

# MAINE STATE LEGISLATURE

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**LAWS**

OF THE

**STATE OF MAINE**

AS PASSED BY THE

ONE HUNDRED AND FOURTEENTH LEGISLATURE

**FIRST REGULAR SESSION**

December 7, 1988 to July 1, 1989

THE GENERAL EFFECTIVE DATE FOR  
NON-EMERGENCY LAWS IS  
SEPTEMBER 30, 1989

PUBLISHED BY THE REVISOR OF STATUTES  
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,  
TITLE 3, SECTION 163-A, SUBSECTION 4.

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J.S. McCarthy Company  
Augusta, Maine  
1989

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**PUBLIC LAWS**

OF THE

**STATE OF MAINE**

AS PASSED AT THE  
FIRST REGULAR SESSION  
of the  
ONE HUNDRED AND FOURTEENTH LEGISLATURE  
1989

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public school is transferred from that of a participating local district member to that of a teacher member as provided by section 3 of this Act, the funds transferred in accordance with Title 5, section 18253, subsection 1, paragraph C shall be augmented by an amount that is sufficient to fund the benefit, based upon the member's previous creditable service, granted in accordance with section 3 of this Act.

**Sec. 6. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1989-90	1990-91
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF		
Teachers' Retirement		
All Other	\$8,000	\$8,480

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect July 1, 1989.

Effective July 1, 1989.

## CHAPTER 551

H.P. 272 - L.D. 384

### An Act to Provide Start-up Funds for School-based Child Care

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

**Sec. 1. 20-A MRSA §6654** is enacted to read:

**§6654. School-based child care grants**

The department is authorized to make grants to school administrative units to assist the units in establishing school-based child care services. Each grant shall provide funds for 2 years and expenditure of grant money shall be considered expenditure of local funds in computing the unit's educational program costs in chapter 606. The department shall have full authority to administer the grant program.

**Sec. 2. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1989-90	1990-91
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF		
School-based Child Care		
All Other	\$100,000	\$200,000

Provides funds to assist school units in establishing school-based child care programs. Liability of the State will be limited to funds appropriated by the Legislature for this purpose.

Funds appropriated for fiscal year 1989-90 shall not lapse but shall be carried forward to be used for the purposes of this provision until June 30, 1991.

See title page for effective date.

## CHAPTER 552

S.P. 316 - L.D. 821

### An Act Providing for the 1989 Amendments Pertaining to the Finance Authority of Maine Act

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

**Sec. 1. 10 MRSA §351, sub-§3**, as enacted by PL 1985, c. 468, §2, is amended to read:

**3. Qualifying small business.** "Qualifying small business" means a business employing 30 or fewer employees and having a net worth which shall have the meaning accorded to it under generally accepted accounting principles, with such exclusions as the board may establish by rule, not exceeding \$250,000.

**Sec. 2. 10 MRSA §355**, as enacted by PL 1985, c. 468, §2, is amended to read:

**§355. Grants**

The board may enter into matching grant agreements with any qualifying small business. No grant may be given to any one qualifying small business in excess of \$5,000 \$15,000 in any year. Grants shall be awarded upon the condition that an amount equal to or in excess of the amount of the grant will be dedicated by the business receiving the grant. In awarding grants under this chapter, the board shall give preference to qualifying small businesses which employ 20 or fewer employees. The board may accept a royalty or equity interest in a product or entity in connection with a grant, which rights shall lapse to the State upon repeal of this chapter.

**Sec. 3. 10 MRSA §357**, as enacted by PL 1985, c. 468, §2, is repealed.

**Sec. 4. 10 MRSA §963-A, sub-§§24-A and 49-D** are enacted to read:

**24-A. Interest rate swap agreement.** "Interest rate swap agreement" means a financial agreement as defined by the Finance Authority of Maine by rule in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375.

