

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 2023

6  
7 H.P. 1432

House of Representatives, February 13, 1986

8 Approved for introduction by a majority of the Legislative Council  
pursuant to Joint Rule 26.

9 Reference to the Committee on Appropriations and Financial Affairs  
suggested and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Simpson of Casco.

11 Cosponsored by Representative Mayo of Thomaston and Representative  
Manning of Portland.

12 STATE OF MAINE  
13

14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-SIX  
16

17 AN ACT to Increase the Affordability,  
18 Accessibility and Quality of Child  
19 Care.  
20

21 Preamble. Two thirds of both Houses of the Leg-  
22 islature deeming it necessary in accordance with the  
23 Constitution of Maine, Article IX, Section 14, to au-  
24 thorize the issuance of bonds on behalf of the State  
25 of Maine to establish an Occupational Safety Loan  
26 Fund.

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

29 Sec. 1. 22 MRSA c. 1664 is enacted to read:

30 CHAPTER 1664

31 DAY CARE LOANS

32 §7851. Day care loan program

1           1. Loan program established. The Bureau of So-  
2 cial Services shall administer a program to make  
3 low-interest loans available to:

4           A. Parent of low to moderate income to assist  
5 them in using day care facilities licensed under  
6 chapter 1673 for their children; and

7           B. Day care facilities licensed under chapter  
8 1673 to enable them to purchase or renovate es-  
9 sential equipment and facilities and for energy  
10 conservation measures.

11           2. Loan criteria. The bureau shall issue rules  
12 to implement the loan program under this section in  
13 conformity with the following provisions.

14           A. Regarding loans made under subsection 1, par-  
15 agraph A, to parents, the rules shall include,  
16 but are not limited to, provisions:

17                   (1) Ensuring that the purpose of the loan  
18 is to assist parents of low to moderate in-  
19 come to use licensed day care facilities for  
20 the care of their children;

21                   (2) Establishing income guidelines for ap-  
22 plicants; and

23                   (3) Providing that no loan may be made in  
24 an excess of \$1,000 annually for each child.

25           B. Regarding loans made under subsection 1, par-  
26 agraph B, to licensed day care facilities, the  
27 rules shall include, but are not limited to, pro-  
28 visions:

29                   (1) Ensuring that the purpose of the loan  
30 is to purchase or renovate essential equip-  
31 ment or facilities or for energy conserva-  
32 tion measures for the day care facility on-  
33 ly;

34                   (2) Establishing a priority system upon  
35 which to award loans based on:

1                   (a) The relative financial need of the  
2                   day care facility, giving preference to  
3                   those in greatest need; and

4                   (b) The need for equipment, facilities  
5                   or energy conservation measures, giving  
6                   first preference to those facilities  
7                   which will use the loan to satisfy li-  
8                   censing requirements and 2nd preference  
9                   to those facilities which will be most  
10                  improved by the proposed use of the  
11                  loan; and

12                  (3) Providing that no loan or combination  
13                  of loans may be made to any day care facili-  
14                  ty that would result in that facility's hav-  
15                  ing an outstanding loan balance in excess of  
16                  \$10,000.

17                  C. Regarding all loans made under this section,  
18                  the rules shall include, but are not limited to,  
19                  provisions:

20                  (1) Providing that loans shall be made at a  
21                  fixed interest rate set by the director, not  
22                  to exceed a rate equal to 2 percentage  
23                  points below the prime rate in effect in the  
24                  Boston metropolitan area; and

25                  (2) Providing that loan applications must  
26                  be on forms and accompanied by additional  
27                  information as required by the department.  
28                  Loan applicants may be required to submit  
29                  whatever personal or financial information  
30                  is necessary to determine eligibility for  
31                  the loan program.

32                  3. Administration. The bureau may contract with  
33                  the Finance Authority of Maine to assist in the ad-  
34                  ministration of the loan program. Compensation to  
35                  the Finance Authority of Maine and the administrative  
36                  costs of the Department of Human Services in adminis-  
37                  tering the loan program shall be paid out of the  
38                  amounts in the Child Care Assistance Fund.

