

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWELFTH LEGISLATURE

FIRST REGULAR SESSION

December 5, 1984 to June 20, 1985

Chapters 1-384

PUBLISHED BY THE REVISOR OF STATUTES IN ACCORDANCE WITH
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1986

PUBLIC LAWS
OF THE
STATE OF MAINE
AS PASSED AT THE
FIRST REGULAR SESSION
of the
ONE HUNDRED AND TWELFTH LEGISLATURE
1985

CHAPTER 343

H.P. 427 - L.D. 607

AN ACT to Establish a Civil Statute of Limitations
in Cases Involving Sexual Acts Towards Minors.

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

Sec. 1. 14 MRSA §752-C is enacted to read:

§752-C. Sexual acts towards minors

Actions based upon sexual intercourse or a sexual
act, as defined in Title 17-A, chapter 11, with a
person under the age of majority shall be commenced
within 6 years after the cause of action accrues.

Sec. 2. 14 MRSA §853, as amended by PL 1977, c.
492, §2, is amended to read:

§853. Persons under disability may bring action when
disability removed

If a person entitled to bring any of the actions
under sections 752 to 754, including section 752-C,
and under sections 851, 852 and Title 24, section
2902 is a minor, mentally ill, imprisoned or without
the limits of the United States when the cause of ac-
tion accrues, the action may be brought within the
times limited herein after the disability is removed.

Effective September 19, 1985.

CHAPTER 344

H.P. 785 - L.D. 1118

AN ACT Providing for the 1985 Amendments to
the Finance Authority of Maine Act.

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

Sec. 1. 10 MRSA c. 109, first 2 lines are re-
pealed and the following enacted in its place:

CHAPTER 109

MAINE NATURAL RESOURCE CAPITAL COMPANY

Sec. 2. 10 MRSA §§956 and 957, as enacted by PL 1983, c. 519, §4, are amended to read:

§956. Formation; name; purpose

There is authorized the formation by the Division of Natural Resources Financing and Marketing Finance Authority of Maine under Title 13-A or other Maine law of a private investment corporation or other business association to be named the "Maine Natural Resource Capital Corporation Company" for the purpose of providing investment capital to new state natural resource enterprises or to existing state natural resource enterprises for purposes of expansion. The Finance Authority of Maine may change "company" to "corporation," "fund" or such other designation as it may determine.

§957. Limitations on purposes and powers

The Maine Natural Resource Capital Corporation Company shall have all of the general powers of business corporations enumerated in Title 13-A, section 202 and the general powers of any other business association, 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 Company shall not invest in any firm in which a person, or his spouse or dependent children, owning common stock of or other interest in the Maine Natural Resource Capital Corporation Company 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.

4-A. Governance. The company's affairs shall be governed by 7 persons selected pursuant to this subsection. The Maine Natural Resource Financing and Marketing Board of the Finance Authority of Maine shall select 2 of its public members and 2 of the commissioners serving on the board to govern the company's affairs. The terms of office of the persons selected by the Natural Resource Financing and Marketing Board shall be coterminous with their terms on the board. The holders of stock of or interests in the company shall, pursuant to documents governing the company, designate 3 persons to govern the company's affairs and to serve for terms determined by the company;

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

5-A. Amount of interest held. No person, firm or corporation may subscribe for, own or hold directly or indirectly more than 20% of the stock or interests of the company at any time. For the purposes of determining ownership under this chapter, the attribution rules of the United States Internal Revenue Code, Section 318, as amended from time to time, shall apply;

5-B. Distributions. The company shall not declare or pay any dividends or make any distributions to holders of its stock or interests during its first 5 years of operation and thereafter any dividends or distributions shall be paid or made only with respect to stock or interests whose holders are not using the credit for investment in the Maine Natural Resource Capital Company allowed under Title 36, section 5216. Dividends paid or distributions made shall be limited to a maximum of 50% of retained earnings, with the

balance being reinvested in accordance with this chapter; and

6. Financial statement. The Division of Natural Resources Financing and Marketing Finance Authority of Maine shall include in its report to the authority under section 992 974 an audited financial statement detailing the investment and financial activities of the Maine Natural Resource Capital Corporation Company for the company's most recent fiscal year.

Sec. 3. 10 MRSA §958, as amended by PL 1983, c. 553, §46, is repealed and the following enacted in its place:

§958. Initial organization

The Finance Authority of Maine shall take the necessary steps to incorporate, organize or establish the Maine Natural Resource Capital Company. The authority shall file with such governmental offices such documents as shall be required by law.

Sec. 4. 10 MRSA §959, as enacted by PL 1983, c. 519, §4, is repealed and the following enacted in its place:

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

The Finance Authority of Maine, as and when it deems practicable, may solicit and receive subscriptions for the issuance and purchase of the stock or other interests of the Maine Natural Resource Capital Company, provided that subscriptions for amounts exceeding 1% of the stock or interests offered shall be reduced pro rata among subscribers subscribing for more than 1% of the stock or interests offered in the event the issue is over-subscribed by the termination date as may be set by the Finance Authority of Maine.

Sec. 5. 10 MRSA §962, as amended by PL 1983, c. 812, §62, is further amended to read:

§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 and the general health, safety and welfare 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~~ institutions, insurance companies and other financial institutions, including pension and retirement funds, to help finance ~~expansion~~ planning, development, acquisition, construction, improvement, expansion and placing in operation of industrial, manufacturing, recreational, fishing, agricultural and other, business and natural resource based enterprises and eligible projects of the State and its political subdivisions; and to increase the access of smaller business and veterans to financing at reasonable terms and rates.

The Finance Authority of Maine, as established by Title 5, section 12004, subsection 7, to fulfill these purposes is, in addition to its other powers, authorized 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~~ Encourage the making of mortgage loans to finance the planning, development, acquisition, construction, improvement, expansion and placing in operation of industrial, manufacturing, recreational, fishing, agricultural and other business and natural resource enterprises;

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

3. Assist municipalities. Assist municipalities to issue revenue obligation securities for financing eligible 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~~ chapter.

Sec. 6. 10 MRSA §963, as enacted by PL 1983, c. 519, §6, is repealed.

Sec. 7. 10 MRSA §963-A is enacted to read:

§963-A. Definitions

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

1. Agricultural enterprise. "Agricultural enterprise" means knowledge, skill or labor applied to growing or raising plants or animals, harvesting plants or growing or obtaining plant or animal by-products, includes forestry and aquaculture and includes production, processing, storing, packaging or marketing products derived from agricultural enterprise.

2. Agricultural land. "Agricultural land" means land capable of supporting commercial farming and forestry production.

3. Application and service fees. "Application and service fees" means the amount of money charged for the cost of application, servicing or technical assistance.

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

5. Bond. "Bond" means revenue obligation security.

6. Commitment to issue mortgage insurance. "Commitment to issue mortgage insurance" means a commitment to provide insurance for mortgage payments subject to terms specified by the authority.

7. Cost of project. "Cost of project" means the cost or value of land, buildings, real estate improvements, labor, materials, machinery and equipment, 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, ac-

quisition, financing and placing in operation of an eligible project. In addition to these costs, reserves for payment of future debt on any revenue obligation securities may be included as part of the cost of the project.

Any obligation or expenses incurred by the State, the authority, a municipality or any private person in connection with any of the items of cost specified in this subsection related to revenue obligation securities may be included as part of the cost and reimbursed to the State, the authority, municipality or person out of the proceeds of the securities issued.

8. Eligible collateral. "Eligible collateral" means an eligible project.

9. Eligible enterprise. "Eligible enterprise" means an agricultural enterprise, fishing enterprise, industrial enterprise, manufacturing enterprise or recreational enterprise.

10. Eligible project. "Eligible project" or "eligible collateral" means any of the following:

A. Any real property located within the State, including without limitation any land, buildings, fixture, improvement, easement, right-of-way, water right, land lying under water or air right;

B. Any personal property, including without limitation any leasehold, inventory, account receivable, patent, license, franchise, machinery, equipment, merchandise, raw material, supply, product, work in process, stock in trade, capital stock, note, guaranty, insurance contract, bond, mortgage, letter of credit or security agreement;

C. Any fishing vessel documented or to be documented under laws of the United States or 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 any such activity;

D. Any vessel registered under the law of the United States or a state;

E. Any energy conservation project;

F. Any energy distribution system project;

G. Any energy generating system project;

H. Any pollution-control project; or

I. Any water supply system project.

In addition to and without limiting this subsection, "eligible project" or "eligible collateral" also means any project or collateral, the financing of which through the issuance of revenue obligation securities would result in the interest on the revenue obligation securities qualifying, as of the date of issuance, as tax-exempt under the United States Code, Title 26, Section 103, as amended.

11. Energy conservation project. "Energy conservation project" means the purchasing and installation of energy conservation equipment or facilities, including building modifications.

12. Energy distribution system project. "Energy distribution system project" means an energy distribution system owned, in whole or in part, by an individual, municipality, corporation or other governmental entity or business association and which uses biomass, peat, solar, waste, water and related dams, wind, wood, coal or natural gas.

13. 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 an individual, municipality, corporation or other governmental entity or business association 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 an individual, municipality, corporation or other governmental entity or business association which qualifies as a cogenerator or small power producer under Title 35, chapter 172.

14. Entrant to natural resource enterprises. "Entrant to natural resource enterprises" means an individual or a business organization who or which

engages or proposes to engage in one or more natural resource enterprises.

15. Facility. "Facility" means an eligible project or any eligible collateral.

16. Family farm corporation. "Family farm corporation" means a corporation formed under the laws of the State for the purpose of farming and owning agricultural land in which at least 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.

17. Federal agency. "Federal agency" or "Federal Government" means the United States, the President of the United States and any current or future corporation, department, agency, authority or instrumentality created, designated or established by the United States, including, but not limited to, the Federal Land Bank, the Federal Intermediate Credit Bank and the Bank for Cooperatives.

18. Financial document. "Financial document" means a lease, installment sale agreement, conditional sale agreement, note, mortgage, loan agreement or other instrument pertaining to an extension of financial assistance.

19. Financing assistance. "Financing assistance" or "financial assistance" means guarantees, leases, insurance, financing credits, loans or the purchase or discounts thereof, letters of credit, financing assistance payments, grants or other financial aid.

20. Financing institution. "Financing institution" or "financial 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 agency which customarily provides financing assistance.

21. Fishing enterprise. "Fishing enterprise" means knowledge, skill or labor applied to growing or catching fish, including shellfish, in fresh or salt water, including aquaculture, and includes production, processing, storing, packaging or marketing products derived from fishing enterprises.

22. Fund. "Fund" means the Mortgage Insurance Fund created and governed by subchapter II.

23. Industrial enterprise. "Industrial enterprise" means knowledge, skill or labor applied to conduct of a trade or business, selling of goods, providing services, providing dwelling accommodations, mining, education or discovery, research, development or refinement of new or known substances, processes or products.

24. Insured. "Insured" means any individual, partnership, corporation, association or other entity which is the beneficiary of a loan insurance agreement with the authority.

25. 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. A lease may include such other terms as the authority may permit or require.

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

27. Loan. "Loan" or "mortgage loan" means an extension of credit made in consideration of a written promise of repayment or any other conditions which may be established by the authority, performance of which may be secured by mortgage.

28. Local development corporation. "Local development corporation" means a nonprofit corporation established under Title 13, chapter 81; Title 13-B; or other law acceptable to the authority and empowered to foster, encourage and assist any eligible enterprise.

29. Maine Job-start Program. "Maine Job-start Program" means the program governed by subchapter VII.

30. Maine Small Business Loan Program. "Maine Small Business Loan Program" means the program governed by subchapter II.

31. Maine Veterans' Small Business Loan Program. "Maine Veterans' Small Business Loan Program" means the program governed by subchapter II.

32. Manufacturing enterprise. "Manufacturing enterprise" means knowledge, skill or labor applied to giving of new shapes, new qualities or new combina-

tions to matter as material products and includes assembling, fabricating, making, creating, working, preparing, milling, processing, manufacturing, finishing, fashioning, producing, storing, warehousing, preserving, distributing, handling or transporting in any manner goods, wares, merchandise, metals, fabrics, materials, substances, product or matter of any kind or nature.

33. Maturity date. "Maturity date" means the date on which final payment is due as provided in a note, revenue obligation security or other financial document.

34. Mortgage. "Mortgage" means an agreement granting a lien upon or a security interest in eligible collateral upon certain conditions and includes, but is not limited to, a mortgage of real estate, an assignment of rents, a pledge or a security agreement.

35. Mortgagee. "Mortgagee" means a grantee or obligee under, or a transferee or successor of a grantee or obligee under, a mortgage.

36. Mortgage Insurance Program. "Mortgage Insurance Program" means the program governed by subchapter II.

37. Mortgage loan. "Mortgage loan" or "loan" means an extension of credit made in consideration of a written promise of repayment or any other conditions which may be established by the authority, performance of which may be secured by mortgage.

