surety bonds shall be borne by the authority. Private legal counsel and other technical and financial experts, on either a temporary or permanent basis, may also be employed. The authority shall determine the qualifications, duties and compensation of its employees who shall not be subject to Title 5, chapters 57 and 59. The authority may establish standards pursuant to which it may delegate its powers and duties to its staff;

6. Agreements for eligible projects. Enter into agreements with prospective mortgagees and mortgagors for the purpose of planning, designing, constructing, acquiring, altering and financing eligible projects;

7. Borrow money. Borrow money and issue bonds as provided in this chapter;

8. Use of property. Acquire real or personal property, or any interest therein, including rights or easements, on either a temporary or long-term basis in the name of the authority by gift, purchase, transfer, foreclosure, lease or otherwise; improve, hold, sell with or without public bidding, assign, lease, rent, encumber, mortgage or otherwise dispose of any real or personal property, or any interest therein, or mortgage interest owned by it or in its control, custody or possession and release or relinquish any right, title claim, lien, interest, easement or demand, however acquired, including threat of foreclosure;

9. Lease or rent. Lease or rent any lands, buildings, structures, facilities or equipment to further the purposes of this chapter;

10. Contracts. Enter into any contracts, leases and agreements, all other instruments and arrangements necessary, incidental or convenient to the performance of its duties and the execution of its powers under this chapter;

11. Agreements, cooperation, combination with federal agency and state programs. Also:

A. Serve as a clearinghouse for information relating to financing, management, marketing concerns of Maine businesses and may gather and disseminate information regarding these activities. The authority shall encourage and coordinate effective use of existing and new services to assist Maine business development;

B. Receive advice and assistance from, coordinate its programs with or enter into agreements with the State Development Office, State Planning Office, Maine State Housing Authority, Maine Development Foundation, Maine Capital Corporation, Maine Natural Resource Capital Corporation and other state agencies with relevant expertise. Programs authorized in this chapter may be coordinated or combined with other public and private national, state, regional or local programs that the authority determines will facilitate the purpose of this subchapter; and

C. Enter into agreements with any other state public body for joint participation in projects;

12. Agreements; any person. Enter into agreements or other transactions with any person to further the purposes of the authority, including construction agreements, purchase or acquisition agreements, loan or lease agreements, including agreements conditioned upon the subleasing of the demised premises, partnership agreements, including limited partnership agreements, joint ventures, participation agreements or loan agreements with leasing corporations or other financial intermediaries;

13. Receive and accept loans, aid or contributions. Receive and accept loans, aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of this chapter, subject to the conditions upon which the loans, grants and contributions may be made, including, but not limited to, loans, gifts or grants from any federal agency, governmental subdivision or the State and its agencies for any purpose consistent with this chapter;

14. Loans. Make, participate in, purchase or

sell loans, or make commitments to do so in accordance with the provisions of this chapter;

15. Guarantees. Provide guarantees of the repayment of loans or other obligations of indebtedness provided that guarantees shall be limited to such percentage of the cost of the project as the authority may, by rule or statute, determine most efficacious in achieving the purpose of this chapter;

16. Modification and foreclosure. Subject to any agreement with bondholders or noteholders, the authority may, where repayment is in default, renegotiate the terms of the financing assistance, including waiver of the default, or forbearance of all or part of the financing assistance; or may commence, prosecute and enforce a judgment in any action, including, but not limited to, a foreclosure action, to protect or enforce any right conferred upon it by law or agreement. The authority may bid for and purchase or otherwise acquire or take possession of property, may complete, administer, pay the principal of and interest on any obligations incurred in connection with the property and may dispose of and otherwise deal with the property so as to protect its interests and the interests of the State as a whole;

17. Procure insurance. Procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;

18. Broker. Serve as a broker, agent or other financial intermediary or participant for the encouragement of the flow of private funds into natural resource enterprises in this State and for the purchasing, pooling or secondary marketing of obligations issued or incurred in connection with the financing of projects pursuant to subchapter I-A;

19. Fees. Establish and collect fees and charges for each project authorized under this chapter or other financing assistance, advances, insurance, commitments, technical assistance, publications and other programs and, to the extent that these funds or other returns earned by activities of the authority are not pledged to the repayment of bonds or notes or other interest on those bonds or notes, to utilize any accumulated fees to cover the cost of administration of this chapter;

20. Approval of programs and policies. Approve or disapprove programs and policies presented by the Board of Directors of the Division of Natural Resource Financing and Marketing and the Maine Veterans' Small Business Loan Board;

21. Expenses. Pay for its administrative, legal, actuarial and other services, charging expenses to the appropriate fund;

22. Invest funds. Except as otherwise provided in this chapter, invest any funds not needed for immediate use, including any funds held in reserve, in property or securities in which fiduciaries in the State may legally invest funds;

23. Servicing. Contract with other financing institutions or regional or local agencies for the origination or servicing of the loans made or purchased by the authority;

24. Appearance. Appear in its own behalf before boards, commissions, departments or agencies of municipal government, State Government or Federal Government;

25. Other powers. Do any acts and things necessary or convenient to carry out the powers expressly granted or reasonably implied in this chapter; and

26. Establish rules. Establish rules in a manner consistent with the Maine Administrative Procedure Act, Title 5, chapter 375, as it deems necessary or convenient to carry out the purposes of this chapter.

§970. Insured or guaranteed loans for industrial projects

1. Consideration of application. The authority, prior to its consideration of an application for an insured or guaranteed industrial development loan or bonds shall require the applicant to apply to reputable firms for insured industrial development bonds. The authority shall not consider the issuance or the guarantee of a loan or bonds for an industrial project unless the applicant:

A. Provides satisfactory evidence that applications to secure insured industrial development bonds through reputable firms have been denied; or

B. Provides satisfactory evidence that an application to secure insured industrial development bonds through a reputable firm have been approved and the total cost of the project exceeds \$2,500,000.

The authority shall not insure or guarantee the initial \$2,500,000 of any and all loans for an industrial project or issue bonds for the initial

\$2,500,000 of an industrial project which is to be insured by a reputable industrial development bond insurance firm.

2. First mortgage or first lien on assets. The authority shall insure or guarantee an industrial loan or issue bonds only for which it is the first mortgagee or holds a first lien on assets satisfactory to support the mortgage or lien. The authority, together with a reputable industrial development bond insurance firm, may divide and determine the assets upon which each shall be the first mortgagee or secure the first lien.

3. Exclusions. This section shall not pertain to commercial, recreational or other nonindustrial projects.

§971. Decisions of the authority

Seven members of the authority shall constitute a quorum. The affirmative vote of 7 members, present and voting, shall be necessary for any action taken by the authority. No vacancy in the membership of the authority may impair the right of the quorum to exercise all rights and perform all duties of the authority.

§972. Chief executive officer

The chief executive officer shall be the chief administrative officer of the authority and shall be appointed by the Governor, subject to review by the joint standing committee of the Legislature having jurisdiction over the State Government and to confirmation by the Legislature. At least 10 days before the Governor seeks review by the joint standing committee, he shall consult with the Maine Finance Authority Board regarding his proposed appointee.

The chief executive officer shall supervise the administrative affairs and technical activities of the authority in accordance with rules and policies set forth by the authority. The duties of the chief executive officer shall be to:

1. Appoint directors. With the approval of the authority, appoint the directors of the Division of Business Development and Finance and the Division of Natural Resources Financing and Marketing. During the selection process, the authority or its designee, the chief executive officer, shall consult with the Natural Resources Financing and Marketing Board concerning the appointment of a director of the Division of Natural Resources Financing and Marketing;

2. Appoint professional and nonprofessional staff. In consultation with the authority appoint professional and nonprofessional staff to the Finance Authority of Maine and to the divisions within the authority. The staff shall serve at the pleasure of the chief executive officer. One professional staff member shall be a veteran and, among other duties, shall be assigned to work with the Maine Veterans' Small Business Loan Program. The staff shall be compensated at a rate determined by the authority;

3. Provide for coordination of staff and programs. Provide for the sharing of staff among the divisions and the authority and provide for the coordination of administration of common projects and programs in accordance with section 1002, subsection 2, paragraph N;

4. Attend meetings. Attend meetings of the authority;

5. Approve expenses. Approve all accounts for salaries, per diems, allowable expenses of the authority, or of any employee or consultant, and expenses incidental to the operation of the authority;

6. Publish an annual report. Make an annual report to the authority documenting its actions and make other reports at the request of the authority;

7. Maintain a liaison with other state agencies. Maintain a close liaison with the State Development Office; Department of Agriculture, Food and Rural Resources; Department of Conservation; Department of Marine Resources; and Maine Natural Resource Capital Corporation and provide assistance to its various divisions to facilitate the planning and financing of eligible projects;

8. Perform other duties. Perform other duties directed by the authority in carrying out the purposes of this chapter; and

9. Provide information to the Maine Aid to Families with Dependent Children Coordinating Committee. Provide information to the Maine Aid to Families with Dependent Children Coordinating Committee established pursuant to Title 22, section 3773, regarding employment opportunities available to recipients of Aid to Families with Dependent Children under this chapter and assist the committee in the referral and place-

ment of these persons.

§973. Conflicts of interest

In addition to the limitations of Title 5, section 18, no member, employee or agent of the authority and divisions specified in subchapters I-A and I-B may participate in any action or deliberation on any contract entered into by a municipality or by the divisions and authority under this chapter or in any action or deliberation involving insurance of payments on a loan to any eligible borrower if the member has any interest, individually or in any firm, partnership, corporation, water company, association, local development corporation or financing institution which may be a party to the contract or which may lease, rent, occupy or use a property constructed by a municipality, financed by the authority or secured by loan under this chapter, including, but not limited to, an interest in a financing institution requesting a loan from or offering to sell loans or other obligations to the authority. The interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority.

§974. Annual report; audit

1. Report. The authority shall submit to the Governor, the Speaker of the House of Representatives, the President of the Senate and the joint standing committee of the Legislature having jurisdiction over State Government, not later than January 15th of each year, a complete report on the activities of the authority. The report shall include all of the following:

A. A description of its operations, including a description of projects financed under subchapters I-A to VI;

B. An accounting of its receipts and expenditures, assets and liabilities at the end of its fiscal year;

C. A schedule of the bonds and notes outstanding at the end of its fiscal year and a statement of the amounts redeemed and issued during its fiscal year, including a report on its reserve funds;

D. A statement of its proposed and projected activities for the ensuing year and the relationship of these activities to the state's economic development policies;

E. Recommendations as to further actions which may be suitable for achieving the purposes of

this chapter; and

F. A statement of the defaults, if any, of persons, firms, corporations and other organizations receiving assistance under this chapter. This information shall also be cumulative and shall include an annual default rate as a percentage of the total amount of moneys provided in this chapter.