39                  §7852. Child Care Assistance Fund

1           1. Fund established. To accomplish the objec-  
2 tives outlined in section 7851, there is established  
3 in the State Treasury a special fund, known as the  
4 Child Care Assistance Fund. The Director of Social  
5 Services shall administer the fund. All money and  
6 securities in the fund shall be held in trust by the  
7 Treasurer of State for the purpose of funding the  
8 child care program under section 7851 and shall not  
9 be money or property for the general use of the  
10 State. The Treasurer of State shall invest the money  
11 of the fund in accordance with law. The fund shall  
12 not lapse.

13           2. Source of funds. The Child Care Assistance  
14 Fund shall be established and maintained by funds re-  
15 ceived from the following:

16           A. Repayments of loans made by the loan fund and  
17 accrued interest on those loans;

18           B. Interest, income and dividends from invest-  
19 ments made by the Treasurer of State under sub-  
20 section 1; and

21           C. Funds from any bonds issued by the State for  
22 the purpose of funding the loan fund.

23           3. Loans from the fund. The loan fund may make  
24 loans in accordance with section 7851.

25           Sec. 2. Issue of bonds to establish a Child Care  
26 Assistance Fund. The Treasurer of State may, under  
27 the direction of the Governor, issue from time to  
28 time registered bonds in the name and behalf of the  
29 State to an amount not exceeding \$1,000,000 for the  
30 purpose of raising funds to fund a Child Care Assist-  
31 ance Fund as authorized by section 7. The bonds  
32 shall be deemed a pledge of the faith and credit of  
33 the State. The bonds shall not run for a longer pe-  
34 riod than 10 years from the date of the original is-  
35 sue. Any issuance of bonds may contain a call fea-  
36 ture at the discretion of the Treasurer of State with  
37 approval of the Governor.

38           Sec. 3. Records of bonds issued to be kept by  
39 the State Auditor and Treasurer of State. The State  
40 Auditor shall keep an account of the bonds, showing

1 the number and amount of each, the date when payable  
2 and the date of delivery to the Treasurer of State  
3 who shall keep an account of each bond showing the  
4 number of the bond, the name of the successful bidder  
5 to whom sold, the amount received for the bond, the  
6 date of sale and the date when payable.

7       Sec. 4. Sale, how negotiated; proceeds appropri-  
8 ated. The Treasurer of State may negotiate the sale  
9 of the bonds by direction of the Governor, but no  
10 bond may be loaned, pledged or hypothecated in behalf  
11 of the State. The proceeds of the sale of the bonds  
12 which shall be held by the Treasurer of State and  
13 paid by him upon warrants drawn by the Governor, are  
14 appropriated to be used solely for the purpose set  
15 forth in this Act.

16       Sec. 5. Interest and debt retirement. Interest  
17 due or accruing upon any bonds issued under this Act  
18 and all sums coming due for payment of bonds at matura-  
19 rity shall be paid by the Treasurer of State.

20       Sec. 6. Disbursement of bond proceeds. The pro-  
21 ceeds of the bonds shall be expended under the direc-  
22 tion and supervision of the Director of Social Ser-  
23 vices.

24       Sec. 7. Allocations from General Fund bond is-  
25 sue; Occupational Safety Loan Fund. The funds allo-  
26 cated by this section shall be expended for the fol-  
27 lowing:

28       HUMAN SERVICES, DEPARTMENT OF

29           Bureau of Social Services  
30           Child Care Assistance Fund                               \$1,000,000

31       Sec. 8. Contingent upon ratification of bond is-  
32 sue. Sections 1 to 7 shall not become effective un-  
33 less and until the people of the State have ratified  
34 the issuance of bonds as set forth in this Act.

35       Sec. 9. Appropriation balances at year end. At  
36 the end of each fiscal year, all unencumbered appro-  
37 priation balances representing state money shall carry  
38 forward from year to year.

1           Sec. 10. Lapse of unused bonds. Bond proceeds  
2 from the sale of bonds under this Act which have not  
3 been expended 10 years after the date of the sale of  
4 the bonds shall lapse to General Fund debt service.