38. Mortgage payments. "Mortgage payments" means payments required by or received on account of a mortgage or any other financial document, including, but not limited to, payments covering interest, installments of principal, taxes, assessments, loan insurance premiums and hazard insurance premiums.

39. Mortgagor. "Mortgagor" means the grantor or party giving rights to eligible collateral pursuant to a mortgage and includes the successors or assigns of a mortgagor.

40. Municipal Securities Approval Program. "Municipal Securities Approval Program" means the program governed by subchapter IV.

41. Natural resource enterprise. "Natural resource enterprise" means an agricultural enterprise or a fishing enterprise, but does not include selling

of food at wholesale or retail, except when that selling is carried out as part of the natural resource enterprise.

42. Note. "Note" means an evidence of indebtedness and includes a revenue obligation security.

43. Pollution-control project. "Pollution-control project" means any building, structure, machinery, equipment or facility, including transportation, equipment or facility, 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, water or earth, together with all land, property, rights, rights-of-way, franchises, easements and interests in lands necessary or convenient for the construction or operation of the project.

44. Project. "Project" means any eligible project or eligible collateral.

45. Recreational enterprise. "Recreational enterprise" means knowledge, skill or labor applied to providing facilities or opportunities for recreation, culture, entertainment or tourism.

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

47. Resident. "Resident" or "resident of the State" means a person who is domiciled in this State.

48. Revenue Obligation Securities Program. "Revenue Obligation Securities Program" means the program governed by subchapter III.

49. Revenue obligation security. "Revenue obligation security" or "security" means a note, bond, interim certificate, debenture or other evidence of indebtedness payment of which is secured by a pledge of revenues, as provided in section 1045-A or 1065, or by assignment or pledge of other eligible collateral.

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

51. Veteran. "Veteran" means any person who served in the United States Armed Forces during any federally recognized period of conflict and was not dishonorably discharged. A veteran of the Vietnam War must have served on active duty for a period of more

than 90 days, unless he was discharged for a service-connected disability, and any part of that active duty service occurred after August 4, 1964, and before May 7, 1975.

52. 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, business or combined use, together with all land, property, rights-of-way, franchises, easements and interests in lands which may be acquired for construction or operation of the project.

Sec. 8. 10 MRSA §964, sub-§1, ¶¶E and F, as enacted by PL 1983, c. 519, §6, are amended to read:

E. Maine Veterans' Small Business Loan Program;
and

F. Natural Resources Financing and Marketing Programs;

Sec. 9. 10 MRSA §964, sub-§1, ¶¶G and H are enacted to read:

G. Maine Job-start Program; and

H. Such other programs as the authority may by law be authorized to administer.

Sec. 10. 10 MRSA §965, first ¶, as enacted by PL 1983, c. 519, §6, is amended to read:

~~The authority~~ There shall consist of be 12 voting members and one nonvoting member of the authority as follows.

Sec. 11. 10 MRSA §965, sub-§1, ¶A, as enacted by PL 1983, c. 519, §6, is amended to read:

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

Sec. 12. 10 MRSA §965, sub-§4, ¶B, as enacted by PL 1983, c. 519, §6, is amended to read:

B. One natural resources commissioner designated by the Governor from either the Department of Agriculture, Food and Rural Resources; the Depart-

ment of Conservation; or the Department of Marine Resources; and

Sec. 13. 10 MRSA §965, sub-§5 is enacted to read:

5. Compensation. A member of the authority shall be compensated as provided in Title 5, chapter 379.

Sec. 14. 10 MRSA §967, as amended by PL 1983, c. 812, §§63 and 64, is repealed.

Sec. 15. 10 MRSA §967-A is enacted to read:

§967-A. Limitation of liability

No member of the authority, no member of any board of the authority and no employee of the authority may be subject to any personal liability for having acted within the course and scope of his membership or employment to carry out any power or duty under this chapter. The authority shall indemnify any member of the authority, any member of any board of the authority and any employee of 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 past or present association with the authority.

Sec. 16. 10 MRSA §969, as enacted by PL 1983, c. 519, §6, is repealed.

Sec. 17. 10 MRSA §969-A is enacted to read:

§969-A. Powers and duties of the authority

The authority may, subject to any limitation of this chapter:

1. Borrow. Borrow money or otherwise obtain credit in its own name;

2. Lend. Lend money or otherwise extend credit to any person and exercise all powers of a lender or creditor;

3. Insure. Insure or guarantee performance of any loan agreement or other obligation;

4. Property. Acquire, use, improve or dispose of any interest in or type of real or personal property, including grant, purchase, sale, borrow, loan, lease, foreclosure, mortgage, assignment or other lawful means, with or without public bidding, and also in-

cluding the assessment of fees, the receipt of reimbursements for expenses incurred in carrying out its purposes and the expenditure or investment of its funds;

5. Mortgage transactions. Purchase, sell, service, pledge, invest in, hold, trade, accept as collateral or otherwise deal in, acquire or transfer, on such terms and conditions as the authority may specify, any mortgage loan, mortgage pass-through certificate, pledge including any pledge of mortgage revenue, mortgage participation certificate, revenue obligation security or other mortgage-backed or mortgage-related security. Any such transaction may be conducted by public or private offering, with or without public bidding. In connection with the purchase or sale of a mortgage loan or of a beneficial interest or participation in a mortgage loan, the authority may enter into one or more agreements providing for the custody, control and administration of the mortgage loan. Any such agreement may provide that the authority, a financial institution or other person shall act as trustor, trustee or custodian under the agreement. Any such agreement may provide that, with respect to mortgage loans governed by the agreement, title to a mortgage loan, or to a beneficial interest or participation in a mortgage loan, shall be deemed to have been transferred on terms and to the extent specified in that agreement and that the effect of a sale of a beneficial interest or participation in a mortgage loan is the same as a sale of a mortgage loan.

The authority may issue or cause to be issued certificates or other instruments evidencing the holder's fractional undivided interest in a pool of mortgage loans. Whether or not the certificates or instruments are of such form or character as to be negotiable instruments under Title 11, Article 8, the certificates or instruments shall be and are made negotiable instruments within the meaning of and for all the purposes of Title 11, Article 8, subject only to such registration requirements as the authority may establish;

6. Information. Obtain, develop or disseminate any information useful or convenient for carrying out any purpose or power of the authority, including any information pertaining to:

A. Management or financing of any enterprise or project eligible for assistance from the authority;

B. Producing, processing or marketing of any product of any enterprise eligible for assistance from the authority;

C. Land use;

D. Other regulatory or assistance programs, resources or services;

E. Design and construction techniques; and

F. Any project receiving financial assistance from or through the authority, including, without limitation, by means of examination of books or records pertaining to the project.

The authority may conduct hearings, hear testimony under oath, administer oaths, issue subpoenas requiring the attendance of witnesses or the production of records or other things and may issue commissions for the examination of witnesses who are outside of the State or unable to attend or are excused from attendance;

7. Insurance. Procure insurance in aid of any of its corporate purposes;

8. Nonprofit entity. In accordance with the limitations and restrictions of this chapter, cause any of its powers or duties to be carried out by one or more nonprofit corporations organized and operated under Title 13-B;

9. Certifications. Obtain any certification, warranty, affidavit or other representation necessary or useful for carrying out any of its powers or duties;

10. Employees. Employ persons, including private legal counsel and financial experts, on either a temporary or permanent basis, in order to carry out any of its powers and duties. The authority shall obtain fidelity insurance coverage on behalf of its full-time employees. Employees of the authority shall not be subject to Title 5, chapters 57 and 71. The members of the authority may by rulemaking pursuant to Title 5, chapter 375, subchapter II, delegate powers and duties of the authority to employees of the authority and each employee is fully authorized to act in the name and on behalf of the authority pursuant to any delegation;

11. Sue; be sued. Sue or initiate or appear in any proceeding. The authority may be sued in accord-

ance with Title 1, section 409; Title 5, chapter 375; or Title 14, chapter 741;

12. Office. Maintain an office at a place designated by it within the State;

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

14. Rules. Pursuant to Title 5, chapter 375, adopt any rule, including its bylaws, necessary or useful for carrying out any of its powers or duties;

15. Agreements. Make, modify and carry out any agreement necessary or useful for carrying out any of its powers, duties or purposes, including without limitation any construction agreement, purchase or acquisition agreement, loan or lease agreement, agreement conditioned upon the subleasing of the demised premises, partnership agreement, limited partnership agreement, joint venture agreement, participation agreement or agreement with leasing corporations or other financial intermediaries; and

16. Other powers. Do any act or thing necessary or useful for carrying out any of its powers, duties or purposes.

Sec. 18. 10 MRSA §970; as enacted by PL 1983, c. 519, §6, is repealed.

Sec. 19. 10 MRSA §970-A is enacted to read:

§970-A. Other mortgage insurance

In carrying out the purposes of this chapter, the authority shall, to the greatest extent possible, require the utilization of private or other governmental sources of mortgage insurance or credit enhancement devices in order to assure the most effective and efficient use of state resources for mortgage insurance.

Sec. 20. 10 MRSA §971, as enacted by PL 1983, c. 519, §6, is amended to read:

§971. Actions of the members

Seven members of the authority shall constitute a quorum of the members. The affirmative vote of 7 members, present and voting, shall be necessary for any action taken by the ~~authority~~ members. No vacancy in the membership of the authority may impair the

right of the quorum to exercise all ~~rights~~ powers and perform all duties of the ~~authority~~ members.

Sec. 21. 10 MRSA §972, as enacted by PL 1983, c. 519, §6, is amended to read:

§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 members of the authority 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~~ of the authority. The ~~duties of the~~ chief executive officer shall be ~~to~~, in the name and on behalf of the authority:

1. Employ directors. ~~With the approval~~ In accordance with procedures of the authority, ~~appoint~~ employ 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. Employ professional and nonprofessional personnel. ~~In consultation~~ in accordance with procedures of the authority ~~appoint~~, employ professional and nonprofessional staff ~~to the Finance Authority of Maine and to the divisions within personnel, including private legal counsel and financial experts, of the authority.~~ The staff personnel 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 personnel and programs. Provide for the sharing of staff personnel 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 or be represented at meetings of the members and boards 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 members of the authority documenting its actions and make other reports at the request of the members 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 action of the members of 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 placement of these persons.

Sec. 22. 10 MRSA §973, as enacted by PL 1983, c. 519, §6, is repealed and the following enacted in its place:

§973. Conflicts of interest

Notwithstanding Title 5, section 18, subsection 1, paragraph B, each member of the authority, each member of the Natural Resource Financing and Marketing Board, each member of the Maine Veterans' Small Business Loan Board and each employee, contractor, agent or other representative of the authority is deemed an "executive employee" solely for purposes of

Title 5, section 18. In addition, Title 17, section 3104, shall be applicable, in accordance with its provisions, to all such representatives of the authority.

Sec. 23. 10 MRSA §974, as amended by PL 1983, c. 730, §§1 and 2, is further amended to read:

§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 120 days after the close of its fiscal year, a complete report on the activities of the authority. The report may also be provided to any other member of the Legislature and to any other person. 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 assisted under this chapter;

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;

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; and

G. A description of the actual and potential employment opportunities that have been and are be-

ing developed for recipients of Aid to Families with Dependent Children pursuant to section 979-;

H. A separate section pertaining to the activities of the authority carried out pursuant to subchapter I-A, which shall provide the following:

(1) A description of the operations of the authority pursuant to subchapter I-A, including a description of the progress toward the accomplishment of the purposes of section 982;

(2) An analysis of the needs of the natural resource-based sector in the State and a statement of the authority's proposed and projected activities for the ensuing year to meet these needs; and

(3) Recommendations as to further actions which may be suitable for achieving the purposes of subchapter I-A; and

I. A description of any financial assistance provided for energy conservation purposes, the success of various energy saving techniques assisted and the overall energy benefits achieved by the financial assistance;

J. An audited financial statement of the Maine Natural Resource Capital Company prepared in accordance with section 957, subsection 6; and

K. A description of the operations of the authority pursuant to section 980-A for the most recent calendar year and of its plans, if any, for revising any allocation system established pursuant to section 980-A.

2. Treasurer of State; annual financial report.
The authority shall provide the Treasurer of State, within 90 120 days of after 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.

Sec. 24. 10 MRSA §975, as enacted by PL 1983, c. 519, §6, is repealed.