2. Treasurer of State; annual financial report. The authority shall provide the Treasurer of State, within 90 days of the close of its fiscal year, its annual financial report certified by an independent certified public accountant, who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority, selected by the authority. The authority shall also be subject to the provisions of Title 5, chapter 11.

§975. Records confidential

Except as provided in this section and in sections 1043 and 1063, no member, officer, agent or employee of the authority may knowingly divulge or disclose any information submitted to, or developed by, the authority in connection with an application for mortgage insurance, revenue obligation securities or financing of any project under this chapter, except to the extent that the disclosure is deemed by the authority to be necessary or convenient for evaluation of any application submitted to the authority or for the offering or sale of its bonds or obligations. This rule of confidentiality shall also apply to any officer, agent or employee of various state departments and offices who are concerned with any project proposal under this chapter.

The following exceptions apply to the confidentiality of records.

1. Statistical and impersonal information to Legislature, state or federal agency. The members may supply statistical and other impersonal information about applicants and loans in response to requests from the Legislature or any state or federal agency.

2. Federal farm credit systems; other financing institutions. Information concerning applicants for financing assistance may be given for the confidential use of the federal farm credit system or other financing institution in contemplation of the extension of credit or the collection of loans.

3. Credit information; consent. Credit information may be given to any person when the person about whom the information is requested consents to it in writing.

4. Litigation; evidence. In litigation between a recipient or applicant for financing assistance, or the successor in interest of that person, and the authority, any competent evidence may be introduced with respect to relevant statements made orally or in writing by or to the authority.

5. Information necessary for sale of bonds or obligations. Information, the disclosure of which is deemed necessary by the authority for the offering or sale of its bonds or obligations, may be released.

6. Information to legislative committees. Information from records or files of the authority may be disclosed or the records or files of the authority may be provided to a legislative committee, upon written request from the chairman of the committee. The information, records or files, may be used only for the lawful purposes of the committee and in any actions arising out of investigations conducted by it.

7. Statistics; general information. The authority may publish statistics or other information of a general nature drawn from information declared confidential by this section, so long as the publication is accomplished in a manner which preserves that confidentiality.

8. Information required by Federal Government as condition for funding. Information required as a condition or receipt of funds or other property may be disclosed to the Federal Government.

§976. Liberal construction

This chapter, being necessary for the welfare of the State and its inhabitants, shall be liberally construed. In the event of any conflict between this chapter and any other law, this chapter shall prevail, but the power and authority granted is deemed to be in addition to and not in derogation of power and authority granted by any other law.

§977. The Finance Authority of Maine; successor

The authority shall be the successor to the Maine Guarantee Authority, the Maine Veterans Small Business Loan Authority and the Maine Small Business Loan Authority. All properties, rights in land, buildings and equipment and any funds, moneys, revenues and

receipts or assets of each of the authorities, including funds previously appropriated by the State for the Maine Guarantee Authority, the Maine Veterans Small Business Loan Authority and the Maine Small Business Loan Authority shall belong to the Finance Authority of Maine as successor. All liabilities of the Maine Guarantee Authority, the Maine Veterans Small Business Loan Authority and the Maine Small Business Loan Authority shall become liabilities of the Finance Authority of Maine. Any resolution with respect to the issuance of bonds or insurance by the Maine Guarantee Authority, the Maine Veterans Small Business Loan Authority, the Maine Small Business Loan Authority and any other action taken by them with respect to assisting in the financing of any project shall be a resolution of the Finance Authority of Maine or an action taken by the Finance Authority of Maine.

§978. Governmental function

The Finance Authority of Maine shall administer and exercise the authority granted to it by this chapter. The carrying out of its powers and duties is deemed the performance of an essential governmental function.

Sec. 7. 10 MRSA c. 110, sub-cc. I-A and I-B are enacted to read:

SUBCHAPTER I-A

NATURAL RESOURCES FINANCING AND MARKETING PROGRAMS

§981. Legislative findings

The Legislature has consistently found that agriculture, forestry and fisheries are major industries in the State, contributing substantially to the state's overall economy, essential to the maintenance and strengthening of rural life and values and necessary to the preservation of the health, safety and welfare of all of the people of the State. The Legislature also recognizes that food and fiber production is an appropriate use of the natural resources of the State. The Legislature finds that the survival of the family farm and of fishing and forestry enterprises is of special concern to the people of the State and that the ability of these enterprises to prosper, while producing an abundance of high quality food and fiber, deserves a place of high priority in the determination of public policy. In addition, the Legislature specifically finds:

1. Existing conditions. Compared with the national average, Maine is a capital-short State,

with particular lack of long-term debt and equity capital. The existing interest rates and the existing pattern of lending to the agricultural, forestry and fishing industries are constraining the optimal economic use of farm, fisheries and forest resources. The State, in the past, has been overly reliant on the financing programs of the Federal Government, particularly the Farmers Home Administration. The ordinary operations of private enterprise in the State have not corrected this condition, leaving Maine vulnerable to changes in federal policy. Farm debt has risen much faster than gross income, with the cost of borrowing money rising more rapidly than any other production cost. Similar financing difficulties confront other natural resource enterprises, particularly wood-processing and other value-added enterprises;

2. New natural resource enterprises. New natural resource enterprises face particular problems in obtaining adequate financing. There are more full-time farmers going out of business than entering farming, a problem which is caused, in part, because loans for new farmers for agricultural land, improvements and operations are either unavailable or unaffordable through the conventional credit markets. There are increasing numbers of new, small and part-time farmers whose needs are not adequately served by any existing financing or technical assistance programs;

3. Marketing and technical assistance. Enterprises adding the greatest value by conversion of native raw products and by promotion of raw and processed Maine products are of particular benefit to the State. Producers and processors of natural resource products are not receiving sufficient assistance in marketing and management. There is an overall lack of a statewide marketing strategy for natural resource products and producers of these products do not receive the market information, technical assistance or market service necessary to optimize their marketing and profits. There is a need for technical assistance and training in business management, particularly among new, small and part-time participants in natural resource enterprises;

4. Resulting problems. The lack of affordable financing options and marketing and other technical assistance jeopardizes the maintenance of agricultural, forestry and fishery operations at present levels and makes expansion and diversification of these enterprises more difficult. The lack of appropriate financing and technical assistance is contributing to the abandonment of agricultural lands in the State. The inability to continue agricultural, for-

estry and fishery operations at current or expanded levels jeopardizes the continued existence of family-owned natural resource enterprises and lessens the supply of locally produced food and fiber available to fulfill the needs of the citizens of this State. The constraints on the operation and expansion of natural resource enterprises decrease the available employment, particularly in rural areas and result in the problems attendant on unemployment. The threat to the viability of the family farm and other natural resource enterprises directly threatens the essence of the rural values and way of life, to the detriment of the welfare of all the people of the State;

5. Public necessity. The existing situation will not be relieved or improved through the operation of private enterprise alone. It is necessary, desirable and in the best interest of the welfare of all of the citizens of the State that provisions be made for the establishment of an independent state organization to work with existing public and private institutions to promote the development of natural resources by making available to persons engaged in natural resource enterprises or wishing to enter these enterprises, adequate marketing and technical assistance, as well as adequate financing opportunities, at interest rates lower than would be otherwise obtainable; and

6. Public purpose and benefit. The division is established to stimulate the economy, to reduce unemployment, to support community development and to assure an adequate supply of food and fiber, in all respects for the benefit of the people of the State and for the improvement of their health, safety and welfare. The division will be serving a public purpose and performing an essential governmental function in the exercise of the powers and duties conferred upon it by this subchapter. Any benefits accruing to private individuals or associations, as a result of the activities of the division, are deemed by the Legislature to be incidental to the public purposes to be achieved by the implementation of this subchapter.

§982. Purpose

The purposes of this subchapter include:

1. General. To relieve those conditions which now exist which represent difficulties in natural resource enterprise financing and development and to assist in planning, coordinating and implementing programs that will encourage further public and private participation and investment to achieve this end;

2. Current and increased production. To maintain the land and water base necessary to the production of food and fiber and to encourage the continuation and expansion of successful production of the natural resource products of the State in order to secure adequate food and fiber to the people of the State, to secure markets and to assure the stability of the local economy;

3. Value added. To encourage the creation and expansion of processing or manufacturing enterprises adding value to agricultural, forestry and fisheries products, grown or harvested in the State;

4. Market improvements. To coordinate, improve and expand the marketing of raw, processed and manufactured products of the fisheries, farms and forests of the State;

5. Employment opportunities. To expand opportunities for full and part-time gainful employment and facilitate entry into farming, fishing and forestry in order to maintain adequate food and fiber production capabilities in the State and to improve the unemployment situation in the State and the demands on state services which arise because of unemployment and related problems;

6. Expanded participation of lending institutions and improved credit opportunities. To provide for additional capital resources for natural resource enterprises from the sale of bonds and to otherwise make adequate credit available at interest rates that enable persons to enter, maintain and expand natural resource enterprises; to encourage the investment of private capital and the diversification and competition among financing institutions in the natural resource sector; and

7. Improved technical assistance. To provide a central source for credit information and other financial management training and services to farmers, fishermen and foresters to better enable them to obtain adequate financial assistance from existing sources and to provide similar technical assistance, research and service in marketing products of natural resource enterprises.

§983. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Agricultural land. "Agricultural land" means land capable of supporting commercial farming or for-

estry production.

2. Authority. "Authority" means the Finance Authority of Maine.

3. Authority lease. "Authority lease" means a lease by the authority containing an option to purchase a natural resource enterprise for a nominal sum upon payment in full, or other provision therefor, of all bonds issued in connection with the natural resource enterprise and all other expenses in connection with the natural resource enterprise; or a lease containing an option to purchase a natural resource enterprise at any time, as provided in the lease, upon payment of the purchase price which shall be sufficient to pay all bonds issued in connection with the natural resource enterprise and all interest in the enterprise and all other expenses incurred by the authority in connection with the natural resource enterprise, but which payment may be made in the form of one or more notes of the lessee providing for timely payments delivered to the authority.

4. Board of directors. "Board of directors" means the Board of Directors of the Division of Natural Resources Financing and Marketing.

5. Bond. "Bond" means any interest bearing evidence of indebtedness issued by the authority pursuant to this chapter.

6. Division. "Division" means the Division of Natural Resources Financing and Marketing within the Finance Authority of Maine.

7. Entrant to natural resource enterprises. "Entrant to natural resource enterprises" means an individual who engages in natural resource enterprises or wishes to engage in natural resource enterprises and who, together with his spouse and dependent children, has an aggregate net worth of less than \$100,000.

