

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 29

H.P. 29

House of Representatives, January 4, 2001

**An Act to Implement the Recommendations of the Task Force to Reduce  
the Burden of Home Heating Costs on Low-income Households.**

(EMERGENCY)

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Reported by Representative RICHARDSON for the Task Force to Reduce the Burden of  
Home Heating Costs on Low-income Households pursuant to Resolve 1999, chapter 132.

Reference to the Joint Standing Committee on Business and Economic Development  
suggested and printing ordered under Joint Rule 218.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

2 **Preamble.** Two thirds of both Houses of the Legislature  
deeming it necessary in accordance with the Constitution of  
4 Maine, Article IX, Section 14, to authorize the issuance of bonds  
on behalf of the State of Maine to provide funds for low-income  
6 and moderate-income citizens to obtain low-interest loans or  
grants for energy conservation improvements.

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

12 **Whereas,** there continues to be pressing energy conservation  
needs resulting from recent spikes in home heating prices and the  
14 realization that these prices may continue to increase; and

16 **Whereas,** the Task Force to Reduce the Burden of Home  
Heating Costs on Low-income Households has completed a  
18 comprehensive study of Maine's low-income heating assistance  
program; and

20 **Whereas,** the task force is offering recommendations to  
22 assist low-income and moderate-income citizens to annually  
prepare for severe winter heating seasons; and

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

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

32  
34 **PART A**

36 **Sec. A-1. 30-A MRSA §4992-A,** as enacted by PL 1991, c. 858,  
§1, is amended to read:

38 **§4992-A. Fuel Assistance Reserve Fund**

40  
42 **1. Fuel Assistance Reserve Fund.** If funds are appropriated  
pursuant to this section, the authority shall use the funds to  
44 establish and capitalize the Fuel Assistance Reserve Fund. The  
authority shall keep the Fuel Assistance Reserve Fund, referred  
46 to in this section as the "fund," separate from all other funds  
managed by the authority and use the fund only under the  
48 conditions set forth in this section. The authority shall use  
the Fuel Assistance Reserve Fund to ensure that fuel assistance  
50 benefits for the State's eligible elderly and low-income  
residents are available prior to the beginning of the heating  
season.

2           **2. Timely distribution of benefits.** The authority shall  
3 make available to local program operators and municipal  
4 administrators of the fuel assistance program, ~~by October 1st~~ at  
5 the beginning of each state fiscal year, funds sufficient to  
6 cover anticipated fuel assistance payments and program  
7 administrative costs for at least the months of ~~October, November~~  
8 ~~and December~~ July, August and September.

10           **3. Conditional use of the fund.** The authority's use of the  
11 fund is subject to the following conditions and limitations.

12           A. If the authority reasonably anticipates that federal  
13 fuel assistance block grant funds are not available for  
14 distribution to the local program operators and municipal  
15 administrators by ~~October~~ July 1st of each year, the  
16 authority shall withdraw and distribute sufficient money  
17 from the fund as is necessary for the purposes set forth in  
18 this section. The authority may withdraw funds prior to  
19 October 1st, provided that those funds are used only for  
20 costs incurred on or after ~~October~~ July 1st.

21           Money may not be withdrawn from the fund if sufficient block  
22 grant funds are available by ~~October~~ July 1st to pay  
23 reasonably anticipated fuel assistance program and  
24 administrative costs for the months of ~~October, November and~~  
25 ~~December~~ July, August and September.

26           B. Money withdrawn from the fund must be sufficient to  
27 cover anticipated fuel assistance payments and fuel  
28 assistance program administrative costs for all local  
29 program operators and municipal administrators for the  
30 months of ~~October, November and December~~ July, August and  
31 September.

32           C. The fund may not be used if the authority reasonably  
33 anticipates that no federal fuel assistance money will be  
34 received.

35           D. The authority must receive prior written approval from  
36 the Federal Government that confirms that state funds  
37 withdrawn during a period from July 1st to September 30th  
38 may be reimbursed with federal fuel assistance funds  
39 received for the federal program year beginning in October  
40 of that same year.

41           **4. Recapitalization.** If money is withdrawn from the fund  
42 for the purposes of this section, the authority shall ensure that  
43 the fund is fully recapitalized before the end of the fiscal year  
44 in which the funds were appropriated. Recapitalization does not  
45

2 apply in any state fiscal year in which a working capital advance  
3 is provided.

