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Legislative Document

No. 953

S.P. 308

In Senate, March 9, 2017

An Act To Authorize a General Fund Bond Issue To Support the Biomass Industry

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator JACKSON of Aroostook.
Cosponsored by Representative MARTIN of Eagle Lake and
Senators: DILL of Penobscot, LIBBY of Androscoggin, SAVIELLO of Franklin,
WOODSOME of York, Representatives: GATTINE of Westbrook, Speaker GIDEON of
Freeport.

1 **Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in
2 accordance with the Constitution of Maine, Article IX, Section 14 to authorize the
3 issuance of bonds on behalf of the State of Maine to provide funds as described in this
4 Act,

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

6 **PART A**

7 **Sec. A-1. Authorization of bonds.** The Treasurer of State is authorized, under
8 the direction of the Governor, to issue bonds in the name and on behalf of the State in an
9 amount not exceeding \$20,000,000 for the purposes described in section 5 of this Part.
10 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for
11 a period longer than 10 years from the date of the original issue of the bonds.

12 **Sec. A-2. Records of bonds issued; Treasurer of State.** The Treasurer of
13 State shall ensure that an account of each bond is kept showing the number of the bond,
14 the name of the successful bidder to whom sold, the amount received for the bond, the
15 date of sale and the date when payable.

16 **Sec. A-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of
17 State may negotiate the sale of the bonds by direction of the Governor, but no bond may
18 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the
19 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State
20 upon warrants drawn by the State Controller, are appropriated solely for the purposes set
21 forth in this Part. Any unencumbered balances remaining at the completion of the project
22 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of
23 general obligation bonds.

24 **Sec. A-4. Interest and debt retirement.** The Treasurer of State shall pay
25 interest due or accruing on any bonds issued under this Part and all sums coming due for
26 payment of bonds at maturity.

27 **Sec. A-5. Disbursement of bond proceeds.** The proceeds of the bonds must be
28 expended as set out in this Part under the direction and supervision of the Public Utilities
29 Commission.

30 1. The bond proceeds as set out in section 6 must be deposited in a revolving loan
31 fund to be administered by the Public Utilities Commission to make low-interest or no-
32 interest loans from the revolving loan fund expressly for capital investment in biomass
33 generators or similar facilities, including combined heat and power facilities, wood pellet
34 plants, biorefining operations or other facilities using agricultural or woody biomass,
35 based on the following criteria:

36 A. Requests for proposals must be solicited from owners or operators of biomass
37 generators seeking to build, expand or retrofit facilities using biomass as a primary
38 fuel;

1 B. Preference must be given to projects making capital investments at least
2 equivalent to the loan proceeds being sought in facilities that will enhance the State's
3 renewable portfolio standard or qualify for regional energy or environmental credits;
4 and

5 C. Proposals must be scored based on an evaluation of the effect on the State's forest
6 products industry and the State's economy, including proximity to related forestry-
7 related manufacturers, proximity to areas of the State with the most active logging
8 and trucking activities over the last 3 years based on an analysis by the Director of
9 the Bureau of Forestry within the Department of Agriculture, Conservation and
10 Forestry, fiber supply agreements, location within a Pine Tree Development Zone as
11 defined in the Maine Revised Statutes, Title 30-A, section 5250-I, cost-
12 competitiveness of electrical output and employment at the facility or facilities.

13 2. Loans may have terms up to but not to exceed the term of the bond; interest
14 charged may be equal to or less than that of the bond. Loans are limited to 70% of the
15 value of the proposed project.

16 **Sec. A-6. Disbursement of bond proceeds from General Fund bond issue.**
17 The proceeds of the sale of the bonds authorized under this Part must be expended as
18 designated in the following schedule under the direction and supervision of the agencies
19 and entities set forth in this section.

20 **PUBLIC UTILITIES COMMISSION**

21 Provides funds to support the biomass industry through the establishment of a
22 revolving loan fund to be administered by the Public Utilities Commission to make
23 low-interest or no-interest loans for capital investment in biomass generators or
24 similar facilities.

25 Total \$20,000,000

26 **Sec. A-7. Contingent upon ratification of bond issue.** Sections 1 to 6 do not
27 become effective unless the people of the State ratify the issuance of the bonds as set
28 forth in this Part.

29 **Sec. A-8. Appropriation balances at year-end.** At the end of each fiscal year,
30 all unencumbered appropriation balances representing state money carry forward. Bond
31 proceeds that have not been expended within 10 years after the date of the sale of the
32 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general
33 obligation bonds.

34 **Sec. A-9. Bonds authorized but not issued.** Any bonds authorized but not
35 issued within 5 years of ratification of this Part are deauthorized and may not be issued,
36 except that the Legislature may, within 2 years after the expiration of that 5-year period,
37 extend the period for issuing any remaining unissued bonds for an additional amount of
38 time not to exceed 5 years.

1 **Sec. A-10. Referendum for ratification; submission at election; form of**
2 **question; effective date.** This Part must be submitted to the legal voters of the State at
3 a statewide election held in the month of November following passage of this Act. The
4 municipal officers of this State shall notify the inhabitants of their respective cities, towns
5 and plantations to meet, in the manner prescribed by law for holding a statewide election,
6 to vote on the acceptance or rejection of this Part by voting on the following question:

7 "Do you favor a \$20,000,000 bond issue to provide support for the
8 biomass industry in this State?"

9 The legal voters of each city, town and plantation shall vote by ballot on this question
10 and designate their choice by a cross or check mark placed within a corresponding square
11 below the word "Yes" or "No." The ballots must be received, sorted, counted and
12 declared in open ward, town and plantation meetings and returns made to the Secretary of
13 State in the same manner as votes for members of the Legislature. The Governor shall
14 review the returns. If a majority of the legal votes are cast in favor of this Part, the
15 Governor shall proclaim the result without delay and this Part becomes effective 30 days
16 after the date of the proclamation.

17 The Secretary of State shall prepare and furnish to each city, town and plantation all
18 ballots, returns and copies of this Part necessary to carry out the purposes of this
19 referendum.

20 PART B

21 **Sec. B-1. Rules.** The Public Utilities Commission shall adopt rules to implement
22 the loan provisions of Part A, section 5 of this Act. Rules adopted pursuant to this section
23 are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375,
24 subchapter 2-A.

25 **Sec. B-2. Contingent effective date.** This Part takes effect only if the General
26 Fund bond issue proposed in Part A of this Act is approved by the voters of this State.

27 SUMMARY

28 The funds provided by this bond issue, in the amount of \$20,000,000, will be used to
29 provide support for the biomass industry in this State through the establishment of a
30 revolving loan fund for capital investment in biomass generators or similar facilities. The
31 fund is administered by the Public Utilities Commission.