Sec. 25. 10 MRSA §975-A is enacted to read:

§975-A. Disclosure and confidentiality of records

1. Disclosure required. Notwithstanding subsections 2 and 3 and except as provided in paragraph F, the following shall be made available to any person upon request reasonably describing the records to which access is sought or, if no request is made, in any manner and at any time which the authority may determine:

A. After filing of a written application or proposal for financial assistance or property transfer, in form specified by or acceptable to the authority:

(1) Names of recipients of or applicants for financial assistance, including principals, where applicable;

(2) Amounts, types and general terms of financial assistance provided to those recipients or requested by those applicants;

(3) Descriptions of projects and businesses benefiting or to benefit from the financial assistance;

(4) Names of transferors or transferees, including principals, of property to or from the authority, the general terms of transfer and the purposes for which transferred property will be used;

(5) Number of jobs and the amount of tax revenues projected or resulting in connection with a project;

(6) Upon the authority's satisfaction of its mortgage insurance liability, the amount of any mortgage insurance payments with respect to a mortgage insurance contract; and

(7) Names of financial institutions participating in providing financial assistance and the general terms of that financial assistance;

B. Any information pursuant to waiver deemed satisfactory by the authority;

C. Information which, as determined by the authority, has already been made available to the public;

D. Any information necessary to carry out section 1043 or 1063;

E. Information necessary to comply with Title 1, section 407, subsection 1;

F. Information or records specified in a written request signed by the chairmen of a legislative committee shall be provided to the legislative committee. The information or records may be used only for the lawful purposes of the committee and in any action arising out of any investigation conducted by it; and

G. The annual report of the authority required pursuant to section 974.

2. Confidential information. The following records are designated as confidential for purposes of Title 1, section 402, subsection 3, paragraph A:

A. Any record obtained or developed by the authority prior to receipt of a written application or proposal, in form specified by or acceptable to the authority, for financial assistance to be provided by or with the assistance of the authority or in connection with a transfer of property to or from the authority. After receipt by the authority of the application or proposal, a record pertaining to the application or proposal shall not be considered confidential unless it meets the requirements of other paragraphs of this subsection;

B. Any record obtained or developed by the authority which fulfills the following requirements:

(1) A person, including the authority, to whom the record belongs or pertains has requested that the record be designated confidential; and

(2) The authority has determined that information in the record gives the owner or a user an opportunity to obtain business or competitive advantage over another person who does not have access to the information, except through authority records, or that

access to the information by others would result in a business or competitive disadvantage, loss of business or other significant detriment, other than loss or denial of financial assistance from the authority, in the case of a person other than the authority, to any person to whom the record belongs or pertains;

C. Any financial statement or tax return of an individual or any other record obtained or developed by the authority the disclosure of which would constitute an invasion of personal privacy, as determined by the authority;

D. Any record including any financial statement or tax return obtained or developed by the authority in connection with any monitoring or servicing activity by the authority pertaining to any financial assistance provided or to be provided by or with the assistance of the authority;

E. Any record obtained or developed by the authority which contains an assessment by a person who is not employed by the authority of the credit worthiness or financial condition of any person or project; and

F. Any financial statement or business and marketing plan in connection with any project receiving or to receive financial assistance from the authority pursuant only to subchapters III or IV, except section 1053, subsection 5, if a person to whom the statement or plan belongs or pertains has requested that the record be designated confidential.

3. Wrongful disclosure prohibited. No member, officer, employee, agent, other representative of the authority or other person may knowingly divulge or disclose records declared confidential by this section, except that the authority may, in its discretion, make or authorize any disclosure of information of the following types or under the following circumstances:

A. Impersonal, statistical or general information;

B. If necessary in connection with processing any application for, obtaining or maintaining financial assistance for any person or in connection with acquiring, maintaining or disposing of property;

C. To a financing institution or credit reporting service;

D. Information necessary to comply with any federal or state law or rule or with any agreement pertaining to financial assistance;

E. Information to the extent the authority deems the disclosure necessary to the sale or transfer of revenue obligation securities or to the sale or transfer of bonds of the State;

F. If necessary to assure collection of any obligation in which it has or may have an interest;

G. In any litigation or proceeding in which the authority has appeared, introduction for the record of any information obtained from records declared confidential by this section; and

H. Pursuant to a subpoena, request for production of documents, warrant or other order by competent authority, provided that any such order appears to have first been served on the person to whom the confidential information sought pertains or belongs and provided that any such order appears on its face or otherwise to have been issued or made upon lawful authority.

4. Records on effective date. Whether any record in the possession of the authority on the effective date of this section is confidential shall be determined pursuant to this section and not pursuant to the law in effect when the authority or any of its predecessors obtained any such record and any such record shall or may be disclosed or divulged to the extent required or permitted by this section.

Sec. 26. 10 MRSA §§980, 980-A, 980-B and 980-C are enacted to read:

§980. Taxation and fees

Notwithstanding any other provision of law, for the purposes of this chapter, transactions and property of the authority shall be treated as follows.

1. Revenue obligation securities; exemption from taxation. Revenue obligation securities 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.

2. Conveyances, leases, mortgages, deeds of trust; indentures; exemptions from taxation. 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 not limited to, any applicable license, excise or other taxes imposed in respect of the privilege of engaging in any of the activities in which the authority may engage.

3. Property exemption from taxation and other assessments. Property acquired, held or transferred by the authority 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.

§980-A. Allocation of federal bond ceiling

The authority may, by rulemaking pursuant to Title 5, chapter 375, subchapter II, establish a process that is different from the federal formula for allocating the ceiling established by the United States Code, Title 26, Section 103, to limit the aggregate amount of certain bonds which may be issued or carried forward by the State and any of its political subdivisions with respect to any one calendar year. For purposes of this section, the authority may also limit the types of projects which are eligible to receive allocations of the ceiling and establish other requirements and limitations for assuring effective and efficient use of the ceiling. The authority shall include in its report pursuant to section 974 a description of its operations pursuant to this section for the most recent calendar year and of its plans, if any, to revise any allocation system established pursuant to this section.

§980-B. Maine Veterans' Small Business Loan Board

1. General. The Maine Veterans' Small Business Loan Board, as established by Title 5, section 12004, subsection 10, 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 terms of one year, 2 for terms of 2 years, 2 for terms of 3 years and 2 for terms of 4 years. Two public members of the veterans' loan board shall be appointed by the Governor to serve as members of the authority. 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 veterans' loan board shall elect one of its members as chairman and may elect such other officers as it deems necessary. Five members of the veterans' loan board shall constitute a quorum. The affirmative vote of 5 members present and voting shall be necessary for any action taken by the veterans' loan board. No vacancy in the membership of the veterans' loan board may impair the right of the quorum to exercise all rights and perform all the duties of the veterans' loan board.

2. Compensation. All the members of the veterans' loan board shall be compensated in accordance with Title 5, chapter 379.

3. Powers and duties. In addition to its other powers and duties, the authority, acting on the advice of the veterans' loan board, shall have the following powers and duties:

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

B. To prepare an annual plan recommending criteria to be used in evaluating projects for financing under the veterans' small business loan program; and

C. 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.

§980-C. Location or use of collateral

The authority shall, by rulemaking pursuant to Title 5, chapter 375, subchapter II, establish for each program governed by or operated pursuant to this chapter requirements and limitations for assuring that any eligible project or collateral maintains minimum contact with the State. In the case of real estate, the authority shall require that the real estate be located within the State. The authority shall establish requirements and limitations pertaining to fishing or other vessels.

Sec. 27. 10 MRSA §981, sub-§§5 and 6, as enacted by PL 1983, c. 519, §7, are amended to read:

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~~ authority 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~~ authority 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~~ authority, are deemed by the Legislature to be incidental to the public purposes to be achieved by the implementation of this subchapter.

Sec. 28. 10 MRSA §983, as enacted by PL 1983, c. 519, §7, is repealed.

Sec. 29. 10 MRSA §984, as enacted by PL 1983, c. 519, §7, is amended to read:

§984. Natural Resources Financing and Marketing Programs

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

2. Powers and duties. The ~~division~~ authority 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, fi-

nancial 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 authority 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 authority. In establishing a financing program pursuant to this paragraph, the division authority 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 authority 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.~~ In promulgating such regulations, the division authority may establish income or asset limitations for eligibility.

The division authority 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~~ institution, after both initial and such successive reasonable opportunities as the division authority shall provide, has contracted with the division authority to participate in a natural resource enterprise loan program;

F. Subject to approval by the authority, develop 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 enumerated 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, and marketing concerns of natural resource enterprises and may gather and disseminate information regarding these activities. The ~~division~~ authority 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; and

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.

Sec. 30. 10 MRSA §985, as amended by PL 1983, c. 812, §65, is further amended to read:

§985. The Natural Resource Financing and Marketing Board

1. Membership of the board. The board of ~~directors~~ Natural Resource Financing and Marketing Board of the ~~division~~ authority 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~~ Natural Resource Financing and Marketing Board 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 be compensated as provided by Title 5, chapter 379, following approval of expenses by the ~~director~~ chief executive officer.

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.

5. Policies. The Natural Resource Financing and Marketing Board shall, from time to time, recommend to the members of the authority the adoption, amendment or repeal of rules for carrying out this subchapter.

Sec. 31. 10 MRSA §986, sub-§§1 and 6, as enacted by PL 1983, c. 519, §7, are amended to read:

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 E without payment by the authority of financial consideration. 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.

6. Nondiscrimination. The opportunity to receive assistance from the ~~division of~~ 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 of~~ 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 of~~ the authority from recognizing the value of a critical mass of natural resource economic activity in given areas.

Sec. 32. 10 MRSA §987, as enacted by PL 1983, c. 519, §7, is amended to read:

§987. Standards for financing assistance

In addition to the applicable provisions of section 986, financing assistance provided pursuant to this subchapter 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 project is 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 financing assistance is for the acquisition of agricultural land, the person agrees in writing for the duration of the loan such period as the authority shall specify to follow such soil conservation and related standards as the division authority shall, by rule, adopt; not to convey the land without written permission of the division authority 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, sub-section 27 paragraph A and with the applicable plan-

ning, 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~~ authority 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~~ authority shall be guided by the provisions of sections 981 and 982.

Sec. 33. 10 MRSA §988, sub-§1, as enacted by PL 1983, c. 519, §7, is amended to read:

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.

Sec. 34. 10 MRSA §988, sub-§2, as enacted by PL 1983, c. 519, §7, is amended to read:

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.

Sec. 35. 10 MRSA §§989 to 996, as enacted by PL 1983, c. 519, §7, are repealed.

Sec. 36. 10 MRSA §997, as enacted by PL 1983, c. 519, §7, is amended to read:

§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 authority 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. In the case of an applicant who is an individual, the entrant to natural resource enterprises shall be a resident of the State and shall have, together with his spouse and dependent children, an aggregate net worth, as determined by the authority, of \$100,000 or less when an application is made. In the case of an applicant which is a business organization, the entrant to natural resource enterprises shall be organized under the laws of the State so that at least 51% of the controlling ownership is held by residents of the State each of whom has, together with his or her spouse and dependent chil-

dren, an aggregate net worth, as determined by the authority, of \$100,000 or less when an application is made.

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

C. The entrant has not previously received financing assistance under the program for the acquisition of property similar in nature to the property for which the ~~loan~~ financing assistance 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~~ authority pursuant to paragraph B.

D. The entrant agrees to engage in one or more natural resource enterprises and to participate in such marketing and training programs as the ~~division~~ authority may require.

E. The entrant agrees to ~~participate in~~ such other ~~related criteria~~ conditions as the ~~division~~ authority 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~~ authority by rule determines conducive to achieving the purpose of this section, provided that the rate shall not be lower than 5%. Persons benefiting from these assistance payments ~~shall~~ may 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~~ paragraph may be construed to commit the faith and credit of the State;

B. Deferred payment schedules;

C. Full guarantees for seller-sponsored loans, and Mortgage insurance for loans which satisfy the following requirements:

(1) The lender must be a seller of agricultural land and other eligible collateral:

(a) Who is a natural person; or

(b) Which is a family farm corporation;

(2) The borrower must be an entrant to natural resource enterprises;

(3) The loan must be made for the purpose of financing all or part of the purchase price of agricultural land and other eligible collateral; and

(4) The interest rate on the loan must be significantly less than the market interest rate, if required by the authority; and

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

Sec. 37. 10 MRSA §§998 to 1000-A, as enacted by PL 1983, c. 519, §7, are repealed.

Sec. 38. 10 MRSA §1001, as amended by PL 1983, c. 862, §30, is repealed.

Sec. 39. 10 MRSA §1002, as amended by PL 1983, c. 856, §§2 and 3, is repealed.

Sec. 40. 10 MRSA c. 110, sub-c. II, first 2 lines, are repealed and the following enacted in their place:

SUBCHAPTER II

MORTGAGE INSURANCE PROGRAMS

Sec. 41. 10 MRSA §1021, as amended by PL 1983, c. 519, §8, is further amended to read:

§1021. Credit of State pledged

The 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, con-

sistent with the terms and limitations of the Constitution of Maine, Article IX, ~~Section~~ Sections 14-A and 14-D and such further limitations as may be provided by statute this subchapter.