4 5. Working capital advance. The State Controller may  
5 advance up to \$10,000,000 from the General Fund unappropriated  
6 surplus to the Fuel Assistance Reserve Fund during any state  
7 fiscal year, if requested in writing by the Director of the Maine  
8 State Housing Authority, to be used to provide cash necessary to  
9 ensure that fuel assistance benefits for the State's eligible  
10 elderly and low-income applicant households will be available  
11 prior to the beginning of the heating season. These funds must  
12 be allotted by financial order upon recommendation of the State  
13 Budget Officer and approval of the Governor. These funds must be  
14 returned to the General Fund before the close of the state fiscal  
15 year in which the advance was made. The State Controller shall  
16 report to the joint standing committee of the Legislature having  
17 jurisdiction over appropriations and financial affairs within 30  
18 days of making any working capital advance for this purpose.

20  
21 **PART B**

22  
23 **Sec. B-1. Maine State Housing Authority shall identify funding for**  
24 **nonfederal share of weatherization program costs.** The Maine State  
25 Housing Authority in consultation with other affected state  
26 agencies that receive federal Department of Energy funding shall  
27 report to the joint standing committee of the Legislature having  
28 jurisdiction over utilities and energy matters and the joint  
29 standing committee of the Legislature having jurisdiction over  
30 appropriations and financial affairs on identifying the most  
31 effective way to provide adequate funding of the 25% nonfederal  
32 share of weatherization program costs.

33 The authority shall identify the source or sources of the  
34 match necessary to meet this cost-sharing requirement. The  
35 authority shall identify an appropriate long-term funding  
36 solution. The authority shall submit a report with accompanying  
37 legislation if necessary to the First Regular Session of the  
38 120th Legislature by March 15, 2001.

40  
41 **PART C**

42  
43 **Sec. C-1. Maine State Housing Authority and the Finance Authority**  
44 **of Maine shall establish program that provides low-interest loans or grants**  
45 **for energy conservation improvements.** The Maine State Housing  
46 Authority and the Finance Authority of Maine shall work  
47 cooperatively to establish a program that provides low-interest  
48 loans or grants to Maine citizens for purchasing certain energy  
49 conservation  
50

2 improvements. The Maine State Housing Authority with the  
3 assistance of the Finance Authority of Maine shall report to the  
4 joint standing committee of the Legislature having jurisdiction  
5 over utilities and energy matters and the joint standing  
6 committee of the Legislature having jurisdiction over  
7 appropriations and financial affairs on identifying ways to  
8 encourage citizens of this State to secure low-interest loans or  
9 grants as part of this energy conservation program. The Maine  
10 State Housing Authority shall submit a report with accompanying  
11 legislation to the First Regular Session of the 120th Legislature  
12 by March 15, 2001.

## 14 PART D

16 **Sec. D-1. Authorization of bonds to provide low-interest loans or**  
17 **grants for energy conservation improvements to low-income and**  
18 **moderate-income citizens.** The Treasurer of State is authorized,  
19 under the direction of the Governor, to issue bonds in the name  
20 and on behalf of the State in an amount not exceeding \$8,000,000  
21 to raise funds for low-income and moderate-income citizens to  
22 obtain low-interest loans or grants for energy conservation  
23 improvements as authorized in section 6 of this Part. The bonds  
24 are a pledge of the full faith and credit of the State. The  
25 bonds may not run for a period longer than 20 years from the date  
26 of the original issue of the bonds. At the discretion of the  
27 Treasurer of State, with the approval of the Governor, any  
28 issuance of bonds may contain a call feature.

30 **Sec. D-2. Records of bonds issued to be kept by Treasurer of State.**  
31 The Treasurer of State shall keep an account of each bond showing  
32 the number of the bond, the name of the successful bidder to whom  
33 sold, the amount received for the bond, the date of sale and the  
34 date when payable.

36 **Sec. D-3. Sale; how negotiated; proceeds appropriated.** The  
37 Treasurer of State may negotiate the sale of the bonds by  
38 direction of the Governor, but no bond may be loaned, pledged or  
39 hypothecated on behalf of the State. The proceeds of the sale of  
40 the bonds, which must be held by the Treasurer of State, and paid  
41 by the Treasurer of State, upon warrants drawn by the State  
42 Controller, are appropriated solely for the purposes set forth in  
43 this Part. Any unencumbered balances remaining at the completion  
44 of the project in section 6 of this Part lapse to the debt  
45 service account established for the retirement of these bonds.

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

2           **Sec. D-5. Disbursement of bond proceeds.** The proceeds of the  
3 bonds must be expended as set out in section 6 of this Part under  
4 the direction and supervision of the Maine State Housing  
5 Authority.

6           **Sec. D-6. Allocations from General Fund bond issue; low-interest  
7 loans or grants for energy conservation improvements for low-income and  
8 moderate-income citizens.** The proceeds of the sale of bonds must  
9 be expended as designated in the following schedule.

12       **MAINE STATE HOUSING AUTHORITY**   \$8,000,000

14           Low-interest loans or grants for energy  
15 conservation improvements for low-income and  
16 moderate-income citizens.