**49-D. Swap counterparty.** "Swap counterparty" means a person who is a party to an interest rate swap agreement.

**Sec. 5. 10 MRSA §964, sub-§2**, as enacted by PL 1983, c. 519, §6, is amended to read:

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

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

**Sec. 6. 10 MRSA §969-A, sub-§6-A** is enacted to read:

**6-A. Matching service.** Subject to the requirements and limitations of applicable law, establish and implement a program to assist the growth of business within the State by matching businesses seeking investment capital with investors seeking investment opportunities;

**Sec. 7. 10 MRSA §972, sub-§1**, as amended by PL 1985, c. 344, §21, is further amended to read:

**1. Employ directors.** In accordance with procedures of the authority, employ the directors of the ~~Division of Business Development and Finance and the Division of Natural Resources Financing and Marketing~~ divisions established by the authority. 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. The directors shall serve at the pleasure of the chief executive officer;

**Sec. 8. 10 MRSA §972, sub-§7**, as amended by PL 1987, c. 534, Pt. B, §§8 and 23, is further amended to read:

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

**Sec. 9. 10 MRSA §974, sub-§1**, as amended by PL 1987, c. 697, §2, is further amended to read:

**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 housing and economic development~~, not later than 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 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~~ 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 in those cases where substantial liquidation of collateral has taken place, a statement of the total amount of mortgage insurance payments made during the fiscal year and a statement of the percentage derived by dividing the amount of the mortgage insurance payments during the fiscal year into the outstanding principal balance as of the fiscal year end of the authority's unpaid obligations pursuant to mortgage insurance contracts;
- G. A summary of the actual and potential employment opportunities reported on employment plans 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; and

~~J. A 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.

**Sec. 10. 10 MRSA §975-A, sub-§2, ¶E and F,** as enacted by PL 1985, c. 344, §25, are amended to read:

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; and

**Sec. 11. 10 MRSA §975-A, sub-§2, ¶G** is enacted to read:

G. Any record, including any financial statement, business plan or tax return obtained or developed by the authority in connection with the matching of potential investors with Maine businesses by the authority through its maintenance of a data base or other record keeping system. For purposes of this section, an application by a potential investor shall not be deemed to be an application for financial assistance.

**Sec. 12. 10 MRSA §§988-A, 988-B and 1023-F** are enacted to read:

#### **§988-A. Natural Resources Capital Investment Fund**

**1. Creation.** The Natural Resources Capital Investment Fund is created and established under the jurisdiction and control of the authority.

**2. Sources of money.** There shall be paid into the fund the following:

A. All money appropriated for inclusion in the fund;

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

C. Subject to any pledge, contract or other obligation, any money which the authority receives in repayment of advances from the fund; and

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

**3. Application of fund.** Money in the fund may be applied to carry out any power of the authority under or in connection with section 988-B, including, without limitation, to pledge or transfer and deposit money in the fund as security for and to apply money in the fund in payment of principal, interest, dividends and other amounts due on secured loans or equity interests. Money in the fund may be used for direct loans in connection with a project eligible under section 988-B. The authority, pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, shall adopt rules for determining eligibility, feasibility, terms, conditions and security for direct loans or secured loans or investments. Money in the fund not needed currently to meet the obligations of the authority as provided in this section may be invested in a manner permitted by law.

**4. Accounts within fund.** The authority may divide the fund into separate accounts as it determines necessary or convenient for carrying out this section, including, but not limited to, accounts reserved for direct loan funds.

**5. 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 section and section 988-B.

#### **§988-B. Natural resources capital investment program**

**1. Purpose.** The purpose of this section is to establish a program to provide assistance in the financing and development of natural resource projects designed to increase the State's capacity to produce, harvest, store, process, distribute, market and improve the quality of its natural resource products. The goal is to expand the opportunities for natural resource enterprises and promote the quality of Maine products nationally and internationally.

**2. Eligible projects.** To be eligible for assistance under the program, projects must be located in the State and must consist of the construction, renovation or acquisition of land, buildings, equipment, docks, wharves, piers or vessels used in connection with a commercial natural resource enterprise, as that term is defined in section 963-A, subsection 41. Financing assistance may be provided with respect to the soft costs associated with eligible projects, but not for working capital.

