

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1788

H. P. 1572

House of Representatives, May 18, 1977

Referred to Committee on Education. Sent up for concurrence and ordered printed. Approved for introduction by a Majority of the Legislative Council pursuant to Joint Rule 25.

EDWIN H. PERT, Clerk

Presented by Mr. Greenlaw of Stonington.

Cosponsors: Mr. Higgins of Scarborough, Mr. Mills of Eastport and Mr. Fenlason of Danforth.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

RESOLVE, Authorizing a \$450,000 Advance from the General Fund to the Department of Educational and Cultural Services to Provide Working Capital on Renovation of and Equipping of Building at Eastport.

Emergency preamble. Whereas, Acts and Resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Coastal Resources Center, a nonprofit corporation with offices at Bar Harbor, organized for the purpose of promoting the economic development of the coastal area of Maine, proposes to acquire by purchase and to convey to the State of Maine by deed of gift, land and a building thereon, at Eastport, for use by the Washington County Vocational-Technical Institute as a marine training center; and

Whereas, the funds available to Coastal Resources Center consist of a contribution approved by the State Board of Education of up to \$90,000 in accumulated income from the George Briggs Trust Fund Income account, gifts from individuals, families and family foundations of which one of the latter is under an obligation to make distribution of foundation income not later than June 30, 1977, in order to preserve its status as a tax-exempt charitable organization, necessitating a decision no later than June 1, 1977, whether the offer of a substantial gift of such income for use in the purchase of the property at Eastport will be accepted and so used, failing which the

foundation will be obliged to withdraw the offer and dispose of its income elsewhere; and

Whereas, the renovation and equipping of the building, if acquired by the State, would be financed by a grant of \$1,050,000 from the Economic Development Administration of the United States Department of Commerce, which grant would be paid in installment reimbursements only after the State has, from its own funds, paid project costs for a period, estimated by the Economic Development Administration, of 3 months, involving a total expenditure from state funds of approximately \$450,000 before federal funds would be first received, following which regular federal reimbursements would approximate project expenditures for comparable periods; and

Whereas, the Washington County Vocational-Technical Institute does not have the funds necessary to pay renovation expenses until the initial federal reimbursement would be received; and

Whereas, the entire project, including the purchase of the property by Coastal Resources Center and the subsequent conveyance of the property to the State depends upon the assurance by June 1, 1977, of a source of state funding in the amount of \$450,000, which funds would be returnable to the source providing the funding upon receipt of the last federal payment on the project and in any event prior to June 30, 1979; and

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

Working capital advance. Resolved: That the State Controller establish on the books of the State a working capital advance of \$450,000, which advance shall be charged against any moneys in the General Fund not otherwise appropriated; and be it further

Department of Educational and Cultural Services. Resolved: That said advance shall be established in the name of the Department of Educational and Cultural Services for the sole use of Washington County Vocational-Technical Institute in financing the cost of renovations of a certain building at Eastport for approximately a 3-month period pending the beginning of scheduled monthly reimbursements from the Federal Government under a \$1,050,000 grant by the Economic Development Administration to the State of Maine for the purpose of paying for the cost of renovating and equipping of a building conveyed to the State of Maine by the Coastal Resources Center for use as a Marine Training Center at Washington County Vocational-Technical Institute; and be it further

Reimbursement; working capital advance. Resolved: That upon completion of reimbursements by the Federal Government for project costs and, not later than June 30, 1979, in any event, the State Controller shall close out the working capital advance by transferring the amount advanced to the General Fund.

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

FISCAL NOTE

There will be no additional cost to the General Fund for the 1977-78 and 1978-79 biennium. It is estimated that there will be additional costs of \$280,889 in the 1979-80 and 1980-81 biennium.

STATEMENT OF FACT

The Coastal Resources Center holds an option to purchase for \$330,000, land and buildings at Eastport. The center, a nonprofit corporation with offices at Bar Harbor, has available either on deposit in escrow or firm pledges from responsible individuals a total of \$231,000 and the Director of Washington County Vocational-Technical Institute has an assurance that if the gap between presently committed funds and the purchase price is narrowed, further gifts from an individual will be made to the center to provide the balance of funds necessary to complete the purchase of the property.

The State Board of Education has under its control the accumulated income from a trust fund established by a deceased Maine resident in which the income may be expended by the Commissioner of Educational and Cultural Services for such vocational education purposes as first meet the approval of a majority of the State Board of Education. The State Board of Education has authorized the use of up to \$90,000 of accumulated income from the trust for the purpose of funding the purchase of this property, which contribution would be placed in the escrow account already established for the holding of other available funds. With the gap thus narrowed to a maximum of \$9,000, the director of the institute is certain that the balance of funds can be assured through the conditional assurances referred to above.

The option to purchase is held by the Coastal Resources Center which officially would be the grantee under the sale. Through simultaneous passage of title papers, conveying the property by gift from the center to the State, the State, in effect, would be contributing up to \$90,000 towards the purchase price and receiving a gift for the remainder, but full title would vest in the State upon completion of the transactions.

The property has an appraised value of \$450,000, which has been accepted by the Economic Development Administration as the required matching source for a \$1,050,000 grant by them to be used in renovating and equipping the building for its intended purpose.

All preliminaries connected with the approval by the Economic Development Administration have been complied with and final approval awaits only the notification that the State of Maine has, and has authorized use of, funds necessary to pay project expenses until the initial federal reimbursements begin to flow from the pipeline, after which regular federal payments will continue until the pipeline is finally drained, an event that will occur some months after the actual completion of the renovation project.

The Economic Development Administration estimates that some 3 months in time will elapse and some \$450,000 will have been expended before the first federal cash receipts are realized.

The factor of time is critical in consideration of this resolve because of the interrelationship between the purchase of the property by the Coastal Resources Center and the availability of state funding to be advanced on project costs. Purchase funds are either in an escrow account or are committed by pledges of prominent individuals and foundations.