18           **Sec. D-7. Contingent upon ratification of bond issue.** Sections 1  
19 to 6 of this Part do not become effective unless the people of  
20 the State have ratified the issuance of bonds as set forth in  
21 this Part.

22           **Sec. D-8. Appropriation balances at year-end.** At the end of each  
23 fiscal year, all unencumbered appropriation balances representing  
24 state money carry forward. Bond proceeds that have not been  
25 expended within 10 years after the date of the sale of the bonds  
26 lapse to General Fund debt service.

28           **Sec. D-9. Bonds authorized but not issued.** Any bonds authorized  
29 but not issued, or for which bond anticipation notes are not  
30 issued within 5 years of ratification of this Part, are  
31 deauthorized and may not be issued; except that the Legislature  
32 may, within 2 years after the expiration of that 5-year period,  
33 extend the period for issuing any remaining unissued bonds or  
34 bond anticipation notes for an additional amount of time not to  
35 exceed 5 years.

38           **Sec. D-10. Referendum for ratification; submission at statewide  
39 election; form of question; effective date.** This Part must be submitted  
40 to the legal voters of the State of Maine at a statewide election  
41 held on the Tuesday following the first Monday of November  
42 following passage of this Part. The municipal officers of this  
43 State shall notify the inhabitants of their respective cities,  
44 towns and plantations to meet, in the manner prescribed by law  
45 for holding a statewide election, to vote on the acceptance or  
46 rejection of this Part by voting on the following question:

2 "Do you favor an \$8,000,000 bond issue for direct loans or  
grants to Maine citizens for energy conservation  
improvements?"

4  
6 The legal voters of each city, town and plantation shall  
vote by ballot on this question and designate their choice by a  
cross or check mark placed within a corresponding square below  
8 the word "Yes" or "No." The ballots must be received, sorted,  
counted and declared in open ward, town and plantation meetings  
10 and returns made to the Secretary of State in the same manner as  
votes for members of the Legislature. The Governor shall review  
12 the returns and, if a majority of the legal votes are cast in  
favor of this Part, the Governor shall proclaim the result  
14 without delay, and this Part becomes effective 30 days after the  
date of the proclamation.

16  
18 The Secretary of State shall prepare and furnish to each  
city, town and plantation all ballots, returns and copies of this  
Part necessary to carry out the purpose of this referendum.

## 22 PART E

24 Sec. E-1. 30-A MRSA c. 201, sub-c. XII-A is enacted to read:

### 26 SUBCHAPTER XII-A

### 28 ENERGY CONSERVATION

#### 30 §4981. Energy Conservation Revolving Loan Fund

32 1. Fund established. The Energy Conservation Revolving  
Loan Fund, referred to in this section as the "fund," is  
34 established as a nonlapsing fund administered by the Maine State  
Housing Authority, referred to in this section as the  
36 "authority." The fund consists of loan repayments of principal  
and interest made by eligible applicants to the fund and other  
38 money available to the fund including eligible investment  
earnings from fund assets. The fund must be held separate from  
40 all other money, funds and accounts, and all eligible investment  
earnings from fund assets must be credited to the fund.

42  
44 2. Fund purposes. The authority shall administer the fund  
to provide direct loans or grants for all or part of certain  
energy conservation projects on an annual basis. The authority  
46 shall identify energy conservation improvements that offer  
low-income and moderate-income households the highest paybacks.

48  
50 3. Application process. The authority with assistance from  
the Finance Authority of Maine shall adopt rules establishing an



2 application process for energy conservation improvement grants  
3 and low-interest energy conservation loans.

4 4. Rules. The authority shall adopt rules necessary to  
5 administer the fund. Rules adopted pursuant to this section are  
6 routine technical rules pursuant to Title 5, chapter 375,  
7 subchapter II-A.

8  
9 5. Report. The authority shall submit to the joint  
10 standing committee of the Legislature having jurisdiction over  
11 business and economic development matters and the joint standing  
12 committee of the Legislature having jurisdiction over  
13 appropriations and financial affairs an update on the fund by  
14 January 1, 2003 and every year thereafter.

