

MAINE STATE LEGISLATURE

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1 (EMERGENCY)
2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 580

7
8 H.P. 413 House of Representatives, February 14, 1985
9 Submitted by the Maine State Housing Authority pursuant to Joint Rule
24.

10 On motion of Representative Gwadosky of Fairfield, referred to the
Committee on State Government. Sent up for concurrence and ordered
11 printed. Ordered sent forthwith.

EDWIN H. PERT, Clerk
Presented by Representative Diamond of Bangor.

12 Cosponsored by Representative Lacroix of Oakland, Representative
Dillenback of Cumberland and Senator Violette of Aroostook.

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FIVE
17

18 AN ACT to Provide for the 1985 Amendments to
19 the Maine Housing Authorities Act.
20

21 Emergency preamble. Whereas, Acts of the Legis-
22 lature do not become effective until 90 days after
23 adjournment unless enacted as emergencies; and

24 Whereas, the Maine State Housing Authority cur-
25 rently has less than \$20,000,000 of bond authoriza-
26 tion remaining for its use; and

27 Whereas, the authority is not able to sell bonds
28 for single-family home purchases, single-family home
29 improvements or multi-family construction, rehabili-
30 tation or improvements without an increase in its
31 outstanding bond authorization; and

32 Whereas, the inability of the authority to sell
33 its bonds will create a hardship for hundreds of
34 first-time home buyers and eliminate the ability of

1 the State to attempt to redress a continuing problem
2 of insufficient affordable apartment units in areas
3 of the State; and

4 Whereas, the inability of the authority to sell
5 its bonds will have a substantial negative impact on
6 Maine's real estate market, its economy and its tax
7 revenues; and

8 Whereas, volatile interest rate markets could re-
9 sult in the authority having to pay higher interest
10 rates if it is not able to sell its bonds for the
11 first 9 months of the year; and

12 Whereas, the major home purchase season is in the
13 spring and summer; and

14 Whereas, in the judgment of the Legislature,
15 these facts create an emergency within the meaning of
16 the Constitution of Maine and require the following
17 legislation as immediately necessary for the preser-
18 vation of the public peace, health and safety; now,
19 therefore,

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

22 Sec. 1. 30 MRSA §4601-A, sub-§1, ¶A, as repealed
23 by PL 1979, c. 672, Pt. A, §64, and as repealed and
24 replaced by PL 1979, c. 712, §3, is repealed and the
25 following enacted in its place:

26 A. Gather information and statistics on housing
27 and housing-related, socioeconomic conditions,
28 utilizing existing sources and data to the ful-
29 lest extent possible and to require reports and
30 to obtain information from all state departments,
31 agencies, boards, commissions, authorities and
32 instrumentalities about their respective expendi-
33 tures for housing and housing-related services
34 and facilities, and about their respective func-
35 tions and activities related to the financing,
36 construction, leasing or regulation of housing
37 and housing-related services and facilities;

1 Sec. 2. 30 MRSA §4601-A, sub-§1, ¶C, as enacted
2 by PL 1969, c. 470, §7, is repealed and the following
3 enacted to read:

4 C. Provide or coordinate technical assistance
5 and consultation about housing and
6 housing-related activities for or on the behalf
7 of the municipalities, private industry, municipi-
8 pal housing authorities, nonprofit housing corpo-
9 rations, state departments, agencies, boards,
10 commissions, authorities and instrumentalities,
11 Judicial Department, other organizations and in-
12 dividuals. Administer or operate housing or
13 housing-related programs, for or on the behalf of
14 municipalities, municipal housing authorities,
15 nonprofit housing corporations, state depart-
16 ments, agencies, boards, commissions, authori-
17 ties, instrumentalities and the judicial branch,
18 and in so doing comply with the programmatic,
19 regulatory or statutory standards as required by
20 that entity, which may take precedence over the
21 authority's eligibility requirements;

22 Sec. 3. 30 MRSA §4601-A, sub-§1, ¶F, as amended
23 by PL 1969, c. 564, §11, is further amended to read:

24 F. Act as the public agency of the State of
25 Maine for the purpose of accepting federal funds
26 or other assistance, or funds or other assistance
27 from any other source whatsoever, in relation to
28 housing activity in those areas and for those
29 projects duly authorized under section 4651, sub-
30 section 2 and other relevant provisions of this
31 statute;

32 Sec. 4. 30 MRSA §4601-A, sub-§1, ¶N, as amended
33 by PL 1983, c. 414, §8, is further amended to read:

34 N. With respect to any bonds which the state au-
35 thority is authorized to issue in accordance with
36 the limitations and restrictions of this subchap-
37 ter, covenant and consent that the interest on
38 the bonds shall be includable, under the United
39 States Internal Revenue Code of 1954 or any sub-
40 sequent corresponding internal revenue law of the
41 United States, in the gross income of the holders

1 of the bonds to the same extent and in the same
2 manner that the interest on bills, bonds, notes
3 or other obligations of the United States is in-
4 cludable in the gross income of the holders under
5 the United States Internal Revenue Code or any
6 subsequent law. The powers conferred by this
7 paragraph shall not be subject to any limitations
8 or restrictions of any law which may limit the
9 state authority's power to so covenant and con-
10 sent. Notwithstanding any other provision of
11 this subchapter, proceeds of bonds issued pursu-
12 ant to this subsection may be used for persons
13 other than persons of low income. Any bonds is-
14 sued by the state authority the income on which
15 is includable under the United States Internal
16 Revenue Code of 1954, or any subsequent corre-
17 sponding revenue law of the United States in the
18 gross income of the holders of the bonds shall
19 also be included in gross income under the Maine
20 Income Tax Law as amended;