5           Sec. 11. Bond authorized but not issued. Any  
6 bonds authorized, but not issued, or for which bond  
7 anticipation notes have not been issued within 5  
8 years of the ratification of this Act, shall be  
9 deauthorized and may not be issued, provided that the  
10 Legislature may, within 2 years after the expiration  
11 of the 5-year period, extend the period for issuing  
12 any remaining unissued bonds or bond anticipation  
13 notes for an additional amount of time not to exceed  
14 5 years.

15           Sec. 12. Statutory referendum procedure; submis-  
16 sion at general election; form of question; effective  
17 date. This Act shall be submitted to the legal vot-  
18 ers of the State of Maine at the next general elec-  
19 tion in the month of November following passage of  
20 this Act. The city aldermen, town selectmen and  
21 plantation assessors of this State shall notify the  
22 inhabitants of their respective cities, towns and  
23 plantations to meet, in the manner prescribed by law  
24 for holding a statewide election, to vote on the ac-  
25 ceptance or rejection of this Act by voting on the  
26 following question:

27           "Do you favor a \$1,000,000 bond issue to estab-  
28 lish a fund for low-interest loans to assist parents  
29 of children attending day care facilities, and to  
30 enable the day care facilities to obtain neces-  
31 sary equipment, facilities or to improve the en-  
32 ergy efficiency of the facilities?"

33           The legal voters of each city, town and planta-  
34 tion shall vote by ballot on this question and shall  
35 designate their choice by a cross or check mark  
36 placed within a corresponding square below the word  
37 "Yes" or "No." The ballots shall be received,  
38 sorted, counted and declared in open ward, town and  
39 plantation meetings and returns made to the Secretary  
40 of State in the same manner as votes for members of  
41 the Legislature. The Governor shall review the re-  
42 turns and, if it appears that a majority of the legal  
43 votes are in favor of the Act, the Governor shall

1 proclaim that fact without delay, and the Act shall  
2 become effective 30 days after the date of the procl-  
3 lamation.

4 The Secretary of State shall prepare and furnish  
5 to each city, town and plantation all ballots, re-  
6 turns and copies of this Act necessary to carry out  
7 the purpose of this referendum.

8 STATEMENT OF FACT

9 Many parents in this State are prevented from  
10 working because of their child care responsibilities.  
11 Further, many of these parents cannot afford to take  
12 advantage of day care facilities to allow them to  
13 gain employment. This bill establishes a  
14 low-interest loan program that would assist parents  
15 of low to moderate income to use day care facilities,  
16 enabling them to once again become productive members  
17 of Maine's workforce.

18 Many parents who are financially able to use day  
19 care facilities are often unable to find one within  
20 convenient traveling distance, or if one does exist,  
21 it cannot accept any more children. This is often  
22 due to the unavailability of necessary loan money to  
23 the operators of day care facilities, most of whom do  
24 not qualify for small business loans. This bill also  
25 establishes a low-interest loan program to assist day  
26 care facilities in meeting their licensing require-  
27 ments regarding facilities and equipment as well as  
28 to help them make their operation more energy effi-  
29 cient and reduce their overhead costs. This will  
30 make the operation of day care facilities more finan-  
31 cially possible, increasing the number and conve-  
32 nience of day care facilities, and will also increase  
33 the quality of both existing and new facilities.

34 The loan program would be administered by the De-  
35 partment of Human Services, the Bureau of Social Ser-  
36 vices. The money for the low-interest loans would  
37 come from a special Child Care Assistance Fund, con-  
38 sisting of \$1,000,000 raised by a state bond issue,  
39 subject, of course, to ratification by the elector-  
40 ate. This money would be loaned out to qualified



1 parents and day care facilities and replenish itself  
2 as the loans are repaid, with interest. This program  
3 would allow many more people to better use day care  
4 facilities in the State, while at the same time in-  
5 creasing the availability of day care services and  
6 allowing those facilities to upgrade their programs  
7 through the additional money received from these par-  
8 ents and the loans.

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