

# MAINE STATE LEGISLATURE

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(Governor's Bill)  
SECOND REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1922**

S. P. 743

In Senate, February 5, 1980

Taken from Table by President and on Motion by Senator Katz of Kennebec, referred to the Committee on Energy and Natural Resources. Sent down for concurrence and ordered printed. (Motion to refer to Committee on State Government failed).

MAY M. ROSS, Secretary of the Senate

Presented by Senator Najarian of Cumberland.

Cosponsor: Senator Trafton of Androscoggin.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

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**AN ACT to Provide Low-interest Loans for Middle and Low Income Families for Residential Energy Conservation Improvements.**

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

**Sec. 1. 30 MRSA § 4552, sub-§ 19 is enacted to read:**

**19. Home improvement note.** "Home improvement note" means an interest bearing obligation, secured in whole or in part by a mortgage, insurance or otherwise as may be agreed upon by the state authority from time to time, made to improve or rehabilitate, for the purpose of energy conservation, residential housing or a housing project in the State.

**Sec. 2. 30 MRSA § 4651, sub-§ 13 is enacted to read:**

**13. Home improvement notes.** Pursuant to the purposes of this Act, to provide housing for persons of low or moderate income, the state authority may acquire from banks, life insurance companies, savings and loan associations, the Federal Government and other financial institutions, home improvement notes anywhere in the State, the restriction as to the area of operation in section 4552, subsection 1, notwithstanding, and sell home improvement notes to insurance

**companies and other financial institutions and agencies of the United States and any fiduciaries or retirement funds. For purposes of this subsection, persons of moderate income includes families whose adjusted income is 150% or less of the median family income for the State, as determined by the United States Department of Commerce, Bureau of the Census.**

**Sec. 3. 30 MRSA § 4716, 3rd ¶, first 2nd and 3rd sentences, as enacted by PL 1975, c. 625, § 18, are repealed.**

**Sec. 4. 30 MRSA § 4716, 3rd ¶, last sentence, as enacted by PL 1975, c. 625, § 18, is amended to read:**

The state authority may ~~also~~ establish such ~~additional~~ requirements as it shall deem necessary with respect to the pledging, assigning, setting aside or holding of such collateral and the making of substitutions therefor or additions thereto and the disposition of income and receipts therefrom.

**Sec. 5. 30 MRSA § 4751, first ¶, as amended by PL 1969, c. 564, § 6, is further amended by adding at the end a new sentence to read:**

**These bonds may also be secured by one or more Capital Reserve Funds established as provided by section 4761.**

**Sec. 6. 30 MRSA § 4755-A is enacted to read:**

**§ 4755-A. Limitations**

**In addition to any other provisions of law authorizing the state authority to issue bonds, the state authority may issue home improvement bonds from time to time, in such amounts as it may determine, provided the state authority shall not at any time have in the aggregate principle amount thereof outstanding, home improvement bonds in excess of \$10,000,000 including the amount funded from the proceeds of new bonds or by exchange of new bonds.**

**Sec. 7. 30 MRSA § 4756, first sentence, as last amended by PL 1977, c. 564, § 118-A, is further amended to read:**

The state authority shall have the power to purchase or to make commitments to purchase from banks, life insurance companies, savings and loan associations, the Federal Government and other financial institutions lawfully doing business in the State of Maine, the interest bearing obligations secured by mortgages and notes which are a first lien on land and improvements in Maine constituting residential housing or a housing project ~~except that an obligation shall not be eligible for purchase by the state housing authority if the date of said obligation is prior to October 1, 1969.~~

**Sec. 8. 30 MRSA § 4761, sub-§ 2, last paragraph, first and second sentences, as repealed and replaced by PL 1973, c. 623, § 1, are amended to read:**

All moneys held in any Capital Reserve Fund shall be used only to retire those bonds of the state authority issued to purchase mortgage loans or notes or **home improvement notes** under the resolution establishing such Capital Reserve Fund,

or to maintain such Capital Reserve Fund at an amount equal to the minimum reserve established by the state authority. Any proceeds beyond the amount necessary to this function may be used to replace matured mortgage loans or notes or **home improvement notes** or to purchase mortgage loans or notes or **home improvement notes** or to pay any and all expenses of the state authority up to ½ of 1% of the bond value outstanding each year under the resolution creation such Capital Reserve Fund.

**Sec. 9. Eligible conservation projects.** The Maine State Housing Authority in consultation with the Office of Energy Resources shall develop guidelines defining eligible energy conservation projects. Eligible projects shall include conservation measures determined by the Maine State Housing Authority in consultation with the Office of Energy Resources.

**Sec. 10. Affidavits.** The Maine State Housing Authority shall require an affidavit in conjunction with an application for a residential energy loan to ensure that the loan is used for the purposes intended in this Act.

**Sec. 11. Penalties.** Anyone using these loans for other than those purposes identified in section 7 is subject to a civil penalty not to exceed \$5,000, payable to the State, to be recovered in a civil action.

**Sec. 12. Appropriation.** There is appropriated from the General Fund the sum of \$200,000 to the Maine State Housing Authority for the fiscal year ending June 30, 1981. Any unexpended balance shall carry forward until June 30, 1985.

#### STATEMENT OF FACT

The purpose of this bill is to make low-interest loans for energy saving improvements available to middle and low income families.

It is estimated that residential energy use accounts for approximately 25% of the energy used in Maine. This bill is an important step towards the goal of making every resident in Maine energy efficient in the next 10 years.

This bill makes loans available with moneys provided through the Maine State Housing Authority. Interest rates will be subject to market conditions, but will be reduced from the current rate for households with incomes of \$25,000 or less.

This program will be funded through special obligations of the Maine State Housing Authority, and as such will not constitute a loan of the State or any indebtedness of the State.

The Office of Energy Resources estimates that over 200,000 single-family residences need additional weatherization and that over 100,000 residences require substantial energy conservation improvements. It is projected that over 80% of the housing units to be occupied in the year 2000 have already been constructed. For this reason, an accelerated conservation program for existing buildings is essential.

The purpose of the appropriation is to partially subsidize the interest rate for this program in order to provide a lower rate of interest to the borrower. The remaining subsidy will be provided by interest income and housing authority revenues. In the absence of this appropriation, this program will not be able to provide low enough interest rate to the consumer to provide the incentive to make energy saving improvements.