8. Facility. "Facility" means any building or other improvement or any equipment or other personal property necessary or suitable for use in natural resource enterprises.

9. Family farm corporation. "Family farm corporation" means a corporation formed for the purpose of farming and ownership of agricultural land in which at least $\frac{2}{3}$ of the stock is held by members of a family related to each other within the 3rd degree of consanguinity or affinity including the spouses, sons-in-law and daughters-in-law of any such family member according to the rules of common law.

10. Federal Government. "Federal Government" shall include the United States or any authority or instrumentality, corporate or otherwise, of the United States, including, but not limited to, the Federal Land Bank, the Federal Intermediate Credit Bank and the Bank for Cooperatives.

11. Financing assistance. "Financing assistance" shall include guarantees, insurance, financing credits, loans or the purchase or discounts thereof, letters of credit, financing assistance payments or other similar financial arrangements where the assets of the authority are utilized, pledged or otherwise committed.

12. Financing institution. "Financing institution" means any bank, trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, industrial bank, mortgage company, insurance company, credit union, local development corporation or any other institution or entity authorized to do business in this State, or any state or federal government agency which customarily provides financing assistance or otherwise aids in the financing of natural resource enterprises.

13. Loan. "Loan" means any authority or division lease or other agreement under this chapter by which the authority or division agrees to provide funds to a borrower.

14. Natural resource enterprise. "Natural resource enterprise" means a business endeavor engaged in production, harvesting, manufacturing, processing, storing, packaging or marketing of agricultural, forestry, fisheries or related products, including aquaculture, but shall not include wholesale or retail food enterprises, except when an enterprise is owned by a producer and serves as an outlet for that producer's food product.

15. Note. "Note" means any instrument which is the recognized legal evidence of a debt, including but not limited to, debentures, mortgage certificates or revenue anticipation notes.

16. Seller-sponsored loan. "Seller-sponsored loan" means a loan to an entrant to natural resource enterprises in which all or part of the purchase price of agricultural land and associated facilities is financed by a loan from the seller of the property who is a natural person or a family farm corporation and for which the interest rate is at least 3% less than the rate charged by the Federal Land Bank at the time the loan is made.

§984. Division of Natural Resources Financing and Marketing

1. Implementation of programs. The Division of Natural Resources Financing and Marketing shall be responsible for the implementation of the Natural Resources Financing and Marketing Programs.

2. Powers and duties. The division shall have all the powers and duties necessary to carry out the purposes and provisions of this subchapter, except those reserved to the authority, including, but not limited to, the power to:

A. In cooperation with the University of Maine and other state, local and federal agencies or instrumentalities, conduct studies, including studies concerning land use and availability, financial management and marketing, to analyze the situation and needs of those persons in the State engaged in or wishing to enter natural resource enterprises. The division may develop plans and recommendations as to its role and the role of the State generally in facilitating the development of natural resource enterprises;

B. Make and execute agreements, contracts and other instruments, with any public or private entity, including, but not limited to, contracts with architectural, engineering, accounting, construction, marketing and financial experts or management agreements for the management of any properties or functions of the division or other partnership or joint venture arrangements;

C. Receive and accept appropriations, gifts, grants, loans, contributions of property or any interest therein, labor or other items of value from public or private entities including, without limitation, any grants, funds or property from any agency or instrumentality of the United States accepted pursuant to paragraph N;

D. Provide to public and private entities technical assistance and advice related to purposes of this subchapter, including:

(1) Establishment of an expert advisory group which shall be available, upon request, to consult with financing institutions as to the merits of loan applications for natural resource enterprises;

(2) Provision of advice to persons engaged or seeking to be engaged in natural resource enterprises as to the nature and source of relevant governmental assistance programs; and

(3) Provision of advice and educational programs as to production, processing, marketing and managing natural resource enterprises;

E. Contract with financing institutions to make natural resource enterprise loans on behalf of the division. In establishing a financing program pursuant to this paragraph, the division shall establish guidelines for the operation of and participation in loan programs and shall assure compliance with those guidelines. Loans made under this paragraph shall not exceed \$250,000. The division shall promulgate regulations governing eligibility which take into consideration the established guidelines and the ability of applicants to compete successfully in the private lending market and to pay amounts at which private enterprise is providing natural resource financing; in promulgating such regulations, the division may establish income or asset limitations for eligibility.

The division may, without contracting with a financing institution, make natural resource enterprise loans only in one or more areas of the State, to the extent that no financing institutions, after both initial and such successive reasonable opportunities as the division shall provide, has contracted with the division to participate in a natural resource enterprise loan program;

F. Subject to approval by the authority, develop mechanisms for guaranteeing repayment of loans or other obligations of indebtedness incurred in connection with natural resource enterprises;

G. Subject to approval by the authority, adopt, amend and repeal rules to carry out the purposes of this subchapter, consistent with Title 5, chapter 375, subchapter II;

H. Conduct examinations and investigations and hear testimony and take evidence under oath on any matter material to its functions and plans, issue subpoenas requiring the attendance of witnesses or the production of documents or other evidence;

I. Develop, through the board of directors, programs and policies and related rules to carry out the purposes of this subchapter, subject to the approval of the authority;

J. Take, in addition to the other powers enumer-

ated in this section, such actions as may be necessary to qualify as an "other financing institution" as that term is defined by the Federal Intermediate Credit Bank, to participate in an agricultural credit corporation or to act in any similar way to achieve the purposes of this subchapter;

K. Serve as a clearinghouse for information relating to financing, management, marketing concerns of natural resource enterprises and may gather and disseminate information regarding these activities. The division shall encourage and coordinate effective use of existing and new services to assist natural resource enterprise development;

L. Receive advice and assistance from, and coordinate its programs with, the State Development Office, the Maine State Housing Authority, the Maine Development Foundation, the Maine Capital Corporation, the Maine Natural Resource Capital Corporation and other state agencies with relevant expertise. In addition, programs authorized in this subchapter may be coordinated or combined with other public and private national, state, regional or local programs that the agency determines will facilitate the purposes of this subchapter;

M. Enter into agreements for joint participation in projects. The state public body may dedicate, sell, convey or lease any of its interest in any property or grant easements, licenses or any other rights or privileges to the authority and may cause roads, water or similar community facilities or educational programs, or any other works or services which it is otherwise empowered to undertake, to be furnished or located so as to be most beneficial to any project of the division or the authority. The state public body may also plan or replan, zone or rezone any area or make exceptions from building regulations, permits or ordinances as it is otherwise empowered to do in connection with any project of the authority and undertake other similar activities to aid and cooperate in the planning or operation of programs of the division or the authority; and

N. Be designated by the Governor as the public agency of the State to receive federal funds available to the State in relation to financing natural resource enterprises and once designated is authorized to receive and expend these funds.

§985. The Natural Resource Financing and Marketing Board

1. Membership of the board. The board of directors of the division shall consist of 7 voting members, including the Commissioner of Conservation, the Commissioner of Marine Resources and the Commissioner of Agriculture, Food and Rural Resources, or their designees, and 4 public members appointed by the Governor, subject to the approval of the joint standing committee of the Legislature having jurisdiction over State Government and to confirmation by the Senate. The 4 public members shall be knowledgeable in the field of natural resource enterprises or financing. Designees of the commissioners shall be limited to those persons holding major policy-influencing positions, as defined by Title 5, section 711, subsection 2. Two of the public members shall be designated by the Governor as members of the authority. The Treasurer of State shall be an ex officio, nonvoting member of the board.

2. Organization. The board of directors shall elect a chairman and may elect other officers from among its members. The board of directors shall meet at the call of the chairman or at the request of any 3 members. The chairman and the other officers shall serve in those capacities for a period of one year following their election. Five members shall constitute a quorum and an affirmative vote of a majority of those voting shall be necessary for any official action.

3. Terms of appointment and compensation. The public members shall be appointed for terms of 4 years, except that, of the initial appointees, one shall be appointed for one year, one for 2 years, one for 3 years and one for 4 years. Any vacancy shall be filled by an appointment for the remainder of the unexpired term. Each public member shall receive the same per diem salary as paid to Legislators for services at hearings of the board of directors and shall be entitled to payment of necessary expenses, consistent with Title 5, section 13 for attending any such meetings or hearings or for any other expenses incurred in connection with the official business of the board of directors, under the authorization of the board. Payment of expenses shall be approved by the director and the chairman.

4. Staff. The director of the division shall be employed pursuant to section 972, subsection 1. Other staff shall be provided by the authority pursuant to section 969, subsection 5 and section 972, subsections 2 and 3. The division may establish standards pursuant to which it may delegate its powers and duties to the staff, but shall not delegate loan

approval pursuant to section 984, subsection 2, paragraphs E and G, where the loan is not secured by a mortgage.

§986. General standards and duties

In the implementation of this subchapter and in the specific selection of persons, programs and projects to receive its assistance, the following powers, duties and standards shall apply.

1. Ownership. The authority shall not become an owner of land or facilities, except on a temporary basis where necessary to protect its investments, to maintain land in natural resource production, to facilitate transfer of lands or facilities for the use of entrants to natural resource enterprises or to otherwise implement its programs, provided that this limitation shall not apply to any development rights related to agricultural land which may be acquired by the authority, which rights may be retained by the authority, nor shall this section apply to any property acquired pursuant to section 984, subsection 2, paragraph C. During the period of time that the authority may hold any such property, it is declared to be public property used for essential public and governmental purposes.

2. Accepted business standards. The authority shall exercise diligence and care in selection of persons and projects to receive its assistance and shall apply reasonable business and lending standards in selection and subsequent implementation of the programs and individual agreements authorized by this subchapter.

3. Delegation. In addition to section 984, the authority may delegate primary responsibility for determination and implementation of a project to any federal agency which assumes an obligation to repay any loan, either directly or by insurance or guarantee, for that project.

4. Procure insurance. The authority may procure insurance from public or private entities against any loss in connection with its operations and property interests, including insurance for any loss in connection with any bonds or obligations held by it and any of its property or assets and for payment of any bonds or obligations issued by it. To the maximum extent possible, the authority shall use the mortgage insurance program established pursuant to subchapter II.

5. Exercise of departmental authority. Upon the concurrence of the applicable commissioner, the

authority may exercise such powers of the Department of Conservation, the Department of Marine Resources or the Department of Agriculture, Food and Rural Resources as may be necessary to the purposes of this subchapter.

6. Nondiscrimination. The opportunity to receive assistance from the division or the authority, directly or indirectly, shall be open to all persons regardless of race, creed, color, sex, national origin, age, physical or mental impairment or religion. The division and the authority shall assure the availability of its programs on an equitable basis in all geographic areas of the State, provided that this section does not preclude the division or the authority from identifying areas of the State which may be better suited to certain natural resource enterprises than others and does not preclude the division or the authority from recognizing the value of a critical mass of natural resource economic activity in given areas.