Sec. 42. 10 MRSA §1022, as enacted by PL 1981, c. 476, §2, is repealed.

Sec. 43. 10 MRSA §1023, as amended by PL 1983, c. 519, §9, is repealed.

Sec. 44. 10 MRSA §1023-A, as enacted by PL 1981, c. 698, §56, is repealed.

Sec. 45. 10 MRSA §1023-B is enacted to read:

§1023-B. Mortgage Insurance Fund

1. Creation. There is created and established under the jurisdiction and control of the authority the Mortgage Insurance Fund.

2. Deposited with Treasurer of State or invested. Money 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 law.

3. Items charged or credited. The authority may charge or credit to the fund:

A. All expenses of the authority, including payments required pursuant to mortgage insurance agreements and operating expenses; and

B. All income of the authority, including mortgage insurance premiums, fees, reimbursements and proceeds of sale, lease or other disposition of its property, except that proceeds received by the authority from the sale, lease or other disposition of property it may have acquired in accordance with section 1025, subsection 1, shall be credited either to the Mortgage Insurance Fund, the Guarantee Reserve Fund or the Debt Service Fund as directed by the State Controller.

4. Accounts. The authority may divide the fund into such separate accounts as it determines are necessary or convenient for carrying out the purposes of this chapter.

5. Bond proceeds. Proceeds of bonds issued for purposes authorized by the Constitution of Maine, Ar-

title IX, Section 14-A, may not be commingled, for accounting purposes, with proceeds of bonds issued for purposes of the Constitution of Maine, Article IX, Section 14-D.

6. Revolving fund. The fund shall be a nonlapsing revolving fund. All money in the fund shall be continuously applied by the authority to carry out this chapter.

7. Successor. Funds held by the authority under prior law in the Mortgage Insurance Fund, the Maine Small Business Loan Insurance Fund and the Veterans' Small Business Loan Insurance Fund shall be held in the Mortgage Insurance Fund created by this section.

Sec. 46. 10 MRSA §1024, as amended by PL 1983, c. 4, is repealed and the following enacted in its place:

§1024. Additions to fund

1. Request for funds. If at any time money in addition to that on hand in the fund is required to meet expenses of the authority pursuant to section 1023-B, subsection 3, as these expenses are projected by the authority to become due and payable, the authority shall in writing request the Governor to provide the necessary money. The Governor shall transfer sufficient money to the fund from the State Contingent Account, the Guarantee Reserve Fund or the proceeds of bonds of the State issued pursuant to subsection 2.

2. Issuance of bonds. If a request for funds is made under subsection 1 and if there are insufficient funds in the State Contingent Account or the Guarantee Reserve Fund, bonds of the State shall be issued in the following manner:

A. By the Treasurer of State on orders from the Governor;

B. In the amount required, but not exceeding in the aggregate at any one time outstanding the amount set forth in:

(1) The Constitution of Maine, Article IX, Section 14-A, as it may be from time to time amended, except that bonds issued under that section and this subsection shall not exceed in the aggregate at any one time outstanding the principal amount of \$77,500,000; and

(2) The Constitution of Maine, Article IX, Section 14-D, as it may be from time to time amended, except that bonds issued under that section and this subsection shall not exceed in the aggregate at any one time outstanding the principal amount of \$4,000,000;

C. To mature serially or to run for periods as the Governor may determine, not to exceed 10 years, to be subject to prior redemption or repurchase at the option of the State or the holder, as the Governor may determine, with or without premium;

D. At variable or fixed rates of interest, in such denominations, at such price, at public or private sale, in such manner and on such other terms and conditions as approved by the Governor; and

E. As a pledge of the full faith and credit of the State.

3. Insurance authorization. The authority shall not at any time have, in the aggregate principal amount outstanding, mortgage insurance obligations pursuant to this subchapter in excess of the amounts of authorized and unissued bonds pursuant to subsection 2, paragraph B.

4. Refunding bonds. The State, acting through the Treasurer of State on orders from the Governor, may issue refunding bonds of the State to refund any outstanding bonds issued pursuant to subsection 2. The refunding bonds shall meet the conditions of subsection 2, paragraphs C, D and E. In computing the total amount of bonds of the State which may at any time be outstanding pursuant to subsection 2, the amount of the outstanding bonds refunded or to be refunded from the proceeds of the sale of new bonds or by exchange of new bonds shall be excluded.

Sec. 47. 10 MRSA §1025, as amended by PL 1983, c. 519, §10, is further amended to read:

§1025. Safeguarding the Mortgage Insurance Fund

When, in the opinion of the authority, the action is necessary to safeguard the Mortgage Insurance Fund and to maintain income from eligible projects, the authority may, in addition to its other powers:

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 this chapter. The 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;

2. Mortgagor rent or lease. Permit a mortgagor to lease or rent an insured project, temporarily and under conditions set by the authority, to a responsible lessee or tenant for a use other than that specified in section 1003, subsection 6, paragraphs A to E, when that mortgagor does not meet mortgage payments insured by this authority by reason of default under the terms of the lease of its eligible project this chapter; and

3. Extend time. When a loan is in default, extend Extend the time of payment of the loan beyond original maturity, extend the insurance accordingly and waive mortgage insurance premiums.

Sec. 48. 10 MRSA §1026, as amended by PL 1981, c. 698, §59, is repealed.

Sec. 49. 10 MRSA §§1026-A to 1026-E are enacted to read:

§1026-A. Insurance of mortgages

1. Insurance. The authority may make commitments and agreements to insure mortgage payments. Any mortgage insurance shall be subject to the following:

A. No mortgage payment may be applied in a manner which would, for any one project, increase the percentage of mortgage payments insured by the authority, except that this paragraph shall not apply where insurance payments for any one project may not in the aggregate exceed the lesser of 25% of the original principal amount of the mortgage loan or:

(1) In the case of insurance provided pursuant to section 1026-B, \$20,000;

(2) In the case of insurance provided pursuant to section 1026-C, \$20,000; or

(3) In the case of insurance provided pursuant to section 1026-D, \$1,000,000;

B. The loan shall be serviced as required by the authority; and

C. Such other terms as may be required by law or by the authority.

2. Mortgage eligibility. The authority may insure mortgage payments under this subchapter subject to the following requirements:

A. The mortgage shall be a first lien on or a first security interest in eligible collateral, subject to such encumbrances, including, without limitation, coordinate first liens, as are acceptable to the authority;

B. The eligible collateral shall be owned, leased, used or held by or shall otherwise benefit an eligible enterprise;

C. The mortgage and related documents shall contain provisions satisfactory to the authority pertaining to the payment of principal and interest and shall contain covenants and other provisions satisfactory to the authority pertaining to real estate taxes, assessments, repairs, maintenance, hazard insurance, mortgage insurance, default, remedies, transfer or alteration of eligible collateral, change in management or control of the mortgagor and such other matters as the authority may determine; and

D. Other conditions which may have been prescribed by law or by the authority have been complied with.

§1026-B. Mortgage insurance of \$100,000 or less

1. Scope of section. This section applies, in addition to other applicable provisions of this subchapter, when the original principal amount of the mortgage insurance is \$100,000 or less.

2. Insurance. Any mortgage insurance provided pursuant to this section shall be subject to the following:

A. The original principal amount of mortgage insurance shall not exceed \$100,000; and

B. The authority may insure no more than 85% of the mortgage payments.

3. Mortgage eligibility. The authority may insure mortgage payments under this section provided that:

A. Repayment of the loan may be secured by less than full collateral if the borrower or the principals of the borrower are of good character and have good credit records;

B. The mortgage loan has a maturity satisfactory to the authority; and

C. The borrower:

(1) In the case of an existing business, at the time application is made for financing assistance, employs 20 persons or less or has gross sales not exceeding \$2,500,000 per year; or

(2) In the case of a new business, at the time application is made for financing assistance, projects that, during the first 12 months of operation, it will employ 20 persons or less or will have gross sales not exceeding \$2,500,000.

§1026-C. Mortgage insurance for veterans

1. Scope of section. This section applies in addition to section 1026-B when mortgage insurance benefits a veteran.

2. Insurance. The authority may provide mortgage insurance in an original principal amount of \$100,000 or less in addition or as an alternative to any amount provided pursuant to section 1026-B.

3. Mortgage eligibility. The authority may insure mortgage payments pursuant to this section provided that the borrower shall be either:

A. One or more individuals who are residents of the State and who have received from the Bureau of Veterans' Services or any successor agency certifications that they are veterans; or

B. A business organization in which at least 51% of the controlling ownership is held by one or more individuals who are residents of the State and who have received from the Bureau of Veterans' Services or any successor agency certifications that they are veterans.

§1026-D. Mortgage insurance for other projects

1. Scope of section. This section applies in addition to other applicable provisions of this subchapter, but not when mortgage insurance is provided pursuant to section 1026-B or 1026-C.

2. Insurance. Any mortgage insurance provided pursuant to this section shall be subject to the following:

A. The original principal amount of insurance for any one project shall not exceed:

(1) In the case of a project held, owned, controlled or used by a recreational enterprise, \$2,500,000; or

(2) In the case of any other project, \$7,000,000; and

B. The authority may insure no more than 90% of the mortgage payments.

3. Mortgage eligibility. The authority may insure mortgage payments pursuant to this section subject to the following requirements:

A. The authority shall have received the following:

(1) Evidence that the project will serve the purposes of this chapter in increasing or retaining income and employment in the State;

(2) Evidence, through submission of a comprehensive plan, of the project's capability of achieving its revenue and employment goals;

(3) Evidence of the economic feasibility of the project;

(4) Evidence of financial capability, including effective commitments for equity,

interim financing and final mortgage financing for the project;

(5) An employment plan describing potential opportunity for Aid to Families with Dependent Children recipients, including types of jobs, skills required, training necessary for placement and the percentage of permanent jobs which will be targeted to these recipients;

(6) Evidence of management and planning capability; and

(7) A written statement of the governing representatives of the municipality in which the project is or will be located supporting the project.

The authority may modify or waive any of the requirements of this paragraph with respect to any mortgage insurance program established for purposes of section 997;

B. The original principal amount of the mortgage loan, including any mortgage loan secured by a coordinate first lien or security interest in the same eligible collateral which is proposed to secure repayment of the insured mortgage loan, shall not exceed the sum of the following percentages of the cost or value, as determined by the authority at the time of application for mortgage insurance, of eligible collateral held, owned, controlled or used by any eligible enterprise:

(1) One hundred percent of the cost or value of real estate designed as an industrial park;

(2) Ninety percent of the cost or value of real estate;

(3) Eighty percent of the cost or value of eligible collateral consisting primarily of one or more fishing or other vessels;

(4) Seventy-five percent of the cost or value of eligible collateral consisting primarily of machinery and equipment;

(5) Notwithstanding subparagraph (2), 75% of the cost or value of eligible collateral

held, owned, controlled or used by a recreational enterprise; or

(6) Sixty percent of the cost or value of other eligible collateral.

C. The Department of Environmental Protection shall have certified to the authority that all licenses required by that department with respect to the project have been issued or that none are required. Any subsequent enlargement or addition to the project for which approval is sought from the authority shall also require certification by the Department of Environmental Protection; and

D. The loan shall be repaid no later than:

(1) Twenty-five years from the date of insurance where the authority determines that real estate is a significant portion of the eligible collateral;

(2) Twenty years from the date of insurance where the authority determines that a fishing or other vessel is a significant portion of the eligible collateral; or

(3) Ten years from the date of insurance in all other cases.

4. Retail stores. The authority may not insure any mortgage loan for a project the principal element of which, as determined by the authority, is one or more stores primarily used in making retail sales of consumer goods for household use to customers who personally visit the stores to obtain the goods.

5. Office space. The authority may not insure any mortgage loan for a project 35% or more of which, as determined by the authority, is office space, as defined by the authority.

§1026-E. Pool insurance

Subject to the limitations of this subchapter, except section 1026-A, subsection 1, paragraph A, and sections 1026-B, 1026-C and 1026-D, the authority may insure mortgage payments with respect to mortgage loans designated as one or more pools or other segregated portfolios. Any such insurance shall not exceed 50% of the aggregate principal balances of the mortgage loans as of the date on which the mortgage loans

are designated for inclusion in a pool. The authority shall, by rulemaking pursuant to Title 5, chapter 375, subchapter II, establish requirements for demonstrating project feasibility and for collateral.

Sec. 50. 10 MRSA §1027, as amended by PL 1983, c. 519, §11, is repealed.

Sec. 51. 10 MRSA §1028, as enacted by PL 1981, c. 476, §2, is amended to read:

§1028. Mortgage insurance premiums

The authority may fix mortgage insurance premiums for the insurance of mortgage payments under this subchapter. The effective rate of the insurance premiums shall not be less than 1/2 of 1% per year nor more than 2% per year of the actual or scheduled outstanding principal obligation at the beginning of each year. The authority shall determine and prescribe the manner in which the premiums shall be payable, the effective rate of the insurance premium, the actual or scheduled outstanding principal obligation and other matters necessary and proper for the assessment and collection of the premiums.

