

MAINE STATE LEGISLATURE

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September 15, 1967

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Matching Funds of Water Improvement Commission

FACTS:

Hypothetically speaking the situation is this: Town A wishes to finance a sewage treatment plant, a state institution B (a prison) located in Town A may either build its own facility or utilize the proposed project of Town A. If Town A's facility is to process wastes emanating from the prison, the town's treatment plant will have to be enlarged subsequently causing an increase in the cost of construction of the municipal facility. The state decides to utilize Town A's treatment plant rather than build a separate sewage disposal system for the prison and thus pays a portion of the capital costs of construction of Town A's facility. Let us say that the state expends \$80,000 toward the construction cost of town A's treatment facility and the total cost of Town A's sewage disposal facility is \$600,000.

QUESTION:

Where state money has been expended toward the cost of constructing a municipal sewage treatment facility, may the Water Improvement Commission still provide "matching funds" to the municipality or quasi-municipality constructing such facility?

ANSWER:

Yes, provided that the amount of state funds already expended is subtracted from the total cost of the municipal pollution abatement facility so as to avoid a duplication of expenditure of state funds.

OPINION:

Based on the figures chosen and set forth in the factual situation, if the state contributes \$80,000 toward the cost of Town A's sewage treatment facility for treatment of sewage emanating from the prison, this capital contribution should be

subtracted from the over-all cost of the municipal treatment facility when the municipality applies for state funds from the Water Improvement Commission. The municipality may apply for state and federal aid based on a cost figure of \$520,000, the actual cost of sewage treatment to the municipality.

Should the municipality apply for state matching funds on a cost basis of \$600,000, then the municipality would in effect be seeking a double subsidy from the state.

The Water Improvement Commission can supply funds for municipal and quasi-municipal pollution abatement facilities, not to state financed pollution control facilities.

38 U.S.C. § 411 reads in part as follows:

"The commission is authorized to pay an amount equal to the total federal contribution under P. L. 660, 84th Congress, as amended, to the expense of a municipal or quasi-municipal pollution abatement construction program which has received federal approval and federal funds for construction. . . ."

In the figures recited above, let us say that the state pays \$80,000 of town A's \$600,000 project so as to pay for the cost of treating sewage resulting from the use of the prison. Town A may then apply for federal and state aid on a cost basis of \$520,000. If the federal government should contribute 40% aid and the State through the Water Improvement Commission 30%, this would mean that the town would receive a total amount of \$364,000 in aid which is quite permissible.

To make a more persuasive point, let it be assumed that the state initially contributes \$200,000 to the municipality involved for the cost of treating sewage from the prison. The town surely could not expect to ask for state and federal aid based on a cost of \$600,000. Should the federal government and state, through the Water Improvement Commission, grant funds in the amount of 40% and 30% of this cost basis, town A would receive

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\$620,000 in aid for a \$600,000 project.

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cc: Raeburn W. Macdonald
Chief Engineer
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