7. Maximum amounts. The authority may, by rule, determine the portion of a project or class of projects to be financed by it, but in no case may the authority finance or guarantee more than 90% of the total value of a project.

§987. Standards for financing assistance

In addition to the applicable provisions of section 986, financing assistance shall not be provided for except upon a finding that the following criteria have been satisfied.

1. Residence. If the person is seeking assistance for the purchase of agricultural land, the person is a resident of the State, or in the case of corporations, partnerships, joint ventures or other associations, the majority interest of the association shall be beneficially owned by residents of the State. If the person, corporation, partnership, joint ventures or other association is seeking assistance for some other purpose, a preference shall be given to residents.

2. Location. The land, facilities and related property involved in the natural resource enterprise are or will be located within the State.

3. Experience. The person has sufficient education, training, ability and expertise in the type of natural resource enterprise for which financing assistance is requested.

4. Access to resources. The person has or will have access to adequate resources in addition to the financing assistance provided under this subchapter

to commence or continue the enterprise.

5. Capital markets. The project may not be financed through national markets for buying and selling long-term loanable funds in the form of bonds, mortgages and the like.

6. Agricultural land. If the loan is for the acquisition of agricultural land, the person agrees in writing for the duration of the loan to follow such soil conservation and related standards as the division shall, by rule, adopt; not to convey the land without written permission of the division and, in the case of farmland within the definition of Title 36, section 1102, to apply and continue to elect to apply during the period of receipt of financing assistance for farm and open space classifications under Title 36, chapter 105, subchapter X. This agreement shall be recorded in the registry of deeds for the county or counties where the land is located.

7. State policy. The natural resource enterprise will comply with enunciated state policy regarding soil conservation, environmental protection, agricultural development and similar state initiatives. In particular, all projects receiving financing assistance through the authority shall be in accordance with any plan adopted pursuant to section 984, subsection 2, paragraph A and with the applicable planning, zoning, sanitary and building laws, ordinances and regulations of the State and of the locality in which the project is situated.

8. Public benefit. The natural resource enterprise will provide for the betterment of the health and welfare of the inhabitants of the State and make a significant contribution to either the economic growth of the community or to the retention of agricultural land in production. For purposes of this section, the division shall, by rule, adopt criteria defining the acceptable impact on employment, natural resource production, harvesting, marketing, land use and other factors. In reaching its determination in this regard, the division shall be guided by the provisions of sections 981 and 982.

§988. Financing assistance to natural resource enterprises

The authority may provide financing assistance or participate in providing financing assistance to eligible persons under this section and section 997 in the following manner.

1. General conditions. Before providing any

financing assistance pursuant to this subchapter, the authority shall make a finding that the receipts of the authority will at all times be sufficient to pay the principal of, and the interest on, the obligations of the authority as they become due and payable and shall create and maintain reserves for that purpose. Financing assistance provided pursuant to this subchapter may be on such terms and conditions as may be agreed upon by the division and the authority from time to time. These terms may include, but are not limited to, requirements as to prepayment, period of repayment, interest rate, rentals, project design and planning, security requirements and evidences of indebtedness. The division or the authority may require a borrower to execute a note, loan agreement or other evidence of indebtedness and furnish additional assurances and guarantees, including insurance, reasonably related to protecting the security of the loan.

2. Assured compliance. The authority may, by rule, provide for permitted assumptions of loans or for other transfers of interest in property financed by the authority to persons who are otherwise qualified to receive assistance under this chapter. In all other cases, the person receiving the financing assistance shall agree, in writing, to use the land or property so acquired only for the purposes specified in the application to or subsequent written agreement with the authority and to provide the authority with reasonable access to his books, records and property to determine compliance with this subchapter and the rules of the authority. These agreements shall be recorded in the registry of deeds for the county or counties in which the property is located.

The authority, at its option, may declare immediately payable all amounts due the authority if all or a part of the land, facilities or other property involved is leased, sold or otherwise transferred to another person.

§989. Financing assistance to and purchases of loans from financing institutions

Financing arrangements established pursuant to this section shall be designed to expand the supply of funds available in the State for natural resource enterprise loans and to otherwise provide funds to achieve the legislative purposes consistent with the following.

1. Financing assistance authorized. The authority may make and contract to provide financing assistance to financing institutions on terms and condi-

tions it determines are reasonably related to protecting the security of the investment of the authority and to implementing the purposes of this subchapter. Financing institutions are authorized to borrow from the authority for providing financing assistance under this subchapter.

2. Purchase authorized. The authority may purchase and make advance commitments to purchase mortgages, secured loans or similar obligations or part thereof made to natural resource enterprises from financing institutions at such prices and upon such terms and conditions as it determines appropriate. The total purchase price for all these obligations shall not exceed the total of the unpaid principal balances of the loans purchased, nor shall anything in this section empower the authority to purchase from financing institutions those mortgages or other instruments or participations therein which represent obligations incurred by the obligor more than 6 months prior to the date of purchase by the authority. Financing institutions are authorized to sell mortgages, secured loans or similar obligations to the authority in accordance with this section and the rules of the authority.

3. Sale. The authority may sell any of the obligations described in subsection 2 to financing institutions or to fiduciaries or retirement funds lawfully doing business in the State.

4. Other arrangements. The division or the authority may enter other financial arrangements or joint ventures with financing institutions and these institutions are authorized to participate with the division or the authority to provide financing assistance to natural resource enterprises.

5. Rules. Prior to entering arrangements to provide financing assistance under this section, the authority shall adopt rules including, but not limited to, those addressing the following:

A. Interest rates and other terms, provided that the interest rates and other terms of loans to financing institutions made from the proceeds of bonds or notes of the authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due;

B. The time within which participating financing institutions must make commitments and disbursements for natural resource enterprise loans;

C. The required evidence of indebtedness and the

type, amount, identification, deposit or other method of holding of qualified collateral or other security to be pledged by participating financing institutions to assure repayment of loans from the authority;

D. Standards and limitations recommended by the division as to the type of projects to be financed;

E. Procedures for the submission of requests or the invitation of proposals from financing institutions;

F. Schedules of fees and other charges to be made by the authority or the participating financing institution, or both, in accepting, acting upon or renewing applications for financing assistance under this section;

G. Limitations on the rate of return on natural resource enterprise loans made by financing institutions pursuant to this section;

H. Methods of certification to the authority of the time, amount and nature of commitments made and of compliance with the standards of this chapter and rules of the authority; and

I. Warranties to assure the security of the loans and compliance with this chapter.

6. Records. The authority shall require the appropriate recording of an assignment of a mortgage loan purchased by it from a financing institution and may provide for other recording or notification. The authority is not required to inspect or take possession of the mortgage documents, if the financing institution from which the loan is purchased enters a contract to service the loan and account to the authority for it.

7. Enforcement of compliance. The authority may, through its members or authorized agents, inspect the books and records of a financing institution to assure compliance with this section. The authority may require agreement by the financing institution to the payment of penalties to the authority for violation of agreements with the authority. Compliance by a financing institution with the terms of its agreement with the authority under this section may be enforced by decree of the Superior Court of any county of this State. The authority may require as a condition of an agreement that national or out-of-state financing institutions consent to the jurisdiction of courts of this State.

8. Inconsistency with other statutes. If a provision of this section is inconsistent with another provision of the law of this State governing financing institutions, the provision of this section shall control for the purposes of this subchapter.

§990. Bonds of the authority

1. General authority. The authority may issue its bonds in principal amounts which are necessary to provide sufficient funds for achievement of the purposes of this subchapter, including, but not limited to, the making of loans, the payment of interest on its bonds, the establishment of reserve or sinking funds to secure its bonds and all other expenditures of the authority incident or necessary to achievement of its purposes.

2. Types of bonds. The authority may issue such types of bonds as it may determine most suitable to achieve the purposes of this subchapter. Bonds may be issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such place or places and be subject to such terms of redemption with or without premium as are found to be necessary by the authority for the most advantageous sale and as its bond resolution, trust indenture or mortgage may provide. Bonds may be issued for the purposes of this subchapter on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of these bonds; exclusively from the income and revenue of certain designated projects whether or not they are financed in whole or in part with the proceeds of the bonds; from the proceeds of mortgages, bonds, notes or other securities held by the authority for the purposes of this subchapter; from money appropriated by the State or from the general revenues of the authority. Any bonds issued by the authority may be additionally secured by a pledge of any grant or contributions from the Federal Government or other source or a pledge of any income or revenues of the division or the authority, including one or more reserve funds as established pursuant to section 993.

3. Limit on bonding. The authority may not have a total principal amount of bonds and notes outstanding at any time in excess of \$50,000,000.

4. Negotiable instruments. Notwithstanding any other provision of law, the bonds of the authority

issued pursuant to this subchapter shall be and are negotiable instruments within the meaning of and for all the purposes of the Uniform Commercial Code.

5. Not an obligation of the State. Bonds or notes of the authority issued under this subchapter are not an obligation of the State or any political subdivision of the State other than the authority within the meaning of any constitutional or statutory debt limitations or any other provision of law. The authority, acting pursuant to this subchapter, shall not pledge the credit or taxing power of the State or any other political subdivision of the State. Bonds and notes issued by the authority under this subchapter shall state that they are not an obligation of the State.

6. Authorizing resolution. Bonds of the authority shall be authorized by its resolution.

7. Bond requirements specified. Bonds issued by the authority under this subchapter shall:

A. Be signed on behalf of the authority with the manual or facsimile signature of the chairman, attested by the manual or facsimile signature of another officer of the authority and have impressed or imprinted thereon the seal of the authority or a facsimile of it and any coupons attached shall be signed with the facsimile signature of the chairman. In case any of the members of the authority whose signatures appear on any bonds or coupons shall cease to be a member or officer before the delivery of these bonds, the signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if the members or officers had remained in office until the delivery; and

B. Be sold at prices, at public and private sale and in any manner as the authority may prescribe.

§991. Refunding bonds

The authority may issue its bonds for the purpose of refunding any bonds or notes of the authority then outstanding under this subchapter, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption of the outstanding bonds. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested. The interest, income and profits earned or realized on such an investment may

also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it to further the purposes of this subchapter. All refunding bonds shall be issued and secured and subject to the provisions of this subchapter in the same manner and to the same extent as other bonds.