Sec. 52. 10 MRSA §1029, sub-§1, as enacted by PL 1981, c. 476, §2, is amended to read:

1. Eligible for insurance. All payments required under a mortgage ~~or other agreement for extension of credit or making of a loan by the authority, a loan agreement or related documents~~ for a project financed by revenue obligation securities ~~or of notes issued in anticipation of these securities as provided in pursuant to subchapter III~~ shall be eligible for insurance to the extent permitted under this subchapter ~~provided it meets the definition of eligible projects set forth in section 1003, subsection 6.~~

The authority may insure any eligible mortgage or other agreement by designating the mortgage in the ~~resolution authorizing the notes or bonds issued to provide funds to finance the eligible project trust agreement or another instrument~~ or by endorsing an appropriate certificate on the mortgage or other agreement.

Sec. 53. 10 MRSA §1030, as enacted by PL 1981, c. 476, §2, is amended to read:

§1030. Incontestability

Any mortgage insurance commitment or contract of insurance executed and delivered by the authority under this chapter subchapter shall be conclusive evidence of the eligibility of the mortgage for insurance subject to satisfaction of any conditions set forth in the mortgage insurance contract or commitment and that the requirements of sections 1026-A, 1026-B, 1026-C, 1026-D and 1026-E have, to the extent determined applicable by the authority, been satisfied or made conditions of the mortgage insurance commitment or contract, and the validity of any mortgage insurance commitment or contract of insurance so executed and delivered shall be incontestable in the hands of an approved mortgagee insured except for fraud or misrepresentation on the part of the approved mortgagee insured.

Sec. 54. 10 MRSA §1031, as amended by PL 1983, c. 519, §12, is further 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 and other persons.

Sec. 55. 10 MRSA §1041, first ¶, as repealed and replaced by PL 1983, c. 519, §13, is repealed and the following enacted in its place:

The authority may in addition to its other powers and in furtherance of the purposes of this chapter:

Sec. 56. 10 MRSA §1041, sub-§1, as repealed and replaced by PL 1983, c. 862, §31, is repealed and the following enacted in its place:

1. Kinds of projects. Acquire, construct, reconstruct, maintain, renew, replace or provide financing assistance for eligible projects, or assist users to acquire, construct, reconstruct, maintain, renew or replace eligible projects;

Sec. 57. 10 MRSA §1041, sub-§2, as enacted by PL 1981, c. 476, §2, is amended to read:

2. Securities for projects. Issue revenue obligation securities to pay the cost of or to provide financial assistance for acquisition, construction, reconstruction, renewal or replacement of the eligible projects in subsection 1. Any single issue

of securities issued may provide for the cost of or for financial assistance for acquisition, construction, reconstruction, renewal or replacement of any one or more projects which may be separate, unconnected, distinct and unrelated in purpose;

Sec. 58. 10 MRSA §1041, sub-§3, as enacted by PL 1981, c. 476, §2, is amended to read:

3. Acquire securities. Issue revenue obligation securities to acquire one or more issues of revenue obligation securities issued by municipalities under subchapter IV or to acquire any other bond not eligible for purchase pursuant to Title 30, chapter 241, subchapter II, Article 3-A. Any single issue of securities may provide funds for the acquisition of revenue obligation securities of one or more municipalities or of bonds for one or more projects which may be separate, unconnected, distinct and unrelated in purpose;

Sec. 59. 10 MRSA §1041, sub-§14, as enacted by PL 1981, c. 476, §2, is amended to read:

14. Applicability. Provide financial assistance by means of leases which are not subject to Title 14, section 6010 shall not apply to leases made under this section. Leases made under this section may provide that obligations of the lessees shall be unconditional; and

Sec. 60. 10 MRSA §1041, sub-§15, as enacted by PL 1981, c. 476, §2, is amended to read:

15. Application of Title 32, chapter 13. The Provide financial assistance by means of revenue obligation securities which are not subject to the provisions of Title 32, chapter 13, relating to dealers in securities shall not apply to revenue obligations securities issued, reissued or refunded under this subchapter;

Sec. 61. 10 MRSA §1041, sub-§§16 and 17 are enacted to read:

16. Energy conservation. Provide financial assistance for energy conservation. The Office of Energy Resources shall provide assistance to the authority in determining technical eligibility and merit of applications for energy conservation loans. Each recipient of a loan under this section shall provide the authority, within one year, with detailed information on energy consumption before and after the completion of the energy conservation project; and

17. Electricity. Provide financial assistance for electricity generation projects. Any municipality, firm or corporation producing electricity by means of projects described in section 1044, subsection 12, or by means of a pollution-control project, recreational project, multi-level parking facility or combined project may, without the approval of and regulation by the Public Utilities Commission, generate and distribute electricity solely for its own use or the use of its tenant, but may not, without proper approval, sell electricity to other than an electric public utility corporation or cooperative authorized to make, generate, sell and distribute electricity.

Sec. 62. 10 MRSA §1041-A is enacted to read:

§1041-A. Limitations on certain projects

1. Scope. This subsection and subsections 2 to 4 apply only in connection with the authority's revenue obligation securities, interest on which is exempt from federal income taxation pursuant to the United States Code, Title 26, Section 103.

2. Retail stores. The authority may not use proceeds of its revenue obligation securities to provide financial assistance for a project the principal element of which, as determined by the authority, is one or more stores primarily used in making retail sales of consumer goods for household use to customers who personally visit the stores to obtain the goods:

A. Except in connection with the reconstruction of an existing building project satisfying the requirements of subsection 4;

B. Unless the application for approval under prior section 864 or under prior section 1043 was received by the Maine Guarantee Authority prior to October 1, 1981; or

C. Except where the authority is an occupant of the project.

3. Office space. The authority may not use more than 35% of the proceeds of an issue of its revenue obligation securities to provide financial assistance for office space, as defined by the authority, except under the following circumstances:

A. In the case of the reconstruction of an existing building project satisfying the requirements of subsection 4;

B. In any case where there will be a 35% or more increase in jobs in a business where 50% or more of the products or services are or will be sold or used outside the State, as determined by the authority;

C. In any case where provision of housing is likely to be facilitated as a result of a project constituting both housing and office space, as determined by the authority; or

D. Where the authority is an occupant of the project.

4. Reconstruction of existing building projects. Reconstruction of an existing building project shall:

A. Result in the rehabilitation or improvement of a building which is at least 50 years old; and

B. Be limited to one or more buildings that are located in an existing commercial area of a municipality in which a substantial public benefit will result from rehabilitating or improving the building rather than removing the building or allowing continuation of the conditions existing at or about the time application for a certificate of approval is made.

5. Housing. The authority will not provide financing from proceeds of revenue obligation securities issued by the authority for any housing which is eligible for financing by the Maine State Housing Authority except with respect to property which the authority has acquired or may acquire on account or in anticipation of imminent or actual default under the mortgage insurance premiums.

Sec. 63. 10 MRSA §1043, as amended by PL 1981, c. 698, §§60 to 64, is further amended to read:

§1043. Certificates of approval

1. Issue. The authority is authorized and empowered to approve or disapprove projects following submission to it of applications for approval thereof, in such form and with such supporting data as it may require and, upon approval of a project, to issue a certificate of approval. Upon receipt of any such application the The authority shall publish once in the state newspaper and in a newspaper of general circulation in the area of the State in which the project is to be located, notice of the receipt of such application and of the date on which the authority will

~~meet to consider the application issuance of a certificate of approval for the project. Such~~ The notice shall be published at least 7 days prior to the date scheduled for such ~~meeting consideration~~, shall set forth the name of the applicant, describe generally the project and set forth the time and place of the ~~meeting~~ at which the application will be considered. In addition to the notice required to be published by the authority, the applicant shall make all reasonable efforts to ~~notify~~ give timely notice to any and all known competitors of the time and place of the ~~meeting~~ at which the application will be considered. Where individual written notice is not practical, as determined by the authority, the authority may specify other or additional forms of notice, including display newspaper advertisements and written notice to any trade, industry, professional or interest group. The certificate of approval shall identify and describe each project as to location, purpose and the amount of revenue obligation securities to be issued. If a single issue of revenue obligation securities is to provide for the costs of more than one project, the certificate of approval shall identify the aggregate amount of revenue obligation securities to be issued.

2. Criteria. Before issuing a certificate of approval for any project, the authority shall determine that:

A. The project will make a ~~significant~~ contribution to the economic growth of, the control of pollution in or the betterment of the health, welfare or safety of the inhabitants of the State;

B. The project will not result in a substantial detriment to existing industry in the State. For purposes of this determination, the authority shall consider, pursuant to rules adopted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, such factors as it deems necessary to measure and evaluate the effect of the project on existing business, provided:

(1) That no project will be approved if, as a result of the project, there will not be sufficient demand within the market area of the State to be served by the project to employ the efficient capacity of existing industry; and

(2) That any adverse economic effect of the project on existing enterprises is outweighed by the contribution which the project will make to the economic growth of, the control of pollution in or the betterment of the health, welfare or safety of the inhabitants of the State.

The applicant shall have the burden of demonstrating that the project will not result in a substantial detriment to existing industry in accordance with the requirements of the subsection, including rules adopted in accordance therewith, except in cases where no interested parties object to the project, in which event the requirements of ~~subparagraph (2)~~ this paragraph shall be deemed satisfied. Interested parties shall be given an opportunity, with or without a hearing at the discretion of the authority, to present their objections to the project on grounds that the project will result in a substantial detriment to existing industry. If any such party presents such objections with reasonable specificity and persuasiveness, the authority may divulge whatever information concerning the project which it deems necessary for a fair presentation by the objecting party and evaluation of such objections. The applicant shall then have the burden of demonstrating by a preponderance of the evidence that the project will not result in substantial detriment to existing industry. If the authority finds that the applicant has failed to meet its burden as specified in this subsection, the application shall be denied.

C. Adequate provision is being made to meet any increased demand upon public facilities that might result from the project;

D. In cases where it is proposed to relocate an industrial-commercial or recreational facility existing in the State, there is a clear economic justification for such relocation;

E- The Department of Environmental Protection has certified to the authority that all licenses required by that department with respect to the project have been issued or that none are required. Any subsequent enlargement or addition to the project for which approval is sought from the authority shall also require certification by the Department of Environmental Protection;

F. In the case of projects including which are primarily pollution-control facilities:

(1) The proposed users of the facilities make a ~~significant~~ contribution to the economy of the State;

(2) A ~~substantial~~ public benefit will result from including the facilities in the project; and

(3) It is unlikely that public facilities meeting the needs of the users and securing comparable public benefit will become available in the reasonably foreseeable future; and

G. In the case of an energy generating system, an energy distribution system or an industrial-commercial project which includes hydroelectric facilities deemed necessary for the production of electricity:

(1) The Public Utilities Commission has certified that all required licenses have been issued or that none are required; and

(2) The Director of Energy Resources has reviewed and commented upon the project proposal. The Director of Energy Resources shall make his comments within 30 days after receipt of a notification and copy of the project proposal from the authority. The authority shall take the comments into consideration in its consideration of the project;

H. In the case of energy conservation projects, any small business is eligible to apply for a loan of up to \$10,000. The authority shall select these projects according to the following criteria:

(1) The gross amount of energy saved by the project expressed in British Thermal Units, BTU's;

(2) The ability of the project to serve as an educational demonstration for other similar businesses or industries;

(3) The pattern of energy used within the facility and the overall dependence on energy for the conduct of business;

{4} The simple payback of the project calculated as the annual energy cost savings divided into the project; and

{5} The ability of the business or industry to generate capital from sources other than provided by this paragraph.

The Office of Energy Resources shall provide assistance to the authority in determining technical eligibility and merit of loan applications.

Each recipient of a loan under this paragraph shall provide the authority, within one year, with detailed information on energy consumption before and after the completion of the energy conservation project. The authority shall issue an annual report to the Legislature on loans made under this paragraph, the success of various energy saving techniques employed and the overall energy benefits achieved by the program. The Office of Energy Resources shall assist the authority in preparing this report, and

I. The project will, to the extent possible, make a commitment to provide employment to recipients of Aid to Families with Dependent Children.

Any municipality, firm or corporation producing electricity by means of projects in paragraph 6 or by means of a pollution-control project, recreational project, multi-level parking facility or combined project may, without the approval of and regulation by the Public Utilities Commission, generate and distribute electricity solely for its own use or the use of its tenant, but may not sell electricity to other than an electric public utility corporation or cooperative authorized to make, generate, sell and distribute electricity.

3. Effect of certificate. A certificate of approval issued under this subchapter shall be conclusive proof that the authority has made the determinations required by this section.

