

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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Legislative Document

No. 978

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H. P. 772

House of Representatives, March 10, 1977

On motion of Mr. Henderson of Bangor, referred to the Committee on Local and County Government. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Kelleher of Bangor.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT to Authorize Rental Housing to be Financed by the Issuance of Revenue Obligation Facilities under the Municipal Securities Approval Act.**

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

Sec. 1. 30 MRSA § 5325, sub-§ 1, as last amended by PL 1975, c. 728, § 1, is further amended to read:

1. Revenue-producing industrial-commercial, pollution-control, health care, rental housing or recreational projects and multi-level parking facility. To acquire, construct, reconstruct, renew and replace industrial-commercial, pollution-control, health care, rental housing, recreational and combined projects, and multi-level private parking facilities within or partly within the corporate limits of the municipality;

Sec. 2. 30 MRSA § 5325, sub-§ 4, as last amended by PL 1975, c. 728, § 2, is further amended to read:

4. Acquisition of property. The municipal officers are authorized and empowered to acquire from funds provided under the authority of this chapter such lands, structures, property, rights, rights-of-way, franchises, easements and other interests in lands, including lands lying under water and riparian rights, which are located within the State as it may deem necessary or convenient for the construction or operation of any industrial-commercial, pollution-control, health care, rental housing, recreational or combined project, and any multi-level private parking facility upon such terms and conditions as they shall deem reasonable and proper, and to dispose of any of the foregoing in the exercise of its powers and the performance of its duties under this chapter;

**Sec. 3.** 30 MRSA § 5325, sub-§ 6, as last amended by PL 1975, c. 728, § 4, is further amended to read:

**6. Government contracts.** To enter into contracts with the State or the Federal Government or any agency or instrumentality thereof, or with any other municipality providing for or relating to an industrial-commercial, pollution-control, health care, **rental housing**, recreational or combined facility, or a multi-level private parking facility; provided, in the case of contracts with the Federal Government involving pollution-control facilities, that the consent of the Board of Environmental Protection is first obtained, such board being authorized to grant such consent notwithstanding Title 38, section 362;

**Sec. 4.** 30 MRSA § 5325, sub-§ 7, as last amended by PL 1975, c. 728, § 4, is further amended to read:

**7. Government aid.** To accept from any authorized agency of the State or the Federal Government loans or grants for the planning, construction or acquisition of any industrial-commercial pollution-control, health care, **rental housing**, recreational or combined facility or any multi-level private parking facility and to enter into agreements with such agency respecting any such loans or grants, and to receive and accept aid and contributions from any source of either money, property, labor or other things of value, to be held, used and applied only for the purposes for which such loans, grants and contributions may be made; provided, in the case of loans, grants or other aid from the Federal Government involving pollution-control facilities that the consent of the Board of Environmental Protection is first obtained, such board being authorized to grant such consent notwithstanding Title 38, section 362; and

**Sec. 5.** 30 MRSA § 5326, sub-§ 2-C is enacted to read:

**2-C. Rental housing project.** "Rental housing project" means any building, structure or other real estate improvement and, as a part thereof, the land upon which the same may be located, together with such equipment, fixtures and other facilities incident thereto, which may be deemed necessary for the provision of living units for lease or rent to persons or families without regard to the income thereof.

**Sec. 6.** 30 MRSA § 5326, sub-§ 4, as amended by PL 1971, c. 210, § 3, is further amended to read:

**4. Project.** "Project" means industrial-commercial project, pollution-control project, **rental housing project**, recreational project or combined project as the context may permit or require.

**Sec. 7.** 30 MRSA § 5326, sub-§ 5, as last amended by PL 1973, c. 315, § 1, is further amended to read:

**5. Cost.** "Cost" as applied to an industrial-commercial, pollution-control, **rental housing**, recreational or combined project shall include the purchase price of any such project, the cost of construction, the cost of all labor, materials, machinery and equipment, the cost of improvements, the cost of all

lands, property, rights, easements and franchises acquired, financing charges, premiums for lease rental insurance, interest prior to and during construction and, if deemed advisable by the municipal officers, for not more than one year after completion of construction, cost of plans and specifications, surveys and estimates of cost and of revenues, cost of engineering and legal services, reserves for payment of future debt service on bonds of not more than the maximum amount of interest plus annual serial principal or sinking fund payment due in any 12-month period, and all other expenses necessary or incident to determining the feasibility or practicability of such construction, administrative expense and such other expenses as may be necessary or incident to the financing authorized. Any obligation or expenses incurred by the State, the municipality or any private person in connection with any of the foregoing items of cost may be regarded as a part of such cost and reimbursed to the State or municipality or such person out of the proceeds of revenue obligation securities issued under this chapter.

**Sec. 8.** 30 MRSA § 5328, sub-§ 4, ¶ A, as amended by PL 1975, c. 728, § 7, is further amended to read:

**A.** The project will make a significant contribution to the economic growth of, the control of pollution in ~~or~~, the betterment of the health of the inhabitants of ~~or the provision of living units for~~ the State;

**Sec. 9.** 30 MRSA § 5331, sub-§ 1, 1st sentence, as amended by PL 1975, c. 223, § 4, is further amended to read:

Upon receipt of the certificate of approval from the authority as provided in section 5328, the municipal officers of any municipality are authorized to provide by resolution, at one time or from time to time, for the issuance of revenue obligation securities of the municipality for the purpose of paying the cost of acquiring, constructing, reconstructing, renewing or replacing any revenue-producing industrial-commercial, pollution-control, **rental housing**, recreational or combined project, or a multi-level private parking facility, provided no revenue obligation securities of a municipality shall be issued until the general purpose or purposes for which the securities are to be issued and the maximum principal amount of such securities to be authorized have been approved by ballot by a majority of the votes cast on the question and the number of votes cast is at least 20% of the total vote for all candidates for Governor cast in the municipality at the last gubernatorial election.

**Sec. 10.** 30 MRSA § 5340, as repealed and replaced by PL 1975, c. 223, § 5, is amended to read:

#### § 5340. Leasehold or other interests of lessee taxable

The leasehold or other interest of the lessee of any industrial-commercial, pollution-control, **rental housing**, recreational or combined project or any multi-level private parking facility is subject to taxation in the manner provided for similar interests in Title 36, section 551, subject to Title 36, sections 655 and 656.

**Sec. 11.** 30 MRSA § 5341-A is enacted to read:

**§ 5341-A. Availability of rental housing**

It is one purpose of this chapter to increase the availability of rental housing in the State of Maine by providing therefor a mechanism of financing by the issuance of revenue obligation securities hereunder and it is found by the Legislature that there exists a shortage of rental housing at all rent levels, that such shortage is in part caused by the high cost or inavailability of traditional financing for rental housing and that the encouragement of the provision of rental housing by making available alternative methods of financing is necessary for the preservation of the public peace, health and safety and is, therefore, a public purpose for which revenue obligation securities may be issued as provided herein.

**STATEMENT OF FACT**

The purpose of this bill is to amend the Municipal Securities Approval Act in order to permit housing projects to be financed under the Act's provisions. In view of the unquestioned need for housing throughout the State, the Legislature should do all in its power to promote construction of residential housing. This bill will impose no financial obligations upon the State, and the housing it helps construct will not only have a positive effect on Maine's economy at the construction stage, but will also add to the tax base of Maine communities.