§992. Notice requirements

1. Notice and approval. The decision to issue bonds or notes under this subchapter shall not be considered rulemaking. The authority shall, in a manner consistent with Title 5, section 8053, provide notice of its intention to issue bonds or notes. The notice shall include a statement of the maximum amount of bonds or notes proposed to be issued and, in general, what the proceeds of the bond issue will be used for and which revenues will be pledged to pay the bonds, notes and interest. Where the amount of bonds to be issued exceeds \$250,000, the authority shall hold a public hearing and shall provide a summary of the public testimony to the Governor. The Governor shall approve or disapprove the issuance of the bonds or notes of the authority. In reaching his decision, the Governor shall consider any public testimony which may be available and shall approve the bonds if the proposed issue is consistent with the Legislature's intent and will effectuate the public purpose described in section 982. The Governor shall be considered the applicable elected representative for purposes of the United States Internal Revenue Code.

2. Statute of limitations. After approval of the Governor pursuant to subsection 1, and notwithstanding any other provision of law, an action shall not be brought questioning the legality of the bonds or notes or the power of the authority to issue the bonds or notes or the legality of any proceedings in connection with the authorization or issuance of the bonds or notes after 30 days from the date of publication of the notice or 15 days after the decision of the Governor, whichever is later.

§993. Reserve funds and appropriations

1. Creation of reserves. The authority shall create and establish one or more special sinking or bond reserve funds and shall pay into each reserve fund any moneys appropriated and made available by the State for the purpose of the fund, any proceeds of sale of notes or bonds to the extent provided in

the resolutions authorizing their issuance and any other available moneys which the authority determines to use for the purpose of the funds.

2. Use of reserve funds. Moneys held in a bond reserve fund, except as otherwise provided in this subchapter, shall be used, as required, solely for:

A. The payment of the principal of bonds secured in whole or in part by the reserve fund or of the sinking fund payments with respect to the bonds;

B. The purchase or redemption of the bonds; or

C. The payment of interest on the bonds or the payments of any redemption premium required to be paid when the bonds are redeemed prior to maturity.

3. Withdrawal from reserve funds. Moneys in a bond reserve fund shall not be withdrawn from it in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, as provided in this section, except for the purpose of making payment when due of principal, interest, redemption premiums and the sinking fund payments with respect to the bonds for the payment of which other moneys of the authority are not available.

4. Income from reserve fund. Any income or interest earned by, or incremental to, a bond reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that bond reserve fund below the applicable bond reserve fund requirement.

5. Bonds limited. The authority shall not at any time issue additional bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the bonds, the amount in the bond reserve fund will be less than the applicable bond reserve fund requirement, unless the authority at the time of issuance of the bonds deposits in the fund, from the proceeds of the bonds issued or from other sources, an amount which, together with the amount then in the fund, will not be less than the bond reserve fund requirement.

6. Bond reserve fund requirement. For the purposes of this section, the term "bond reserve fund requirement" shall be the amount the authority determines to be necessary to achieve the credit ratings appropriate to maximize its ability to achieve the purposes of this chapter.

7. Notice to the Governor and report to the Legislature. In the event that it is necessary that the bond reserve funds are withdrawn for payment of principal or interest thereby reducing the amount of that fund to less than the bond reserve fund requirement, the authority shall immediately notify the Governor and Legislature of this event and shall itself take whatever steps available to restore the fund to its bond reserve fund requirement from any funds available which are not pledged to the payment of other bonds or notes or legally limited to some other purpose. In order to further assure maintenance of the bond reserve funds, the chairman of the authority shall, on or before December 1st of each calendar year, make and deliver to the Governor a certificate stating the sum, if any, required to restore each bond reserve fund to its bond reserve fund requirement. The Governor may submit a request to the next session of the Legislature for any sum required to restore each bond reserve fund to its bond reserve fund requirement. Sums appropriated by the Legislature and paid to the authority pursuant to this section shall be deposited by the authority in the applicable bond reserve fund.

8. Repayment to the State. Amounts paid over to the authority by the State pursuant to this section shall constitute and be accounted for as advances by the State to the authority and, subject to the rights of the holders of any bonds or notes of the authority, shall be repaid to the State, without interest, from all available operating revenues of the authority in excess of amounts required for the payment of bonds, notes or obligations of the authority, for maintenance of the bond reserve funds and for necessary operating expenses.

§994. Remedies of bondholders and noteholders

A holder of bonds or notes issued by the authority under this subchapter shall have the right, in addition to all other rights which may be conferred on that person and subject to applicable contractual restrictions to:

1. Civil action. By civil action or proceeding, compel the authority to carry out the terms of the agreement of the authority and to fulfill the duties imposed upon the authority by this subchapter, or to enjoin any act or thing which violates the rights of the bondholder or noteholder;

2. Additional remedies conferrable by authority. The authority shall have power by its resolution, trust indenture, mortgage, lease or other contract to confer upon any bondholder or noteholder

holding or representing a specified amount, additional rights, upon default, as defined in the applicable instrument, obtain the appointment of a trustee of any project of the authority or any part thereof and of the rents, profits or other available income therefrom and require the authority to provide an accounting to the court of its actions relative to the bondholders or noteholders;

3. Jurisdiction. The Superior Court shall have jurisdiction of any action brought pursuant to this section. The venue of the action shall be in Kennebec County.

§995. Agreement of the State

The State pledges and agrees with the holders of any bonds or notes issued under this subchapter that the State will not limit or alter the rights vested in the authority to fulfill the terms of agreements made with the holders or in any way to impair the rights and remedies of the holders until the bonds or notes, together with the interest on them and all costs and expenses in connection with an action by or on behalf of the holders, are fully met and discharged. The authority may include this pledge and agreement of the State in any agreement with the holders of bonds or notes.

§996. Bonds and notes as legal investments

Bonds and notes of the authority and any loan or extension of credit made or insured or guaranteed under this subchapter shall be a legal investment in which public officers and public bodies of the State, municipalities and political subdivisions, financing institutions, investment companies, fiduciaries, public and private pension funds and other similar persons authorized to invest in bonds or other obligations of the State, may properly and legally invest. The bonds, notes and loans or extensions of credit made or insured under this subchapter are also securities which may be deposited with and may be received by public officers, agencies and bodies of the State or of its municipalities or political subdivisions for any purpose for which the deposit of bonds or other obligations of this State is legally authorized. Nothing in this section may be construed as relieving any person of a duty of exercising reasonable care in selecting or reviewing securities.

§997. Program for entrants to natural resource enterprises

In addition to other programs and financing assistance established under this subchapter which may be available to natural resource enterprises, the division shall establish a supplemental financing and

technical assistance program designed specifically to meet the needs of entrants to natural resource enterprises.

1. Criteria for participation. In addition to the applicable provisions of sections 987 and 988 persons seeking financing assistance under the entrants to natural resource enterprises programs shall be subject to the following.

A. Participants shall be limited to individual residents of the State or cooperatives organized in the State in which at least 51% of the ownership is held by residents and in which all of the members individually meet the definition of section 983, subsection 7.

B. The authority shall finance such amount of the enterprise as the division determines is appropriate to reflect the cost of a reasonably-sized beginning enterprise.

C. The entrant has not previously received financing under the program for the acquisition of property similar in nature to the property for which the loan is sought, except that this restriction shall not apply if the amount previously received for an enterprise, plus the amount of the additional assistance sought for that enterprise, does not exceed the total determined by the division pursuant to paragraph B.

D. The entrant agrees to participate in such marketing and training programs as the division may require.

E. The entrant agrees to participate in such other related criteria as the division may impose.

2. Financing assistance terms. In addition to the applicable provisions of sections 987 and 988, assistance provided pursuant to this section may involve special financing terms, including, but not limited to:

A. For the acquisition of land and facilities, arrangements where the authority agrees to make payments and binding commitments and to continue these payments, if necessary, over the life of the mortgage on behalf of entrants to natural resource enterprises in order to reduce interest costs on market rate credit to the level the division by rule determines conducive to achieving the purpose of this section, provided that the rate shall not be lower than 5%. Persons ben-

efiting from these assistance payments shall be required to pay a larger interest payment as their ability to pay increases. No commitment made by the division or the authority under this subsection may be construed to commit the faith and credit of the State;

B. Deferred payment schedules;

C. Full guarantees for seller-sponsored loans; and

D. Other similar agreements to facilitate participation in the natural resource sector.

§998. Limitation of liability

Members of the division or the authority or persons acting in behalf of either, while acting within the scope of their employment or division, are not subject to personal liability resulting from carrying out the powers and duties of this subchapter. As to bonds and notes, neither the members of the authority nor any person executing the bonds or notes under this subchapter shall be liable personally on the bonds by reason of the issuance thereof.

In any civil action or proceedings involving the validity or enforceability of any bond or note of the authority issued under this subchapter or the security thereof, any such bond or note reciting in substance that it has been issued by the authority to aid in financing the activities of the authority under this subchapter shall be presumed to have been issued for that purpose and those activities shall be deemed to have been planned, selected, located and carried out in accordance with the purposes and provisions of this subchapter.

§999. Taxation and fees

1. Transactions and property; treatment. Notwithstanding any other provisions of law, for the purposes of this subchapter, transactions and property of the authority shall be treated as follows.

A. Bonds and notes of the authority are declared to be issued for an essential public and governmental purpose and to be public instruments and, together with interest and income, including the profit made from their transfer or sale, shall be exempt from taxation within the State.

B. Conveyances by or to the authority and leases, mortgages and deeds of trust or trust indentures by or to the authority shall be exempt

from all taxation by the State or any of its political subdivisions, including, but without limitation to, any applicable license and excise taxes imposed in respect of the privilege of engaging in any of the activities in which the authority may engage.

C. Property held by the authority pursuant to section 986, subsection 1 shall be exempt from all taxes and from betterments and special assessments of the city, town, county, State or any political subdivision thereof. The authority may agree to make payments in lieu of taxes to the applicable political subdivisions.

D. Nothing in this section may be construed to exempt any private person from payment of any taxes, recording fees or related fees, notwithstanding the fact that the authority has acquired an interest in the property or instrument subject to those taxes or fees.

§1000. Annual report

The division shall submit to the authority, not later than January 15th each year, a complete report on the activities of the division. The report shall include all of the following:

1. Description. A description of its operations, including a description of the progress toward the accomplishment of the purposes of section 982;

2. Analysis. An analysis of the needs of the natural resource-based sector in the State and a statement of its proposed and projected activities for the ensuing year to meet these needs; and

3. Recommendations. Recommendations as to further actions which may be suitable for achieving the purposes of this subchapter.

§1000-A. Liberal construction

This subchapter, being necessary for the welfare of this State and its inhabitants, shall be liberally construed to effect its purposes.

SUBCHAPTER I-B

DIVISION OF MAINE BUSINESS DEVELOPMENT AND FINANCE

§1001. Definitions

As used in this chapter and subchapters II to VI, unless the context indicates otherwise, the following terms have the following meanings.