**3. Eligible borrowers.** Eligible borrowers shall include profit and nonprofit businesses, producer groups, cooperatives and governmental entities.

**4. Assistance provided.** The authority is authorized to provide assistance in the form of direct loans or security for commercial loans or equity investments, subject to the following limitations.

A. In the case of direct loans, funds may be provided from the fund established under section 988-A for up to 45% of total project costs. Borrowers must contribute at least 10% of total project costs in equity or the equivalent and the balance of project costs may be financed by a lender. The authority may provide that repayment of loans from the fund and the security therefor may be subordinate to the lender loan. The interest rate, other loan terms and conditions and fees to the authority may be established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that the interest rate is not less than 5% per year and loan terms do not exceed 10 years for equipment, 20 years for vessels and 25 years for real estate.

B. In the case of security for commercial loans, funds may be provided from the fund established under section 988-A to the lender as collateral for the loan on terms and conditions established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that funds deposited with the lender do not exceed 45% of the total loan. The authority may also provide funds to a lender as a deposit in the name of the authority at a reduced rate of interest provided that the interest savings to the lender is passed on to the borrower in the form of a lower interest rate on the loan.

C. In the case of security for equity investments, the authority may pledge or deposit money from the fund established under section 988-A as security for up to 30% of a direct equity investment in an eligible borrower on terms and conditions established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II.

D. Assistance from the fund pursuant to this section may not exceed in aggregate 45% of total project costs of an eligible project. The authority may establish a mechanism for reserving funds for or giving priority to projects in industries or areas of the State deemed to require special assistance.

E. Each applicant must demonstrate a reasonable likelihood that it would not be able to obtain financing or investment sufficient for the project's needs on reasonable terms without assistance from the fund, that there is a reasonable likelihood that it will be able to repay the loan or secured investment and that the project will assist in accomplishing the purposes of this subchapter.

#### §1023-F. Innovation Finance Fund

1. Creation. The Innovation Finance Fund is created and established under the jurisdiction and control of the authority.

2. Sources of money. There shall be paid into the fund the following:

A. All money appropriated for inclusion in the fund;

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

C. Subject to any pledge, contract or other obligation, any money which the authority receives in repayment of advances from the fund; and

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

3. Application of fund. Money in the fund may be applied to carry out any power of the authority under or in connection with section 1026-H, including, without limitation, to pledge or transfer and deposit money in the fund as security for and to apply money in the fund in payment of principal, interest, dividends and other amounts due on secured loans or equity interests. Money in the fund may be used for direct loans for all or part of a project eligible under section 1026-H. The authority, pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, shall adopt rules for determining eligibility, feasibility, terms, conditions and security for direct loans or secured loans or investments. Money in the fund not needed currently to meet the obligations of the authority as provided in this section may be invested in a manner permitted by law.

4. Accounts within fund. The authority may divide the fund into separate accounts it determines necessary or convenient for carrying out this section, including, but not limited to, accounts reserved for direct loan funds.

5. 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 section and section 1026-H.

**Sec. 13. 10 MRSA §1026-D, sub-§2, ¶B,** as enacted by PL 1985, c. 344, §49, is amended to read:

B. The authority may insure no more than 90% of the mortgage payments, except that the authority may insure up to 100% of a mortgage loan if the insured lender provides the authority with a letter of credit or equivalent undertaking in an amount at least equal to that portion of the insurance liability exceeding 90% of the mortgage loan.

**Sec. 14. 10 MRSA §1026-H** is enacted to read:

#### §1026-H. Innovation finance program

1. Purpose. The purpose of this section is to establish a program to provide assistance to credit worthy businesses in the financing and development of new or higher quality products and services, new production and delivery mechanisms and new markets for products and services. The assistance is designed to provide an inducement to busi-

nesses to undertake research and development activities to better enable Maine businesses to participate in the new global economy and to be prepared to adapt to changes in the competitive marketplace.