21 Sec. 5. 30 MRSA §4601-A, sub-§1, ¶¶Q and R, as
22 enacted by PL 1983, c. 414, §9, are amended to read:

23 Q. To modify or waive the requirements of sec-
24 tion 4757, subsections 1 and 2, and section
25 4758; and

26 R. Guarantee or assure the timely payment in
27 whole or part of principal on, premium on or in-
28 terest of any bond or of any instrument or secu-
29 rity identified in paragraph I or O-; and

30 Sec. 6. 30 MRSA §4601-A, sub-§1, ¶S is enacted
31 to read:

32 S. Purchase, sell, service, pledge, invest in,
33 hold, trade, accept as collateral, administer or
34 otherwise deal in, acquire or transfer, contract
35 for benefits to recipients on behalf of the Fed-
36 eral Government or otherwise and do those things
37 necessary to issue or cause to be issued federal
38 mortgage credit certificates as authorized and
39 created by the Federal Tax Reform Act of 1984,
40 Public Law 98-369, Section 612(a).

41 Sec. 7. 30 MRSA §4601-A, sub-§2, ¶C, as amended
42 by PL 1981, c. 4, is further amended to read:

1 C. Any nursing home or related institution li-
2 censed or subject to license by the Department of
3 Human Services pursuant to Title 22, section
4 1817, except intermediate care facility group
5 homes for the mentally retarded and persons with
6 related conditions or the construction, substan-
7 tial rehabilitation or improvement of homeless
8 shelter facilities that may be related to an in-
9 stitution licensed or subject to license by the
10 Department of Human Services pursuant to Title
11 22, section 1817.

12 Sec. 8. 30 MRSA §4651, as amended by PL 1983, c.
13 414, §§11 and 12, is further amended by adding at the
14 end a new paragraph to read:

15 The director of the state authority shall serve
16 as the state's designee to certify to the United
17 States Secretary of the Treasury that qualified mort-
18 gage bonds issued in the State satisfy the ceiling
19 requirements of the United States Internal Revenue
20 Code, Section 103A(g) (4).

21 Sec. 9. 30 MRSA §4762, as amended by PL 1983, c.
22 414, §18, is further amended to read:

23 §4762. Limitations

24 The state authority shall not at any time have,
25 in the aggregate principal amount thereof outstand-
26 ing, mortgage purchase bonds in excess of
27 ~~\$435,000,000~~ \$635,000,000 secured by the Housing Re-
28 serve Fund or a Capital Reserve Fund to which the 3rd
29 paragraph from the end of section 4761 applies. Mort-
30 gage purchase bonds of the state authority secured by
31 capital reserve funds to which the 3rd paragraph from
32 the end of section 4761 does not apply, bond or mort-
33 gage insurance, direct or indirect contract with the
34 United States, purchase or repurchase agreement or
35 guaranty with a banking or other financial organiza-
36 tion, or other credit arrangements securing the bonds
37 may be issued up to \$100,000,000 per calendar year in
38 an aggregate principal amount not to exceed
39 ~~\$200,000,000~~ \$300,000,000. Mortgage purchase bonds
40 shall be rated at or before issuance of the bonds in
41 a rating category of A or its equivalent or better by
42 a nationally recognized rating agency.

1 ty's bonding limits and from \$200,000,000 to
2 \$300,000,000 in its general bond limitations, thus
3 allowing the authority to continue, in conjunction
4 with the HOME program, providing mortgage money at
5 reduced interest rates for single-family home pur-
6 chases and improvements, and apartment development
7 and rehabilitation for low income and moderate income
8 Maine families. The authority's bonds do not pledge
9 the credit of the State.

10 This bill also makes technical and clarifying
11 changes to the Maine Housing Authorities Act. These
12 changes include provisions to clarify that the au-
13 thority has the power to make use of funds from any
14 source for housing-related programs and to administer
15 housing-related programs regardless of their fund
16 sources; and to clarify that in determining eligible
17 participants for programs funded by other agencies,
18 or administered by the authority on behalf of other
19 entities, that it may comply with eligibility stan-
20 dards established in those programs or by those enti-
21 ties. These changes also include authorization for
22 the director of the authority to be the state desig-
23 nee to certify to the United States Secretary of the
24 Treasury that qualified mortgage bond issuance in the
25 State satisfies federally-mandated state ceiling re-
26 quirements; the authority to "issue" and administer
27 the Mortgage Credit Certificate Program created in
28 the 1984 tax act; the authority to provide assistance
29 to homeless shelters that may be related to other li-
30 censed facilities; and that, in computing bonds out-
31 standing, the authority shall use accreted value
32 rather than face value for so-called capital
33 appreciation bonds or similar financial instruments.
34 Also included is language that states that any bonds
35 sold by the authority, the income of which shall be
36 taxable under the United States Internal Revenue
37 Code, shall also be taxable under the Maine Income
38 Tax Law.

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