1. Application and service fees. "Application and service fees" means the amount of money authorized to be charged for the cost of application, servicing and technical assistance of eligible projects under subchapters II to IV.

2. Authority. "Authority" means the Finance Authority of Maine.

3. Commitment to issue mortgage insurance. "Commitment to issue mortgage insurance" means a commitment to provide insurance for mortgage payments, provided that a project is completed in a manner approved by the authority.

4. Cost of project. "Cost of project" means the cost or fair market value of land, buildings, real estate improvements, labor materials, machinery and equipment, including installation, property rights, easements, franchises, financing charges, interest, engineering and legal services, plans, specifications, surveys, cost estimates, studies and other expenses as may be necessary or incidental to the development, construction, acquisition, financing and placing in operation of an eligible project. In addition to the foregoing costs, under subchapters III and IV reserves for payment of future debt on bonds of not more than the maximum amount of interest plus annual serial principal or sinking fund payments due in any 12-month period may be included as part of the cost of the project.

Any obligation or expenses incurred by the State, a municipality or any private person in connection with any of the foregoing items of cost related to revenue obligation securities issued under subchapter III or IV may be regarded as part of the cost and reimbursed to the State, municipality or person out of the proceeds of the securities issued.

In the case of a reconstruction of an existing building project, cost of construction includes the cost of reconstruction or remodeling and all other costs as defined by this subsection.

5. Division. "Division" means the Division of Maine Business Development and Finance within the Finance Authority of Maine.

6. Eligible project. "Eligible project," as used in subchapter II, means:

A. Any lands, buildings, real estate improvements or machinery and equipment, with auxiliary real and personal property, used by an industrial enterprise, including, but not limited to, an

industrial enterprise constructing sea-going ships and vessels, or used by a manufacturing, fishing or agricultural enterprise for research and development or for manufacturing, processing, assembling or preparing for market of raw materials or other products;

B. Any ocean pier or terminal used by an industrial, manufacturing, fishing or agricultural enterprise for manufacturing, processing, assembling, storing, shipping, vessel repairing or preparing for market raw materials or other products;

C. Any building, real estate improvement, land or any interest in land, machinery or equipment used or usable in connection with public recreational facilities, consisting of a combination of such improvements as approach roads, parking facilities, marinas, swimming pools, golf courses, campgrounds, picnic areas, hotels, motels, lodges, ski resorts, arenas or similar recreational development for which a comprehensive plan has been prepared;

D. Any fishing vessel documented or to be documented as a fishing vessel under laws of the United States, any fishing vessel registered or to be registered under a state's law which is designed to be used for catching, processing or transporting fish and any vessel outfitted for that activity; and

E. Any land designed as an industrial park, provided that the municipality in which the park is to be located has agreed to provide utilities, access, site preparation, market efforts and financial support deemed appropriate by the authority, and further provided that reasonable assurance is given to the authority that the project can gain approval for environmental permits and licenses and that the land shall be deeded to a local development corporation.

7. Eligible project, subchapters III and IV. "Eligible project," as used in subchapters III and IV, means any project authorized under the United States Internal Revenue Code, Section 103(b), except:

A. Retail stores;

B. Office space of less than 30,000 square feet; and

C. Office space in excess of 30,000 square feet in which less than 1/2 of the employees occupying the square footage do not represent new jobs.

8. Eligible project, subchapters V and VI. "Eligible project," as used in subchapters V and VI, means any business or recreational facilities or any lands, buildings, real estate improvements or machinery and equipment, merchandise and stock, with auxiliary real and personal property, located within the State, used by a commercial, industrial, manufacturing, mining, fishing or agricultural enterprise, sales and service, or both, the manufacturing, processing, assembling or preparing for market of raw materials or other products, or for the purposes of providing working capital or research and development for those enterprises.

9. Energy conservation project. "Energy conservation project" means the purchasing and installation of energy conservation equipment or facilities, including building modifications, with a calculated payback period of more than one year, but less than 7 years. This term does not include simple weatherization measures.

10. Energy distribution system project. "Energy distribution system project" means an energy distribution system owned, in whole or in part, by a municipality, corporation or firm and which uses biomass, peat, solar, waste, water and related dams, wind, wood, coal or natural gas.

11. Energy generating system project. "Energy generating system project" means:

A. For a system which does not generate electricity, an energy generating system owned, in whole or in part, by a municipality, corporation or firm, and which system uses biomass, peat, solar, waste, water and related dams, wind, wood or coal, or which is an energy conservation project, including a transportation project consistent with the United States Internal Revenue Service guidelines; or

B. For a system which does generate electricity, an energy generating system which uses biomass, peat, solar, waste, water and related dams, wind, wood or coal, and which is owned, in whole or in part, by a public utility or a municipality, corporation or firm which qualifies as a cogenerator or small power producer under Title 35, chapter 172.

12. Federal agency. "Federal agency" includes the United States, the President of the United States and any current or future corporation, department, agency or instrumentality created, designated or established by the United States.

13. Financial document. "Financial document" means a lease, installment sale agreement, conditional sale agreement, mortgage or loan agreement between a lessor, mortgagee or lender and a user as lessee, purchaser, mortgagor or borrower.

14. Industrial park. "Industrial park" means an area of land that is planned and designed for one or more industrial buildings.

15. Insured. "Insured" means any individual, partnership, corporation, association or other entity with a project that has been insured by the authority.

16. Lease. "Lease" means a contract providing for the use of a project or portions of a project for a term of years for a designated or determinable rent. A lease may include an installment sales contract.

17. Lessee. "Lessee" means a tenant under lease and may include an installment purchaser.

18. Local development corporation. "Local development corporation" means a nonprofit organization incorporated under Title 13, chapter 81, Title 13-B or otherwise chartered by the State; and designed to foster, encourage and assist the settlement or resettlement of industrial, manufacturing, fishing, agricultural, recreational and other business enterprises within the State.

19. Maturity date. "Maturity date" means the date on which the mortgage indebtedness would be ended if periodic payments were made as provided in a mortgage note or revenue obligation security.

20. Mortgage. "Mortgage" means a first lien on an eligible project consisting of real estate, personal property or improvements and the underlying obligation secured by the first lien.

21. Mortgagee. "Mortgagee" means the original lender under a mortgage and his successors and assigns approved by the authority and may include all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, including public and private pension and retirement funds, and the Finance Authority of Maine in relation to loans made under this chapter.

22. Mortgage payments. "Mortgage payments" means periodic payments called for by the mortgage, including, but not limited to, payments covering

interest, installments of principal, taxes and assessments, loan insurance premiums and hazard insurance premiums.

23. Mortgagor. "Mortgagor" means the borrower for an eligible project under a mortgage and his successors and assigns.

24. Pollution-control project. "Pollution-control project" means any buildings, structure, machinery, equipment or facilities, including transportation equipment or facilities, which may be deemed necessary for preventing, avoiding, reducing, controlling, abating or eliminating contamination, solid waste, thermal pollution or pollution by any other means of the air, the water or the earth, together with all land, property, rights, rights-of-way franchises, easements and interests in lands which may be acquired by the authority or a user under this subchapter, or the municipality under subchapter IV, for the construction or operation of the project.

25. Project. "Project" means any eligible project permitted under subchapters II to IV.

26. Reconstruction of existing building project. "Reconstruction of existing building project" means any building which is at least 50 years old which is remodeled, reconstructed or rehabilitated for commercial use, together with all lands, property, rights, rights-of-way, franchises, easements and interests in lands which may be acquired by the municipality or a user for completion of the project.

27. Rent or rental. "Rent or rental" means payments under a lease.

28. Resident, subchapter VI. "Resident," as used in subchapter VI, means anyone who entered the United States Armed Forces from Maine or who has established a legal resident in this State of at least 16 months duration immediately prior to making application for a loan under this subchapter and who has received certification as an eligible Maine resident veteran from the Bureau of Veterans' Services.

29. Revenue obligation security. "Revenue obligation security" means a note, bond or other evidence of indebtedness to the payment of which is pledged the revenues provided in section 1045, or the revenues as provided in section 1065.

30. Small business, subchapters V and VI. "Small business," as used in subchapters V and VI, means any business or employee cooperative corporation subject to Title 13, chapter 85, subchapter III,

employing 20 persons or less or with sales of \$2,500,000 or less.

31. User. "User" means one or more persons acting as lessee, purchaser, mortgagor or borrower under a financial document.

32. Veteran, subchapter VI. "Veteran," as used in subchapter VI, shall be construed to mean any person who served in the United States Armed Forces on active duty during World War I, World War II, the Korean War or Vietnam War, not dishonorably discharged. A veteran of the Vietnam War shall have served on active duty for a period of more than 180 days, any part of which occurred after August 4, 1964, and before May 7, 1975, except if he was discharged for a service-connected disability after that date.

33. Water supply system project. "Water supply system project" means any building structure, facilities, machinery, pipes, aqueducts, conduits, drains or the equipment which may be deemed necessary to supply water for municipal, domestic and combined use, together with all lands, property, rights-of-way, franchises, easements and interests in lands which may be acquired by the municipality for construction or operation of the project.

§1002. General powers

The Division of Maine Business Development and Finance, within the Finance Authority of Maine, as established, has the following responsibilities.

1. Implementation of programs. The Division of Maine Business Development and Finance shall be responsible for the implementation of the:

- A. Mortgage Insurance Program;
- B. Revenue Obligation Securities Program;
- C. Municipal Securities Approval Program;
- D. Maine Small Business Loan Program; and
- E. Maine Veterans' Small Business Loan Program.

2. Powers and duties. The Division of Maine Business Development and Finance, under the director of the division, shall perform the duties prescribed by the authority and the chief executive officer which shall consist, in part, of the following:

- A. Establishing business practices to be fol-

lowed by an insured to avoid default;

B. Examining the books and records of any mortgagor and its lessee, tenant or assignee during the duration of a mortgage;

C. Establishing rules to collect evidence from applicants for funding under subchapters II to VI:

(1) That projects will serve the purpose of those subchapters;

(2) Of a project's capability to achieve its revenue and employment goals;

(3) Of the economic feasibility of projects;

(4) Of financial capability, including effective commitments for equity, interim financing and final mortgage financing for a project; and

(5) Of management and planning capabilities of an applicant.