**2. Eligible projects.** To be eligible for assistance under the program, projects must pertain to manufacturing, industrial, recreational or natural resource enterprises, must be located in the State and must consist of research and development associated with new or higher quality products and services, new production and delivery mechanisms and new markets for products and services. Financing assistance may be provided with respect to all costs associated with eligible projects, including working capital.

**3. Eligible borrowers.** To be eligible for assistance under the program, borrowers must be for-profit or non-profit businesses and must have 50 or fewer employees or annual sales of \$5,000,000 or less.

**4. Assistance provided.** The authority may provide assistance in the form of direct loans or security for commercial loans or equity investments, subject to the following limitations:

A. In the case of direct loans, the authority shall seek to leverage funds from other sources to the extent reasonably possible. Borrowers must obtain or contribute at least 10% of total project costs in equity or the equivalent and the balance of project costs may be financed by a lender. The authority may provide that repayment of loans from the fund and the security therefor may be subordinate to the lender loan. The interest rate, fees to the authority and other loan terms and conditions may be established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that the loan amount does not exceed \$200,000 per borrower, the interest rate is not less than 5% per year and the loan term does not exceed 10 years.

B. In the case of security for commercial loans, funds may be provided from the fund established under section 1026-G to the lender as collateral for the loan on such terms and conditions as may be established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, provided that funds deposited with the lender do not exceed 45% of the total loan. The authority may provide that the lender may apply the deposited money from the fund to the loan in the event of default prior to application of collateral to the loan. The authority may also provide funds to a lender as a deposit in the name of the authority at a reduced rate of interest provided that the interest savings to the lender is passed on to the borrower in the form of a lower interest rate on the loan.

C. In the case of security for equity investments, the authority may pledge or deposit money from the fund established under section 1026-G as security for up to 30% of a direct equity investment in an eligible

borrower on terms and conditions established by the authority by rulemaking pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II.

D. The authority may establish a mechanism for reserving funds for or giving priority to projects in industries or areas of the State deemed to require special assistance.

E. Each applicant must demonstrate a reasonable likelihood that it would not have been able to conduct the project at the same level without assistance from the fund, that there is a reasonable likelihood that it will be able to repay the loan or secured investment from current operations and not from the income anticipated from the project and that the project will likely result in significant public benefit in the form of increased opportunities for employment, particularly skilled employment, enhanced markets outside the State for Maine products and services, benefits to the industry of which the borrower is a part or a material contribution to a business with an above average rate of growth.

**Sec. 15. 10 MRSA §1032, sub-§§2, 3, 4 and 6,** as enacted by PL 1987, c. 697, §9, are amended to read:

**2. Application.** Money in any capital reserve fund created pursuant to subsection 1, except as provided in this section, shall be used solely with respect to mortgage loans, repayment of which is secured by any such fund, for the payment of principal, accrued interest and costs and expenses chargeable to the mortgage loan and, with respect to interest rate swap agreements benefiting eligible enterprises, and with respect to amounts borrowed by the authority to be used for direct loans from the authority to eligible businesses when direct loans have been authorized by law. Money in any capital reserve fund may be used to pay all amounts due and payable, whether by acceleration or otherwise, under the contractual agreements pertaining to such mortgage loans, interest rate swap agreements and loans to the authority, including fees, commissions, indemnities, expenses and other amounts due. Money in excess of the reserve requirement established pursuant to subsection 4 may be transferred to other funds and accounts of the authority.