4. Exception. This section and section 1044, subsection 2, shall not apply in the case of issue by the authority of revenue obligation securities for the purpose of acquiring one or more issues of outstanding revenue obligation securities issued by municipalities under subchapter IV or one or more issues of any other bond not eligible for purchase pursuant to Title 30, chapter 241, subchapter II, Article 3-A.

Sec. 64. 10 MRSA §1044, sub-§1, as enacted by PL 1981, c. 476, §2, is amended to read:

1. Notice of intent to issue bonds; actions to contest validity. The authority may provide ~~by resolution~~, at one time or from time to time, for the issuance of revenue obligations securities of the authority for the purposes authorized in this ~~subchapter~~ chapter. No revenue obligation securities of the authority may be ~~authorized and~~ issued until:

A. A certificate of approval, as provided in section 1043, ~~is received~~ has been issued; and

B. ~~A resolution is adopted by vote of the authority;~~ and

C. A notice of the intent of the authority to issue the securities is published at least once in the state newspaper and in a newspaper of general circulation in the municipality in which the project is to be located:

(1) No later than 14 full days after the date on which the ~~resolution is adopted~~ certificate is issued;

(2) Describing the general purpose or purposes for which the securities are to be issued;

(3) Stating the maximum principal amount of the proposed securities;

(4) Setting forth or summarizing the text of the certificate of approval; and

(5) Including a statement as to the time within which any ~~action or proceeding~~ petition to contest the issuance of the securities or to set aside the resolution or otherwise obtain relief on the grounds of ~~its~~ invalidity ~~or that~~ of the certificate of approval must be commenced.

Any action or proceeding in any court to contest the issuance of the securities, to set aside a resolution or certificate of approval or to obtain relief upon the grounds that the resolution or certificate of approval was improperly adopted issued, was adopted issued for unauthorized purposes, or is otherwise invalid for any reason, must be started within 30 days after the date of the publication required by paragraph C and otherwise shall be governed by Title

5, chapter 375, subchapter VII. For the purposes of this subchapter and the Maine Administrative Procedure Act, Title 5, chapter 375, the later date of newspaper publication required by paragraph C shall constitute the final agency action with respect to the certificate of approval and the issuance of the securities. After the expiration of the 30-day period of limitation, no right of action or defense founded upon the invalidity of the ~~resolution or~~ approval or contesting any provision ~~shall~~ or the issuance of the certificate of approval or the issuance of the securities may be started or asserted nor ~~shall~~ may the validity of the ~~resolution or~~ certificate of approval or ~~provision~~ the issuance of the securities be open to question in any court upon any grounds.

Sec. 65. 10 MRSA §1044, sub-§3, as enacted by PL 1981, c. 476, §2, is repealed.

Sec. 66. 10 MRSA §1044, sub-§4, as enacted by PL 1981, c. 476, §2, is amended to read:

4. Conclusive authorization. ~~Once issued, all bonds or notes~~ All revenue obligation securities of the authority shall be conclusively presumed to be fully authorized and issued under the laws of the State, and any person or governmental unit shall be estopped from questioning their authorization, sale, issuance, execution or delivery by the authority.

Sec. 67. 10 MRSA §1044, sub-§6, as enacted by PL 1981, c. 476, §2, is amended to read:

6. Form. The authority shall determine the form of the securities, including any attached interest coupons, the manner of execution of the securities, the denomination or denominations of the securities and the place or places for payment of principal and interest, which may be at any ~~bank or trust company~~ financial institution within or without the State. Revenue obligation securities shall be executed in the name of the authority by the manual or facsimile signature of the authorized official or officials ~~authorized in the resolution; but at least one signature on each security shall be a manual signature.~~ Any attached coupons shall be executed with the manual or facsimile signature of the designated authorized official or officials. Signatures and facsimiles of signatures on securities and coupons will be valid for all purposes even if the ~~designated authorized~~ authorized official ceases to hold office before delivery of the securities. The securities may be issued in coupon or registered form or both as the authority may determine. Provision may be made for the

registration of any coupon securities as to principal alone and as to both principal and interest, and for the reconversion into coupon securities of any securities registered as to both principal and interest. In addition to this subsection, the authority may provide for transfer of registration of its registered revenue obligation securities by book entry on the records of the entity designated for that purpose and may enter into such contractual arrangements as may be necessary to accomplish these purposes. In the event a book entry method of transfer is used, principal of and interest on those registered securities shall be payable to the registered owner shown in the book entry, his legal representatives, successors or transferees.

Sec. 68. 10 MRSA §1044, sub-§8, as amended by PL 1981, c. 698, §§65 and 66, is further amended to read:

8. Proceeds. The proceeds of each issue shall be used solely for the authorized purposes and shall be disbursed as provided in the authorizing resolution or in the securing trust agreement, except that the proceeds of each issue may be used to make loans for small business energy conservation projects as described in section 1043, subsection 2, paragraph H or other document. Administration costs incurred by the authority under this program may be drawn from those proceeds. If the proceeds are less than the cost of the securities project, by error in the estimate or otherwise, additional securities may be issued in a like manner to provide the amount of the deficit and, unless otherwise provided in the authorizing resolution or the securing trust agreement or such other document and without again carrying out the procedures set forth in section 1043, the additional securities are deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the securities first issued for the same purpose. The authority may place limits or restrictions on the issuance of additional revenue obligation securities through the authorizing resolution or any securing trust agreement or other document. The authority may provide for the replacement of mutilated, destroyed or lost securities. Revenue obligation securities may be issued under this subchapter without obtaining the consent of any department, division, commission, board, bureau or agency of the State and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this subchapter. Notwithstanding any of the other provisions of this sub-

chapter, or of any recitals in any securities issued under this subchapter, all such securities are deemed to be negotiable instruments issued under the laws of this State.

Sec. 69. 10 MRSA §1044, sub-§9, as amended by PL 1983, c. 519, §15, is further 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~~ or 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 or from the other eligible collateral or the revenues or proceeds of other eligible collateral pledged to the payment of the revenue obligation securities 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 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. 70. 10 MRSA §1044, sub-§10, as enacted by PL 1981, c. 476, §2, is amended to read:

10. Anticipatory borrowing. In anticipation of the sale of securities under this subchapter, the authority may issue temporary notes and renewal notes, the total face amount of which does not exceed at any one time outstanding the authorized amount of the securities. The period of such anticipatory borrowing shall not exceed 3 years and the time within which the securities are to become due shall not be extended by the anticipatory borrowing beyond the ~~time fixed in the authorizing resolution, or, if no term is specified, beyond the term permitted by law.~~

Sec. 71. 10 MRSA §1044, sub-§§11 and 12 are enacted to read:

11. Environmental protection. Revenue obligation securities of the authority shall not be issued for a project until the Department of Environmental Protection has certified to the authority that all licenses required by that department with respect to the project have been issued or that none are required. Any subsequent enlargement or addition to the project for which approval is sought from the authority shall also require certification by the Department of Environmental Protection.

12. Energy facilities. In the case of an energy generating system, an energy distribution system of an industrial-commercial project which includes hydroelectric facilities:

A. Revenue obligation securities of the authority shall not be issued until the Public Utilities Commission has certified that all licenses required by that commission with respect to the project have been issued or that none are required; and

B. Revenue obligation securities of the authority shall not be issued until the Director of Energy Resources has reviewed and commented upon the project proposal. The director shall make his comments within 30 days after receipt of a notification and copy of the project proposal from the authority. The authority shall take the comments into consideration in its processing of the project.

Sec. 72. 10 MRSA §1045, as enacted by PL 1981, c. 476, §2, is repealed.

Sec. 73. 10 MRSA §1045-A is enacted to read:

§1045-A. Trust agreements or other documents

1. Trust agreements or other documents. At the discretion of the authority, revenue obligation securities may be issued under this subchapter pursuant to a trust agreement or other document. The trust agreement or other document may:

A. Pledge or assign the revenues or proceeds of the project or projects or other eligible collateral;

B. Set forth the rights and remedies of the security holders and other persons and contain any reasonable and legal provisions for protecting the rights and remedies of the security holders;

C. Restrict the individual right of action by security holders; and

D. Include covenants setting forth the duties of the authority and user in relation to:

(1) Acquisition of property or eligible collateral;

(2) Construction, reconstruction, renewal, replacement and insurance of the project or eligible collateral;

(3) Rents to be charged or other payments to be made for use;

(4) Payment for the project or eligible collateral; and

(5) Custody, safeguarding and application of all money.

Any financial institution may furnish indemnifying bonds or pledge the securities as may be required by the authority.

2. Mortgages. To further secure the payment of the revenue obligation securities, the trust agreement or other document may mortgage or assign the mortgage of the project, or any part, and create a lien upon or security interest in any or all of the project. In the event of a default with respect to the revenue obligation securities, the trustee, mortgagee or other person may be authorized by the trust agreement or other document containing a mortgage or assignment of a mortgage to take possession of, hold, manage and operate all or any part of the mortgaged property and, with or without taking possession, to sell or, from time to time, to lease the property in accordance with law. Any security interest granted by the authority under this chapter may be created and perfected in accordance with the Uniform Commercial Code, Title 11, Article 9, notwithstanding Title 11, section 9-104, subsection 5.

3. Additional provisions. Any trust agreement or other document may contain provisions which shall be a part of the contract with holders of revenue obligation securities as to:

A. Pledging any specified revenues or assets of the authority to secure the payment of the securities, subject to agreements with existing holders of securities;

B. Pledging all or any part of the unencumbered revenues or assets of the authority to secure the payment of the securities, subject to agreements with existing holders of securities;

C. Setting aside of, regulating and disposing of reserves or sinking funds;

D. Limitations on the purpose to which the proceeds of sale of securities may be applied and the pledge of the proceeds to secure the payment of the securities or of any issue of securities;

E. Limitations on the issuance of additional securities;

F. The terms upon which additional securities may be issued and secured and the refunding of outstanding or other securities;

G. The procedure, if any, by which the terms of any contract with holders of securities may be amended or abrogated, including the proportion of the holders which must consent and the manner in which the consent may be given;

H. Limitations on the amount of money to be expended by the authority for operating expenses of the authority;

I. Vesting in a trustee or trustees such property, rights, powers and duties in trust as the authority may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the holders of the securities under this subchapter and limiting or abrogating the right of the holders of the securities to appoint a trustee under this chapter or limiting the rights, powers and duties of the trustee;

J. Defining the acts or omissions to act which will constitute a default in the obligations and duties of the authority to the holders of the securities and providing for the rights and remedies of the holders of the securities in the event of default, including, as a matter of right, the appointment of a receiver; but only if the rights and remedies are not inconsistent with the general laws of the State and other provisions of this subchapter; and

K. Any other matters, of like or different character, which in any way affect the security or protection of the holders of the securities.

4. Expenses; pledges. All expenses incurred in carrying out a trust agreement or financial document may be treated as a part of the cost of the operation of the project. All pledges of revenue or eligible collateral under this subchapter shall be valid and binding from the time when the pledge is made. All the revenues or eligible collateral pledged and later received by the authority shall immediately be subject to the lien of the pledges without any physical delivery or further action under the Uniform Commercial Code or otherwise. The lien of the pledges shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, against the authority, irrespective of whether the parties have notice thereof.

5. Other provisions. A trust agreement or financial document may contain other provisions the authority deems reasonable and proper for the security of the security holders.

Sec. 74. 10 MRSA §1046, as enacted by PL 1981, c. 476, §2, is amended to read:

§1046. Rentals and revenues

1. Provisions. Before issuing revenue obligation securities for any project, the authority shall provide financial documents or other contracts to assure that the authority, in its judgment, determine that there will at all times have be revenues and funds sufficient:

A. To pay the principal of and the interest of the securities as they become due and payable and, in its discretion, to create and maintain reserves for that purpose; and

B. To pay the cost of maintaining and, where applicable, repairing and operating the project unless provision is made in the financial document or other contract for the maintenance and, where applicable, repair and operation.

2. Sinking fund. All project rentals and other revenues, except those required in subsection 1, paragraph B or to provide reserves for this maintenance and, where applicable, repair and operation, shall may be set aside at regular intervals, as provided in the resolution, financial document or trust agreement or other document, and deposited to the credit of a sinking fund charged with payment of the interest and principal of the securities as they fall due, the any necessary charges of paying agents for paying princi-

pal and interest, and the redemption price or the purchase price of securities retired by call or purchase. The use and disposition of moneys to the credit of the sinking fund shall be subject to regulations prescribed in the authorizing resolution, the trust agreement or applicable financial other document. Except as may otherwise be provided in the resolution, financial document or trust agreement or other document, the sinking fund shall be a fund for the benefit of all securities issued for the project or projects without distinction or priority of one over another.