D. Establishing criteria for projects;

E. Receiving supporting information and documentation on the expediency and advisability of projects from municipal officers, planning boards, regional planning commissions, utilities, local development corporations, state departments and agencies and other parties which the division in its discretion determines to have information pertinent to a project's advisability;

F. Arranging the financing and negotiating the sale of securities;

G. Making recommendations to the authority on the expediency and advisability of subchapters II to VI projects and provide periodic reports necessary to the proper management by the authority of agreements, contracts and other instruments entered into by the authority with any party under the provisions of these subchapters;

H. Issuing certificates of approval for any projects approved by the authority;

I. Assisting applicants, who may be persons, firms and corporations, private or public, except as provided in this chapter, in drafting financing documents, trust agreements and other contracts;

J. Receiving reports and recommendations from the Board of Directors of the Maine Veterans' Small Business Loan Program;

K. Making and executing agreements, contracts and other instruments with any public or private entity, necessary and incidental to the proper functioning of the authority and the division with respect to the implementation of programs established in subchapters II to VI;

L. Developing and conducting plans, studies and analyses;

M. Assessing and collecting application and service fees;

N. Sharing staff and coordinating administration of common projects and programs with the Division of Natural Resources Financing and Marketing; and

O. Performing other duties as may be from time to time required of it by the authority.

Sec. 8. 10 MRSA §1021, as enacted by PL 1981, c. 476, §2, is amended to read:

§1021. Credit of State pledged

The Maine Guarantee Authority authority may insure the payment of mortgage loans, secured by eligible projects, and to this end the faith and credit of the State is pledged, consistent with the terms and limitations of the Constitution of Maine, Article IX, Section 14-A and such further limitations as may be provided by statute.

Sec. 9. 10 MRSA §1023, sub-§1-A is enacted to read:

1-A. Mortgage Insurance Fund; successor. The Mortgage Insurance Fund is the successor to the fund formerly administered by the Maine Guarantee Authority and all assets, liabilities and actions of the Maine Guarantee Authority with respect to the Mortgage Insurance Fund shall be assets, liabilities and actions of the Finance Authority of Maine.

Sec. 10. 10 MRSA §1025, sub-§1, as enacted by PL 1981, c. 476, §2, is amended to read:

1. Acquisition and disposal of property. Take assignments of insured mortgages and other forms of security and take title by foreclosure or conveyance to any eligible project when an insured mortgage loan thereon is in default. The authority may sell, or on

a temporary basis lease or rent, the eligible project for a use other than that specified in section 1003, subsection 6, paragraphs A to E. The ~~Maine Guarantee Authority~~ authority shall be liable to a municipality for property taxes on any unimproved real property owned by it in the municipality due on or after April 1st at least one year after acquisition of the property by the authority;

Sec. 11. 10 MRSA §1027, first ¶, as enacted by PL 1981, c. 476, §2, is amended to read:

The authority may insure up to 95% 90% of the mortgage payments required by a first mortgage on an eligible project provided that the uninsured portion is material in relation to the uninsured loans of the lender with respect to the project and provided further that the aggregate of the insured portions of all outstanding mortgages insured by the authority shall not exceed the amount of authorized and unissued bonds for this purpose pursuant to section 1024 and the Constitution of Maine, Article IX, Section 14-A. The same proportion of insurance by the authority and participation by the mortgagee shall be maintained until the mortgage is fully paid. In the event of a default of a mortgage loan whose mortgage payments are insured under this subchapter, the authority shall not pay interest during the period of default at a rate in excess of the Federal Housing Authority's insured rate plus 1/2 of 1% or the mortgage note rate in effect at the time of default, whichever is less. With respect to mortgage insurance agreements issued for land designed as an industrial park, the guarantees shall not exceed 95% 90% of the first mortgage loan nor 100% of the market value of the undeveloped land.

Sec. 12. 10 MRSA §1031, as enacted by PL 1981, c. 476, §2, is amended to read:

§1031. Mortgages eligible for investment

Mortgages insured under this subchapter are made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, and public and private pension or retirement funds.

Sec. 13. 10 MRSA §1041, first ¶, as enacted by PL 1981, c. 476, §2, is repealed and the following enacted in its place:

The authority may:

Sec. 14. 10 MRSA §1041, sub-§1, as enacted by PL

1981, c. 476, §2, is repealed and the following enacted in its place:

1. Kinds of projects. Acquire, construct, reconstruct, maintain, renew and replace projects authorized under the United States Internal Revenue Code, Section 103(b) within the State, whether or not now in existence, or assist a user to acquire, construct, reconstruct, renew and replace these projects; except retail stores, office space of less than 30,000 square feet and office space of more than 30,000 square feet in which less than 1/2 of the employees occupying the square footage do not represent new jobs;

Sec. 15. 10 MRSA §1044, sub-§9, as enacted by PL 1981, c. 476, §2, is amended to read:

9. Credit not pledged. Except as provided in this subsection, securities issued under this subchapter shall not constitute any debt or liability of the State or of any municipality therein or any political subdivision thereof, or of the authority of a pledge of the faith and credit of the State or of any such municipality or political subdivision, but shall be payable solely from the revenues of the project or projects for which they are issued and all such securities shall contain on their face a statement to that effect. The issuance of securities under this subchapter shall not directly or indirectly or contingently obligate the State or any municipality or political subdivision to levy or to pledge any form of taxation whatever therefore or to make any appropriation for their payment. Under subchapter II, the Maine Guarantee Authority authority may insure mortgage loans made with the proceeds of revenue obligation securities and anticipatory notes issued under this chapter. To these ends, the faith and credit of the State may be pledged, under and consistent with the terms and limitations of the Constitution of Maine, Article IX, Section 14-A, and such further limitations, if any, as may be provided by statute.

Sec. 16. 10 MRSA §1052 is enacted to read:

§1052. Successor to Maine Guarantee Authority

The Finance Authority of Maine is the successor to the former Maine Guarantee Authority and all securities, mortgages, trust agreements, authorizations, financial documents, resolutions and actions of the Maine Guarantee Authority shall be obligations, resolutions or actions of the Finance Authority of Maine.

Sec. 17. 10 MRSA §1061, sub-§1, as enacted by PL 1981, c. 476, §2, is repealed and the following enacted in its place:

1. Kinds of projects. Acquire, construct, reconstruct, renew and replace or provide financing for, within the corporate limits of the municipality, projects permitted under the United States Internal Revenue Code, Section 103(b), except retail stores, office space of less than 30,000 square feet and office space of more than 30,000 square feet in which less than 1/2 of the employees occupying the square footage do not represent new jobs;

Sec. 18. 10 MRSA §1062, as enacted by PL 1981, c. 476, §2, is amended to read:

§1062. Assistance to municipalities

The Maine Guarantee Authority authority may assist municipalities in negotiations with prospects, drafting of contracts, arranging for financing and negotiations for sale of securities to be issued under this subchapter.

Sec. 19. 10 MRSA §1073 is enacted to read:

§1073. Successor to program

The Municipal Obligations Approval Program is the successor to the program of the same name formerly administered by the Maine Guarantee Authority and all resolutions and actions taken by the Maine Guarantee Authority, without exception, relative to the Municipal Obligations Approval Program shall be a resolution or action taken by the Finance Authority of Maine.

Sec. 20. 10 MRSA c. 110, sub-c. V, as amended, is repealed and the following enacted in its place:

SUBCHAPTER V

MAINE SMALL BUSINESS LOAN PROGRAM

§1091. Credit of State pledged

The Finance Authority of Maine, as successor to the Maine Small Business Loan Authority, may insure the payment of up to 85% of mortgage loans to small businesses, secured by eligible projects, and to this end the faith and credit of the State is pledged, consistent with the terms and limitations of the Constitution of Maine, Article IX, Section 14-A.

§1092. Loan insurance fund

1. Fund established. There is established a Maine Small Business Loan Insurance Fund, hereinafter in this chapter referred to as the "fund," which is managed by the authority but held separate from other funds of the authority, which shall be used by the authority as a nonlapsing, revolving fund for carrying out this subchapter. This fund shall initially be the sum of \$100,000. To this sum shall be charged interest and principal payments required by loan defaults, and to the sum shall be credited all income from loan insurance premiums and sale, disposal, lease or rental proceeds.

2. Deposited with Treasurer of State or invested. Moneys in the fund, not needed currently to meet the obligations of the authority as provided for in this subchapter, shall be deposited with the Treasurer of State to the credit of the fund or may be invested in such manner as is provided for by statute.

3. Successor to fund. The Maine Small Business Loan Insurance Fund is the successor to the fund formerly administered by the Maine Small Business Loan Authority, and all assets, liabilities and actions of the Maine Small Business Loan Authority shall be a resolution of the Finance Authority of Maine or an action taken by the Finance Authority of Maine.

§1093. Additions to

If, from time to time in the opinion of the authority, the addition of moneys to the fund may be required to meet obligations, the authority shall, in writing, request the Governor to provide moneys in such amounts as may be necessary for the purpose. The Governor shall transfer to this fund sufficient moneys for the purpose from the State Contingent Account or from the proceeds of bonds to be issued as provided in this section. If bonds are to be issued, the Governor shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate at any one time outstanding, the amount set forth in the Constitution of Maine, Article IX, Section 14-A, as it may be from time to time amended, to mature serially or made to run for such periods as the Governor may determine, but none of them shall run for a longer period than 20 years and at such rates of interest and on such terms and conditions as the Governor shall determine. The bonds so issued shall be deemed a pledge of the faith and credit of the State.

§1094. Insurance of loans

The authority may, upon application of the proposed lender, insure loan payments to small businesses required by the first mortgage on any eligible project, upon such terms and conditions as the loan authority board may prescribe, provided that the aggregate amount of principal obligations of all mortgages so insured outstanding at any one time shall not exceed \$2,500,000. To be eligible for insurance under this subchapter a loan shall:

1. Lender. Be one which is to be made and held by a lender approved by the authority as responsible and able to service the loan properly;

2. Maturity limit. Have a maturity satisfactory to the authority;

3. Amortization. Contain complete amortization provisions satisfactory to the authority requiring periodic payments by the mortgagor, which shall include principal and interest payments, cost of local property taxes and assessments, land lease rents, if any, hazard insurance on the property and such loan insurance premiums as are required under section 1095;

4. Other terms. Contain such terms and provisions with respect to property insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, anticipation of maturity, additional and secondary liens and other matters as the authority may prescribe;

5. Principal obligation; limit. Involve a principal obligation not to exceed \$100,000; and

6. Nonassignability of proceeds. No right, payment or proceeds of any loan made under this subchapter or statutes supplementary thereof may be subject to garnishment, attachment or execution of the claim of any other creditor other than the lender; nor may any such right or payment be capable of assignment except under such rules as may be prescribed by the authority.

§1095. Loan insurance premiums

The authority may fix loan insurance premiums for the insurance of loan payments under this chapter, those premiums to be computed as a percentage of the principal obligation of the loan outstanding at the beginning of each year. Those insurance premiums shall not be less than 1/2 of 1% per year nor more

than 2% per year of the outstanding principal obligation. Those premiums shall be payable by the lenders in such manner as shall be prescribed by the authority.