**3. Security for mortgage loans.** With respect to any mortgage loans which may be insured under this subchapter and, interest rate swap agreements benefiting eligible enterprises and loans to the authority to be used for direct loans to eligible enterprises, the authority may provide that such mortgage loans or, interest rate swap agreements or loans to the authority shall be secured by one or more capital reserve funds established pursuant to subsection 1 instead of or in addition to mortgage insurance provided under other sections of this subchapter. Limitations and requirements applicable to mortgage insurance under sections 1026-A to 1028 shall be applicable to mortgage loans, but not interest rate swap agreements or loans to the authority, to which one or more capital reserve funds apply as if the mortgage loans were backed by mortgage insurance. Capital reserve funds may secure interest rate swap agreements pertaining to eli-



gible enterprises which demonstrate the ability to honor the swap agreement as determined by the authority and which do not have as a principal element space for retail sales or professional office space, as defined by the authority. Any commitment with respect to a mortgage loan executed and delivered pursuant to this section shall be conclusive evidence of the eligibility of the mortgage loan for insurance and the validity of any such commitment or contract shall be incontestable in the hands of a mortgage lender, swap counterparty or lender to the authority except for fraud or misrepresentation on the part of the mortgage lender, swap counterparty or lender to the authority. Mortgages secured by capital reserve funds under this section are made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, public and private pension or retirement funds and other persons.

**4. Reserve requirement.** The authority may provide that money in any such capital reserve fund shall not be withdrawn at any time in an amount that would reduce the amount of any such fund below an amount established by the authority with respect to the fund, except for the purpose of paying the amount due pursuant to the terms of any mortgage loan or interest rate swap agreement or loan to the authority, repayment of which is secured by any such fund.

**6. Obligations outstanding.** The authority shall not have at any one time outstanding obligations to which this section is stated in any agreement of the authority to apply in principal amount exceeding ~~\$50,000,000~~ \$75,000,000, less the amount of revenue obligation securities to which section 1053 is stated in the trust agreement or other document to apply. Amounts of revenue obligations securities which are not taken into account pursuant to section 1053, subsection 6, shall not be taken into account for purposes of determining the amount which may be outstanding under this section.

**Sec. 16. 10 MRSA §1053, sub-§2**, as enacted by PL 1985, c. 344, §78, is amended to read:

**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. In addition, if the authority obtains a letter of credit, insurance contract, surety bond or similar financial undertaking to establish and fund a capital reserve fund under subsection 1, money in the fund may be used to pay, as and when due, whether by acceleration or otherwise, all reimbursement obligations of the authority established in connection with that letter of credit, insurance contract, surety bond or similar financial undertaking, including, but not limited to, all fees, expenses, indemnities and commissions. Money in excess of the reserve requirement ~~set forth~~ established as provided in subsection 3 may be transferred to other funds and accounts of the authority:

**Sec. 17. 10 MRSA §1053, sub-§§3 and 4**, as amended by PL 1987, c. 697, §12, are further amended to read:

**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 and payable under any applicable trust agreement or other agreement in the next succeeding 12-month period below an amount established by the authority with respect to the fund~~, the amount established by the authority being referred to as the "capital reserve requirement," except for the purpose of paying the amount due and payable with respect to revenue obligation securities, repayment of which is secured by any such fund, or reimbursement obligations of the authority with respect to any letter of credit, insurance contract, surety bond or similar financial undertaking pertaining to any such fund.

**4. Issuance limit.** The authority may provide that it shall not issue revenue obligation securities if the capital reserve requirement established by the authority with respect to securities outstanding and then to be issued and secured by any such fund will exceed the amount of any such fund, including the amount available ~~to be drawn on~~ under any letter of credit, insurance contract, surety bond or other similar financial undertaking given to secure the capital reserve requirement, 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 and amounts available ~~to be drawn~~ under any letter of credit, insurance contract, surety bond or other similar financial undertaking, will not be less than the capital reserve requirement.

**Sec. 18. 10 MRSA §1053, sub-§6**, as amended by PL 1987, c. 697, §13, is further amended to read:

**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 an amount equal to ~~\$50,000,000~~ \$75,000,000 less the aggregate outstanding balance of mortgage loans secured by capital reserve funds pursuant to section 1032. 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. In computing the total amount of revenue obligation securities of the authority which may at any time be outstanding for any purpose, the amount of the outstanding revenue obligation securities that have been issued as capital appreciation bonds or as similar instruments shall be valued as of any date of calculation at their then current accreted value rather than their face value.

See title page for effective date.