3. Trust funds. All moneys received under this subchapter shall be deemed trust funds, to be held and applied solely as provided in this subchapter. Any officer to whom, or any bank, trust company or other fiscal agent or trustee to which the moneys shall be paid shall act as trustees of the moneys and shall hold and apply them for the purposes of this subchapter, subject to regulations provided in the requirements of this subchapter, authorizing resolution or the trust agreement or other applicable document.

Sec. 75. 10 MRSA §1047, as enacted by PL 1981, c. 476, §2, is amended to read:

§1047. Remedies

Any holder of revenue obligation securities or attached coupons issued under this subchapter and the trustee under any trust agreement, except as restricted by the authorizing resolution, the trust agreement or applicable financial document, may, either by action, mandamus or other proceeding by appropriate legal action, protect and enforce any and all rights under the laws of this State or granted under this subchapter, the resolution, the trust agreement or financial other document, including the appointment of a receiver, and may enforce and compel the performance of all duties required by this subchapter, the resolution, the trust agreement or the financial other document to be performed by the authority, including the collecting of rates, fees and charges for the use of the project. Any suit, action or proceeding shall be brought for the benefit of all holders of the securities and any coupons.

Sec. 76. 10 MRSA §1048, as enacted by PL 1981, c. 476, §2, is amended to read:

§1048. Revenue refunding securities

The authority may provide ~~by resolution~~ for the issuance of revenue refunding securities of the authority to refund any outstanding revenue securities issued under this subchapter, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption, and, if deemed advisable by the authority, to construct or enable the construction of improvements, extensions, enlargements or additions of the original project. The authority may provide ~~by resolution~~ for the issuance of revenue obligation securities of the authority for the combined purpose of refunding any outstanding revenue obligation securities or revenue refunding securities issued under this subchapter, including the payment of redemption premiums and interest accrued or to accrue and paying all or any part of the cost of acquiring or constructing or enabling the acquisition or construction of any additional project or part or any improvements, extensions, enlargements or additions of any project. The issuance of the securities, the maturities and other details, the rights and remedies of the holders and the rights, powers, privileges, duties and obligations of the authority shall be governed by the provisions of this subchapter insofar as they are applicable.

Sec. 77. 10 MRSA §1051, as enacted by PL 1981, c. 476, §2, is amended to read:

§1051. Bonds as legal investments

The ~~notes or bonds~~ revenue obligation securities of the authority and any loan or extension of credit ~~insured~~ issued under this subchapter, shall be legal investments in which all public officers and public bodies of the State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all other persons who are now or may later be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The ~~bonds revenue obligation securities~~ and any loan or extension of credit which is ~~insured~~ issued under this subchapter are also made securities which may properly and legally be deposited with and received by all public

officers and bodies of the State or any agency or political subdivisions and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may later be authorized by law.

Sec. 78. 10 MRSA §§1053 and 1054 are enacted to read:

§1053. Capital reserve funds; obligation of State

1. Capital reserve fund. The authority may create and establish one or more capital reserve funds and may pay into any such capital reserve fund any money appropriated and made available by the State for the purposes of any such fund, any proceeds of sale by the authority of revenue obligation securities to the extent determined by the authority and any other money available to the authority.

2. Application. Money held in any capital reserve fund, except as provided in this section, shall be used solely with respect to revenue obligation securities, repayment of which is secured by any such fund and solely for the payment of principal of the securities, the purchase or redemption of the securities, including any fees or premiums or the payment of interest on the securities. Money in excess of the reserve requirement set forth in subsection 3 may be transferred to other funds and accounts of the authority.

3. Reserve requirement. The authority may provide that money in any such fund shall not be withdrawn at any time in such amount as would reduce the amount of any such fund to less than the maximum amount of principal and interest becoming due by reason of maturity or a required sinking fund payment in the next succeeding 12-month period within which any such maturity occurs or any such payment is required, the amount being referred to as the "capital reserve requirement," except for the purpose of paying the amount due at any such maturity or the sinking fund payment with respect to revenue obligation securities, repayment of which is secured by any such fund.

4. Issuance limit. The authority may provide that it shall not issue revenue obligation securities if the capital reserve requirement with respect to securities outstanding and then to be issued and secured by any such fund will exceed the amount of any such fund at the time of issuance, unless the authority, at the time of issuance of the securities, shall

deposit in any such fund from proceeds of the securities so to be issued, or from other sources, an amount, which, together with the amounts then in any such fund, will not be less than the capital reserve requirement.

5. Appropriation. On or before December 1st, annually, the authority shall certify to the Governor the amount, if any, necessary to restore the amount in any capital reserve fund, to which this subsection is stated in the trust agreement or other document to apply, to the capital reserve requirement. The Governor shall forthwith pay from the Contingent Account to any such fund so much of the amount as is available in the Contingent Account and shall forthwith transmit to the Legislature such certification and a statement of the amount, if any, remaining to be paid and the amount so certified shall be appropriated and paid to the authority during the then current state fiscal year.

6. Securities outstanding. The authority shall not have at any one time outstanding revenue obligation securities to which subsection 5 is stated in the trust agreement or other document to apply in principal amount exceeding \$50,000,000. The amount of revenue obligation securities issued to refund securities previously issued shall not be taken into account in determining the principal amount of securities outstanding, provided that proceeds of the refunding securities are applied as promptly as possible to the refunding of the previously issued securities.

§1054. Taxable bond option

With respect to any bonds which the authority may issue in accordance with the limitations and restrictions of this subchapter, the authority may covenant and consent that the interest on the bonds shall be includable, under the United States Internal Revenue Code of 1954 or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of the bonds to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders under the United States Internal Revenue Code or any subsequent law. The powers conferred by this section shall not be subject to any limitations or restrictions of any law which may limit the authority's power to so covenant and consent or to the procedures set forth in section 1043 or in section 1044, subsections 1, 11 and 12.

Sec. 79. 10 MRSA §1061, sub-§1, as repealed and replaced by PL 1983, c. 862, §32, is repealed and the following enacted in its place:

1. Kinds of projects. Acquire, construct, reconstruct, maintain, renew, replace or provide financing assistance for eligible projects, or assist a user to acquire, construct, reconstruct, maintain, renew or replace eligible projects;

Sec. 80. 10 MRSA §1061-A is enacted to read:

§1061-A. Limitations on certain projects

1. Retail stores. A municipality may not use proceeds of its revenue obligation securities to provide financial assistance for a project the principal element of which, as determined by the authority, is one or more stores primarily used in making retail sales of consumer goods for household use to customers who personally visit the stores to obtain the goods:

A. Except in connection with the reconstruction of an existing building project satisfying the requirements of subsection 3; or

B. Unless the application for approval thereof under prior Title 30, section 5328, or under prior section 1063 was received by the Maine Guarantee Authority prior to October 1, 1981.

2. Office space. A municipality may not use more than 35% of the proceeds of an issue of its revenue obligation securities to provide financial assistance for office space, as defined by the authority, except under the following circumstances:

A. In the case of the reconstruction of an existing building project satisfying the requirements of subsection 3;

B. In any case where there will be a 35% or more increase in jobs in a business where 50% or more of the products or services are or will be sold or used outside the State, as determined by the authority; or

C. In any case where provision of housing is likely to be facilitated as a result of a project consisting of both housing and office space, as determined by the authority.

3. Reconstruction of existing building projects. Reconstruction of an existing building project shall:

A. Result in the rehabilitation or improvement of a building which is at least 50 years old; and

B. Be limited to one or more buildings that are located in an existing commercial area of a municipality in which a substantial public benefit will result from rehabilitating or improving the building rather than removing the building or allowing continuation of the conditions existing at or about the time application for a certificate of approval is made.

Sec. 81. 10 MRSA §1063, sub-§1, as amended by PL 1981, c. 698, §67, is further amended to read:

1. Issue. The authority may approve or disapprove projects and issue certificates of approval upon application by municipalities proposing to issue revenue obligation securities under this subchapter. Upon receipt of any such municipal application, the The authority shall publish, once in the state newspaper and in a newspaper of general circulation in the municipality in which the project is to be located, notice of the receipt of such application and of the date on which the Maine Guarantee Authority authority will meet to consider the application. The notice shall be published at least 7 days prior to the date scheduled for the meeting such consideration, shall set forth the name of the municipality and the proposed tenant user of the project, describe generally the project and set forth the time and place of the meeting at which the application will be considered. In addition to the notice required to be published by the authority, the applicant shall make all reasonable efforts to notify give timely notice to any and all known competitors of the time and place of the meeting at which the application will be considered. Where individual written notice is not practical, as determined by the authority, the authority may specify other or additional forms of notice, including display newspaper advertisements and written notice to any trade, industry, professional or interest group. The certificate of approval shall identify and describe each project as to location, purpose and amount of revenue obligation securities to be issued.

Sec. 82. 10 MRSA §1063, sub-§2, ¶A, as enacted by PL 1981, c. 476, §2, is amended to read:

A. The project will make a ~~significant~~ contribution to the economic growth of, the control of pollution in or the betterment of the health, welfare or safety of the inhabitants of the State;

Sec. 83. 10 MRSA §1063, sub-§2, ¶B, as enacted by PL 1981, c. 476, §2, is amended to read:

B. The project will not result in a substantial detriment to existing industry in the State. For purposes of this determination, the authority shall consider, pursuant to rules adopted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, such factors as it deems necessary to measure and evaluate the effect of the project on existing business, provided:

(1) That no project will be approved if, as a result of the project, there will not be sufficient demand within the market area of the State to be served by the project to employ the efficient capacity of existing industry; and

(2) That any adverse economic effect of the project on existing enterprises is outweighed by the contribution which the project will make to the economic growth of, the control of pollution in or the betterment of the health, welfare or safety of the inhabitants of the State.

The applicant shall have the burden of demonstrating that the project will not result in a substantial detriment to existing industry in accordance with the requirements of the subsection, including rules adopted in accordance therewith, except in cases where no interested parties object to the project, in which event the requirements of ~~subparagraph (2)~~ this paragraph shall be deemed satisfied. Interested parties shall be given an opportunity, with or without a hearing at the discretion of the authority, to present their objections to the project on grounds that the project will result in a substantial detriment to existing industry. If any such party presents such objections with reasonable specificity and persuasiveness, the authority may divulge whatever information concerning the project which it deems necessary for a fair presentation by the objecting party and evaluation of such objections. The applicant shall then have

the burden of demonstrating by a preponderance of the evidence that the project will not result in substantial detriment to existing industry. If the authority finds that the applicant has failed to meet its burden as specified in this subsection, the application shall be denied;

Sec. 84. 10 MRSA §1063, sub-§2, ¶G, as enacted by PL 1981, c. 476, §2, is repealed.

Sec. 85. 10 MRSA §1064, sub-§2, as enacted by PL 1981, c. 476, §2, is amended to read:

2. Maturity; interest. The securities of each issue of revenue obligation securities shall be dated, shall mature at a time or times not exceeding 25 years from their date or dates and shall bear interest at a rate or rates ~~not exceeding 6% per year~~ as may be determined by the municipal officers and approved by the authority. At the option of the municipal officers, the securities may be made redeemable before maturity at a price or prices and under terms and conditions fixed prior to their issue. ~~Notwithstanding any of the other provisions of this chapter, revenue obligation securities may bear interest at rates exceeding 6% per year upon receipt of written approval from the authority. In giving approval for an interest rate in excess of 6%, the authority shall specify a rate which shall be the maximum rate for the particular revenue obligation security issue related to a single project, which rate may be a variable rate measured as a percentage of or otherwise in relation to a prime rate or other measuring standard. In granting approval of interest rates in excess of 6% per year, the authority shall consider the following:~~

- A. Interest rates in the current money market;
- B. Credit worthiness of the proposed owner, lessee or other user; and
- C. ~~Economic~~ Economic conditions in the municipality proposing to issue the revenue obligation securities; and
- D. Such other matters as the authority shall consider significant.

In making its determination as to rates of interest allowable ~~in excess of 6% per year~~, the authority shall give such weight to the factors in this subsection as it deems adequate and the findings of the authority shall be final.

If the authority determines that a rate of interest in excess of 6% per year is in order, it shall issue its certificate which shall set forth the maximum allowable interest rate and the specific revenue obligation security issue to which the rate applies:

Sec. 86. 10 MRSA §1064, sub-§5, as enacted by PL 1981, c. 476, §2, is amended to read:

5. Use of proceeds; disbursements; deficits. Proceeds of each issue shall be used solely for the authorized purposes and shall be disbursed as provided in the authorizing resolution or in the securing trust agreement. If the proceeds shall be less than the cost of the securities project, by error in the estimate or otherwise, additional securities may be issued in a like manner to provide the amount of the deficit and, unless otherwise provided in the authorizing resolution or the securing trust agreement, the additional securities are deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the securities first issued for the same purpose, provided the aggregate principal amount of revenue obligation securities of a municipality may not exceed the amount approved by the resolution of the municipal officers. The municipality may place limits or restrictions on the issuance of additional revenue obligation securities through the authorizing resolution or any securing trust agreement. The municipality may provide for the replacement of mutilated, destroyed or lost securities. Revenue obligation securities may be issued under this chapter without obtaining the consent of any department, division, commission, board, bureau or agency of the State and without any other proceedings, or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this chapter. Notwithstanding any of the other provisions of this subchapter or any recitals in any securities issued under this subchapter, all such securities are deemed to be negotiable instruments issued under the laws of this State.