15 **Sec. E-2. Application; contingent on bond issue.** This Part takes  
16 effect only if an \$8,000,000 general revenue bond issue for  
17 low-interest loans or grants for energy conservation improvements  
18 for low-income and moderate-income citizens is approved by the  
19 voters of this State.  
20

## 22 PART F

23  
24 **Sec. F-1. Maine State Housing Authority shall report on feasibility of**  
25 **establishing Office of Energy Conservation.** The Maine State Housing  
26 Authority, with assistance from the State Planning Office, shall  
27 report to the joint standing committee of the Legislature having  
28 jurisdiction over utilities and energy matters and the joint  
29 standing committee of the Legislature having jurisdiction over  
30 appropriations and financial affairs on the feasibility of  
31 establishing an Office of Energy Conservation within the Maine  
32 State Housing Authority. The new Office of Energy Conservation  
33 would be established with existing personnel performing similar  
34 functions elsewhere in State Government along with 2 new  
35 positions and would be charged with the following:

36  
37 1. Providing a new comprehensive energy conservation plan  
38 for this State and updating it every 2 years;

39 2. Coordinating all state energy conservation programs;

40  
41 3. Encouraging conservation of energy and development of  
42 this State's energy resources to assist citizens in surviving the  
43 winter heating season; and

44  
45 4. Soliciting and incorporating advice and comment from  
46 affected stakeholders including representatives of the energy  
47 industry, utilities, energy conservation service providers,  
48 low-income households and environmental agencies.  
49  
50

2 This report must be submitted with accompanying legislation  
if necessary to the First Regular Session of the 120th  
4 Legislature by March 15, 2001.

6  
8 **PART G**

10 **Sec. G-1. Maine State Housing Authority shall annually study**  
**percentage of Low-income Home Energy Assistance Program funds used**  
12 **for weatherization services.** The Maine State Housing Authority shall  
investigate in April of 2001, 2002 and 2003 the possibility of  
14 increasing the percentage of Low-income Home Energy Assistance  
Program funds from 15% up to as high as 25% for weatherization  
services.

16  
18 **PART H**

20 **Sec. H-1. 35-A MRSA §121 is enacted to read:**

22 **§121. Effects of interruptible gas services**

24 The Public Utilities Commission shall monitor the effects of  
26 interruptible gas services on the supply and price of home  
heating oil in this State.

28  
30 **PART I**

32 **Sec. I-1. State Planning Office shall conduct study regarding**  
**reduction of energy consumption.** The State Planning Office shall  
34 conduct a study to determine whether this State can reduce its  
per capita residential energy consumption by 25% by 2011.  
36 Particular attention must be paid to low-income to  
moderate-income households that lack the financial and technical  
resources to identify energy conservation opportunities and to  
38 acquire the energy conservation goods and services needed to  
achieve significant savings. The State Planning Office shall  
40 report on requiring higher efficiency ratings for heating  
systems, appliances and energy building standards. The State  
42 Planning Office shall also analyze the possibility of requiring  
higher efficiency ratings for heating systems, appliances and  
44 energy building standards. The State Planning Office shall  
investigate the value of tax incentives for implementing measures  
46 identified in energy audits for energy conservation improvements  
for Maine citizens. The State Planning Office shall report to  
48 the joint standing committee of the Legislature having  
jurisdiction over taxation matters, the joint standing committee  
50 of the Legislature having jurisdiction over utilities and energy

2 matters and the joint standing committee of the Legislature  
3 having jurisdiction over appropriations and financial affairs on  
4 establishing Maine energy independence programs and financing  
5 mechanisms to achieve this goal. The State Planning Office shall  
6 submit a report with accompanying legislation to the First  
7 Regular Session of the 120th Legislature by March 15, 2001.

8 **Emergency clause.** In view of the emergency cited in the  
9 preamble, this Act takes effect when approved, unless otherwise  
10 indicated.

## 12 SUMMARY

14 This bill implements the recommendations of the Task Force  
15 to Reduce the Burden of Home Heating Costs on Low-income  
16 Households established in the Second Regular Session of the 119th  
17 Legislature by Resolve 1999, chapter 132. The bill does the  
18 following:

20 1. Establishes a summer "fill" program to provide  
21 low-income households that are eligible for fuel assistance  
22 through the Low-income Home Energy Assistance Program (LIHEAP)  
23 with an initial supply of fuel;

26 2. Requires the Maine State Housing Authority to identify  
27 the most effective way to provide adequate funding of the  
28 anticipated 25% nonfederal share of the weatherization program;

30 3. Establishes a program funded by a bond issue to allow  
31 low-income and middle-income citizens to obtain low-interest  
32 loans or grants for energy conservation improvements;

34 4. Requires the Maine State Housing Authority and the State  
35 Planning Office to investigate the possibility of establishing a  
36 separate Office of Energy Conservation within the Maine State  
37 Housing Authority;

40 5. Requires the Maine State Housing Authority to annually  
41 for 3 years investigate the possibility of increasing the  
42 percentage of LIHEAP funds for weatherization services;

44 6. Requires the Public Utilities Commission to monitor the  
45 effects of interruptible gas services on the supply and price of  
46 home heating oil; and

48 7. Requires the State Planning Office to conduct a study to  
49 determine whether the State of Maine can reduce its per capita  
50 residential energy consumption by 25% by 2011.