§1096. Acquisition and disposal of property

The authority may take assignments of insured loans and other forms of security and may take title by foreclosure or conveyance to any eligible project when an insured loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the loan insurance fund and may sell, or on a temporary basis lease or rent, such eligible project for a use other than that specified.

§1097. Loans eligible for investment

Loans insured by the authority are made legal investment for all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, public and private pension or retirement funds.

§1098. Less than full collateral for loans

The authority may insure a loan to a borrower with less than full collateral providing that the borrower is of good character and has a good personal credit record.

§1099. Safeguarding the fund

When a loan insured under this chapter is clearly in default, the authority may assent to the extension of the time of payment of that insured loan, may extend the insurance thereon accordingly and may waive loan insurance premiums thereon when, in the opinion of the authority, any such action is necessary to safeguard the fund.

Sec. 21. 10 MRSA c. 110, sub-c. VI is enacted to read:

SUBCHAPTER VI

MAINE VETERANS' SMALL BUSINESS LOAN PROGRAM

§1100-A. Organization of loan board

The Maine Veterans' Small Business Loan Board is created and in this subchapter called the "loan board". The loan board shall consist of 9 members,

including the Director of Veterans' Services, and 8 members-at-large appointed by the Governor for a period of 4 years, provided that of the members first appointed, 2 shall be appointed for a term of one year, 2 for a term of 2 years, 2 for a term of 3 years and 2 for a term of 4 years. Two public members of the loan board shall be appointed by the Governor to serve on the Finance Authority of Maine board. A vacancy in the office of an appointive member, other than by expiration, shall be filled in like manner as an original appointment, but only for the remainder of the term of the retiring member. Appointive members may be removed by the Governor for cause. The loan board shall elect one of its members as chairman, one as vice-chairman, one as treasurer and one as secretary. Five members of the loan board shall constitute a quorum. The affirmative vote of 5 members present and voting shall be necessary for any action taken by the loan board. No vacancy in the membership of the loan board may impair the right of the quorum to exercise all rights and perform all the duties of the loan board.

All the members of the loan board shall not be paid per diem but shall be reimbursed for their actual expenses necessarily incurred in the performance of their duties.

§1100-B. Powers

The loan board shall have the following powers and duties:

1. Clearinghouse. To serve as a clearinghouse for information relating to financing, management and marketing concerns of veteran small businessmen;

2. Annual plan. To submit an annual plan to the Finance Authority of Maine board recommending criteria to be used in evaluating projects for financing under the veterans' small business loan program;

3. Agreements. To make and execute agreements, contracts and other instruments, with any public or private entity;

4. Acceptance of funds. To receive and accept appropriations, gifts, grants, loans, contributions of property or any interest therein, labor or other items of value from public or private entities, including, without limitation, any grants, funds or property from any agency or instrumentality of the United States;

5. Advice. To provide advice to veteran small businessmen on the loan programs of the authority and

to assist them in complying with guidelines for participation in those programs; and

6. Cooperation. To cooperate with the authority, the Division of Maine Business Development and Finance and the Division of Natural Resources Financing and Marketing on projects common to the interests of the board, authority and agencies.

§1100-C. Credit of the State pledged

The Finance Authority of Maine, as successor to the Maine Veterans Small Business Loan Authority may insure the payment of up to 85% of mortgage loans to resident veteran small businessmen, secured by eligible projects, and, to this end, the faith and credit of the State is pledged, consistent with the terms and limitations of the Constitution of Maine, Article IX, Section 14-E.

§1100-D. Loan insurance fund

1. Fund established; charges and credits to fund. There is established a Veterans' Small Business Loan Insurance Fund, in this subchapter referred to as the "fund," which is managed by the authority, but held separate from other funds of the authority, which shall be used by the authority as a nonlapsing, revolving fund for carrying out this subchapter. This fund shall initially be the sum of \$200,000. To this sum shall be charged interest and principal payments required by loan defaults, and to the sum shall be credited all income from loan insurance premiums and sale, disposal, lease or rental proceeds.

2. Deposited with Treasurer of State or invested. Moneys in the fund, not needed currently to meet the obligations of the authority as provided for in this subchapter, shall be deposited with the Treasurer of State to the credit of the fund or may be invested in such manner as is provided for by statute.

3. Successor to fund. The Veterans' Small Business Loan Insurance Fund is the successor to the fund formerly administered by the Maine Veterans' Small Business Loan Authority, and all assets, liabilities and actions of the Maine Veterans' Small Business Loan Authority shall be a resolution of the Finance Authority of Maine or an action taken by the Finance Authority of Maine.

§1100-E. Additions to

If, from time to time in the opinion of the authority, the addition of moneys to the fund may be

required to meet obligations, the authority shall, in writing, request the Governor to provide moneys in such amounts as may be necessary for the purpose. The Governor shall transfer to this fund sufficient moneys for the purpose from the State Contingent Account or from the proceeds of bonds to be issued as provided in this section. If bonds are to be issued, the Governor shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate at any one time outstanding the amount set forth in the Constitution of Maine, Article IX, Section 14-E, as it may be from time to time amended, to mature serially or made to run for such periods as the Governor may determine, but none of them shall run for a longer period than 20 years and at such rates of interest and on such terms and conditions as the Governor shall determine. The bonds so issued shall be deemed a pledge of the faith and credit of the State.

§1100-F. Insurance of loans

The authority may, upon application of the proposed lender, insure loan payments required by the first mortgage to resident veterans' small businesses on any eligible project, upon such terms and conditions as the authority may prescribe, provided that the aggregate amount of principal obligations of all mortgages so insured outstanding at any one time shall not exceed \$4,000,000. To be eligible for insurance under this subchapter a loan shall:

1. Lender. Be one which is to be made and held by a lender approved by the authority as responsible and able to service the loan properly;

2. Maturity; limit. Have a maturity satisfactory to the authority;

3. Amortization. Contain complete amortization provisions satisfactory to the authority requiring periodic payments by the mortgagor which shall include principal and interest payments, cost of local property taxes and assessments, land lease rents, if any, hazard insurance on the property and such loan insurance premiums as are required under section 1100-H;

4. Other terms. Contain such terms and provisions with respect to property insurance, repairs, alterations, payments of taxes and assessments, default reserves, delinquency charges, default remedies, anticipation of maturity, additional and secondary liens and other matters as the authority may prescribe;

5. Principal obligation; limit. Involve a principal obligation not to exceed \$100,000; and

6. Nonassignability of proceeds. No right, payment or proceeds of any loan made under this subchapter or statutes supplementary thereof may be subject to garnishment, attachment or execution of the claim of any other creditor other than the lender; nor may any such right or payment be capable of assignment except under such rules as may be prescribed by the authority.

§1100-G. Loan insurance premiums

The authority may fix loan insurance premiums for the insurance of loan payments under this subchapter, those premiums to be computed as a percentage of the principal obligation of the loan outstanding at the beginning of each year. Those insurance premiums shall not be less than 1/2 of 1% per year nor more than 2% per year of the outstanding principal obligation. The premiums shall be payable by the lenders in such manner as shall be prescribed by the authority.

§1100-H. Acquisition and disposal of property

The authority may take assignments of insured loans and other forms of security and may take title by foreclosures or conveyance to any eligible project when an insured loan thereon is clearly in default and when in the opinion of the authority that acquisition is necessary to safeguard the loan insurance fund and may sell, or on a temporary basis lease or rent, that eligible project for use other than that specified.

§1100-I. Loans eligible for investment

Loans insured by the authority are made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, public and private pension or retirement funds.

§1100-J. Less than full collateral for loans

The authority may insure a loan to a borrower with less than full collateral, provided that the borrower is of good character and has a good personal credit record.

§1100-K. Safeguarding the fund

When a loan insured under this subchapter is clearly in default, the authority may assent to the extension of the time of payment of that insured loan, may extend the insurance thereon accordingly and may waive loan insurance premiums thereon, when in the opinion of the authority any such action is necessary to safeguard the fund.

§1100-L. Accounts

The loan board shall keep proper records and accounts.

Sec. 22. 13-A MRSA §401, sub-§4, as enacted by PL 1971, c. 565, §12-A, is amended to read:

4. Nothing in this section ~~shall~~ may be construed to prevent the organization of agricultural credit corporations ~~under the Federal Farm Loan Act.~~ Such agricultural credit corporations shall not be deemed banking corporations or institutions.

Sec. 23. 30 MRSA §5106, sub-§1, as amended by PL 1973, c. 112, is further amended to read:

1. Board of trade. Supporting and guaranteeing obligations of a chamber of commerce or board of trade or a local development corporation, or a chamber of commerce and a local development corporation, or a board of trade and a local development corporation;

Sec. 24. 36 MRSA §1760, sub-§2, as amended by PL 1967, c. 116, is further amended to read:

2. State and political subdivisions. Sales to the State or any political subdivision, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them. This exemption shall not apply where title is held or taken as security for any financing arrangement.

Sec. 25. 36 MRSA §5122, sub-§2, ¶A, as enacted by PL 1977, c. 686, §9, is amended to read:

A. Interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States or on a seller-sponsored loan, as defined by Title 10, section 974, subsection 16 to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States, provided that the amount sub-

tracted shall be decreased by any expenses incurred in the production of the interest or dividend income to the extent that these expenses, including amortizable bond premiums, are deductible in determining federal adjusted gross income; and

Sec. 26. 36 MRSA §5216, sub-§1, as enacted by PL 1981, c. 364, §70, is amended to read:

1. Credit. A resident individual, resident estate or trust, or taxable corporation is entitled to a credit against the tax otherwise due under this Part equal to 50% of the amount of his or its investment in common stock of The Maine Capital Corporation or the Maine Natural Resource Capital Corporation. 20% Twenty percent of the credit shall be taken in the taxable year of the investment and 20% in each of the next 4 taxable years.

Sec. 27. 36 MRSA §5216, sub-§4, as enacted by PL 1981, c. 364, §70, is amended to read:

4. Recapture. If the taxpayer disposes of the stock in The Maine Capital Corporation or the Maine Natural Resource Capital Corporation within 6 years after the date on which the taxpayer acquired that stock in a transaction which gives rise to gain or loss for federal income tax purposes, the tax imposed under this Part for the taxable year in which the disposition occurs shall be increased by an amount equal to the amount allowed as a credit in the year of disposition and all prior years. Any unused credit attributable to the disposed of stock is disallowed.

Sec. 28. 37-A MRSA c. 2, sub-c. II, as amended, is repealed.

Sec. 29. Transfer provisions. Funds transferred to the Department of Agriculture, Food and Rural Resources pursuant to the provisions of Private and Special Law 1951, chapter 142, shall be administered by the Division of Natural Resources Financing and Marketing.

Effective September 23, 1983.