Sec. 87. 10 MRSA §1064, sub-§8 is enacted to read:

8. Conclusive authorization. All revenue obligation securities of the municipality shall be conclusively presumed to be fully authorized and issued under the laws of the State, and any person or governmental unit shall be estopped from questioning their authorization, sale, issuance, execution or delivery by the municipality.

Sec. 88. 10 MRSA §1065, sub-§2, as enacted by PL 1981, c. 476, §2, is amended to read:

2. Mortgages. To further secure the payment of the revenue obligation securities, the trust agreement or other financial document may mortgage the project or any part and create a lien upon any or all of the real or personal property of the project. In the event of a default with respect to the revenue obligation securities, the trustee or mortgagee may be authorized by the trust agreement or financial document containing a mortgage or assignment of a mortgage to take possession of, hold, manage and operate all or any part of the mortgaged property and, with or without taking possession, to sell or, from time to time, to lease the property in accordance with law. A judgment for possession may be without condition and a sale or lease will not be subject to any right to redeem the property. When the obligations secured by the mortgage are satisfied, including all applicable fees and expenses, any surplus proceeds from the operation, sale or lease of the project shall be sold to or the mortgaged property shall revert or be returned to the mortgagor of the project or to those claiming under the mortgagor. A user of a project may be entitled to the rights of mortgagor to the extent provided in any applicable lease. Any security interest granted by a municipality under this chapter may be created and perfected in accordance with the provisions of the Uniform Commercial Code, Article 9, notwithstanding the provisions of Title 11, section 9-104, subsection 5.

Sec. 89. 10 MRSA §1065, sub-§3, as enacted by PL 1981, c. 476, §2, is amended to read:

3. Authorizing resolutions. Any resolutions authorizing ~~notes or bonds or any issue of notes or bonds~~ revenue obligation securities may contain provisions which shall be a part of the contract with holders, as to:

A. Pledging any specified revenues or assets of the project to secure the payment of the ~~notes or bonds~~ revenue obligation securities or of any issue of ~~bonds or notes~~ revenue obligation securities, subject to agreements with existing holders of ~~notes or bonds~~ revenue obligation securities;

B. Pledging all or any part of the unencumbered revenues or assets of the project to secure the payment of the ~~notes or bonds~~ revenue obligation securities or any issue of ~~notes or bonds~~ revenue

obligation securities, subject to agreements with existing holders of notes or bonds revenue obligation securities;

C. Setting aside of, regulating and disposing of reserves or sinking funds;

D. Limitations on the purpose to which the proceeds of sale of notes or bonds revenue obligation securities may be applied and the pledge of the proceeds to secure the payment of the notes or bonds revenue obligation securities or of any issue of notes or bonds revenue obligation securities;

E. Limitations on the issuance of additional notes or bonds revenue obligation securities;

F. The terms upon which additional notes or bonds revenue obligation securities may be issued and secured and the refunding of outstanding or other notes or bonds revenue obligation securities;

G. The procedure, if any, by which the terms of any contract with holders of notes or bonds revenue obligation securities may be amended or abrogated, including the amount of notes or bonds revenue obligation securities to which the holders must consent and the manner in which the consent may be given;

H. Limitations on the amount of moneys to be expended by the authority municipality for operating expenses of the project;

I. Vesting in a trustee or trustees such property, rights, powers and duties in trust as the authority municipality may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the note or bondholders holders of the revenue obligation securities under this subchapter and limiting or abrogating the right of the bondholders holders of the revenue obligation securities to appoint a trustee under this chapter, or limiting the rights, powers and duties of the trustee;

J. Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the municipal officers to the holders of the notes or bonds revenue obligation securities and providing for the rights and reme-

dies of the holders of the ~~notes or bonds~~ revenue obligation securities in the event of such default, including, as a matter of right, the appointment of a receiver; but only if the rights and remedies are not inconsistent with the general laws of the State and other provisions of this subchapter; and

K. Any other matters of like or different character which in any way affect the security or protection of the holders of the ~~bonds~~ revenue obligation securities.

Sec. 90. 10 MRSA §1066, sub-§§1 and 2, as enacted by PL 1981, c. 476, §2, are amended to read:

1. Provisions. Before issuing revenue obligation securities for any project, the authority shall be assured by leases or contracts that the municipality will at all times have revenues and funds sufficient:

A. To pay the principal of and the interest of the securities as they become due and payable and, in its discretion, to create and maintain reserves for that purpose; and

B. To pay the cost of maintaining, and repairing ~~and operating~~ the project unless provision is made in the lease or other contract for ~~the~~ maintenance, and repair ~~and operation~~.

2. Sinking fund. All project rentals and other revenues, except those required in subsection 1, paragraph B, or to provide reserves for ~~this~~ maintenance, and repair ~~and operation~~, ~~shall~~ may be set aside at regular intervals, as provided in the resolution, financial document or trust agreement and deposited to the credit of a sinking fund charged with payment of the interest and principal of the securities as they fall due, ~~the~~ any necessary charges of paying agents for paying principal and interest, and the redemption price or the purchase price of securities retired by call or purchase. The use and disposition of moneys to the credit of the sinking fund shall be subject to regulations prescribed in the authorizing resolution, the trust agreement or applicable financial document. Except as may otherwise be provided in the resolution, financial document or trust agreement, the sinking fund shall be a fund for the benefit of all securities issued for the project or projects without distinction or priority of one over another.

Sec. 91. 10 MRSA §1067, as enacted by PL 1981, c. 476, §2, is amended to read:

§1067. Remedies

Any holder of revenue obligation securities or attached coupons issued under this subchapter and the trustee under any trust agreement, except as restricted by the authorizing resolution, the trust agreement or applicable financial document, may, ~~either by action, mandamus or other proceeding~~ by appropriate legal action, protect and enforce any and all rights under the laws of the State or granted under this subchapter, the resolution, the trust agreement or financial document, including the appointment of a receiver, and may enforce and compel the performance of all duties required by this subchapter, the resolution, the trust agreement or financial document to be performed by the municipality, the municipal officers or by any officer, including the collecting of rates, fees and charges for the use of the project. Any suit, action or proceeding shall be brought for the benefit of all the holders of the securities and coupons.

Sec. 92. 10 MRSA §1068, as enacted by PL 1981, c. 476, §2, is amended to read:

§1068. Revenue refunding securities

The municipal officers are authorized to provide by resolution for the issuance of revenue refunding securities of the municipality for the purpose of refunding any outstanding revenue obligation securities issued under this subchapter, including the payment of any redemption premium and any interest accrued or to accrue to the date of redemption, and, if deemed advisable by the municipal officers, to construct improvements, extensions, enlargements or additions of the original project. The municipal officers may provide by resolutions for the issuance of revenue obligation securities of the municipality for the combined purpose of refunding any outstanding revenue obligation securities or revenue refunding securities issued under this subchapter, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption, and paying all or any part of the cost of acquiring or constructing any additional project or part or any improvements, extensions, enlargements or additions of any project. The issuance of the securities, the maturities and other details, the rights and remedies of the holders and the rights, powers, privileges, duties and obligations of the municipality and the

municipal officers shall be governed by the provisions of this subchapter insofar as applicable; provided the requirement that voter approval be obtained of the general purpose and maximum principal amount of securities as set forth in section 1064, subsection 1, shall not be applicable to securities issued for refunding purposes under this section; and that any action or proceeding in any court to set aside a resolution authorizing the issuance of revenue refunding securities under this ~~chapter~~ subchapter or to obtain any relief on the ground the resolution was improperly adopted, was adopted for unauthorized purposes or is otherwise invalid for any reason, must be commenced within 30 days after publication by the clerk of the municipality in the state newspaper and in a newspaper of general circulation in the municipality of a notice stating that the resolution has been adopted, the principal amount of revenue refunding securities authorized to be issued and the purpose of that issuance. After the expiration of the period of limitations, no right of action or defense founded upon the invalidity of that resolution or any of its provisions shall be asserted nor shall the validity of that resolution or any of its provisions be open to question in any court upon any ground whatever.

Sec. 93. 10 MRSA §1072, as enacted by PL 1981, c. 476, §2, is amended to read:

§1072. Bonds as legal investments

The ~~notes or bonds~~ revenue obligation securities of the municipality and any loan or extension of credit ~~insured~~ issued under this subchapter, shall be legal investments in which all public officers and public bodies of the State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are now or may later be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The ~~bonds~~ revenue obligation securities and any loan or extension of credit which is ~~insured~~ issued under this subchapter are also made securities which may properly and legally be deposited with and received

by all public officers and bodies of the State or any agency or political subdivisions and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may later be authorized by law.

Sec. 94. 10 MRSA c. 110, sub-c. V, as enacted by PL 1983, c. 519, §20, is repealed.

Sec. 95. 10 MRSA c. 110, sub-c. VI, as amended, is repealed.

Sec. 96. 10 MRSA §1100-N, sub-§2, ¶¶A, B and C, as enacted by PL 1983, c. 856, §4, are amended to read:

A. The purpose of the loan shall be to establish, strengthen or expand a ~~small~~ business; ~~except that not-for-profit businesses shall not be eligible; of any person or business organization, except any nonprofit corporation, which in the case of:~~

(1) An existing business, at the time application is made for financing assistance, employs 20 persons or less or has gross sales not exceeding \$2,500,000 per year; or

(2) A new business, at the time application is made for financing assistance, projects that, during the first 12 months of operation, it will employ 20 persons or less or will have gross sales not exceeding \$2,500,000;

B. Loans may be made to applicants with insufficient access to conventional sources of credit and whose gross annual household income is at or below ~~150%~~ of the federal poverty line promulgated by the Federal Office of Management and Budget income limits established by the authority by rulemaking pursuant to Title 5, chapter 375, subchapter II;

C. No loan may be made in an amount in excess of \$10,000 to any single applicant, nor at a ~~fixed~~ an interest rate in excess of a rate equal to 2 percentage points below the prime rate in effect in the Boston metropolitan area rate limits established by the authority by rulemaking pursuant to Title 5, chapter 375, subchapter II;

Sec. 97. 36 MRSA §5122, sub-§2, ¶A, as amended by PL 1983, c. 855, §17, is further 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~~ chapter 110 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 subtracted 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;

Sec. 98. 36 MRSA §5216, as amended by PL 1983, c. 519, §§26 and 27, is further amended to read:

§5216. Credit for investment in The Maine Capital Corporation or the Maine Natural Resource Capital Company

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 in the stock or interests of the Maine Natural Resource Capital Corporation Company. 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. The credit allowed under this section shall be available only to the subscribers of the initial \$1,000,000 of capital in the common stock of the Maine Capital Corporation and only to the subscribers of the initial \$1,000,000 of capital in the stock or interests of the Maine Natural Resource Capital Company.

2. Limitation. The amount of the credit allowed under this section for any one taxable year shall not exceed 50% of the tax imposed on the taxpayer for that taxable year before application of the credit.

3. Carry-forward. Credits not taken in accordance with the timetable in subsection 1 because of the limitation in subsection 2 may be claimed in any of the 4 taxable years following the year of limitation, provided that the limitation of subsection 2 shall also apply to the carry-forward years.

4. Recapture. If the taxpayer disposes of the stock in The Maine Capital Corporation or of stock or

interests in the Maine Natural Resource Capital ~~Corperation~~ Company 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 or interest is disallowed.

5. Repeal. On December 31, 1988, this section is repealed with respect to The Maine Capital Corporation.

Sec. 99. Validation of existing mortgage insurance commitments and contracts. Mortgage insurance commitments or contracts issued by the Finance Authority of Maine or any predecessor authority under prior law are ratified and validated and shall continue to enjoy the benefits of Title 10, section 1030.

Effective September 19, 1985.

CHAPTER 345

S.P. 606 - L.D. 1600

AN ACT to Restructure the Duties and Funding of the Maine Land Use Regulation Commission.

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

12 MRSA §683, first ¶, as amended by PL 1983, c. 812, §75, is further amended to read:

The Maine Land Use Regulation Commission, as established by Title 5, section 12004, subsection 5, to carry out the purposes stated in section 681, is created within the Department of Conservation, and in this chapter called the "commission." The commission is charged with implementing this chapter in all of the unorganized and deorganized areas of the State. The commission shall consist of 7 public members, none of whom shall be state employees, who shall be appointed by the Governor, subject to review by the Joint Standing Committee on Natural Resources and to