

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2625

S.P. 992

In Senate, April 8, 1988

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

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator PEARSON of Penobscot.

Cosponsored by Senator EMERSON of Penobscot,
Representative DAVIS of Monmouth.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

1 AN ACT Concerning the Authority of the Maine
2 Municipal Bond Bank to Issue Certain Bonds
3 and to Establish and Administer a Revolving
4 Loan Fund.
5

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

8 Sec. 1. 30 MRSA §5163, sub-§§4-A, 7-A and 7-B
9 are enacted to read:

1 4-A. Capital reserve fund. "Capital reserve
2 fund" means any capital reserve fund created or
3 established as provided in section 5171, subsection
4 1-A.

5 7-A. Municipal bond. "Municipal bond" means a
6 bond or note or evidence of debt issued by a
7 municipality and payable from taxes or from rates,
8 charges or assessments, but shall not include any bond
9 or note or evidence of debt issued under chapter 235
10 or Title 10, chapter 110, subchapter IV.

11 7-B. Municipality. "Municipality" means any
12 city, town, special district, county, plantation or
13 municipal village corporation within the State.

14 Sec. 2. 30 MRSA §5163, sub-§10, as enacted by
15 PL 1971, c. 558, is amended to read:

16 10. Required debt service reserve. "Required
17 debt service reserve" means the amount required to be
18 on deposit in the reserve fund as prescribed by
19 section 5171, subsection 1.

20 Sec. 3. 30 MRSA §5163, sub-§§10-A and 12-A are
21 enacted to read:

22 10-A. Required minimum reserve. "Required
23 minimum reserve" means the amount required to be on
24 deposit in a capital reserve fund as prescribed by
25 section 5171, subsection 2.

26 12-A. Revolving loan fund. "Revolving loan fund"
27 means that revolving loan fund created pursuant to
28 section 5171-A.

29 Sec. 4. 30 MRSA §5165-A is enacted to read:

30 §5165-A. Loans from revolving loan fund

31 1. Loan application. A municipality may apply
32 for a loan from the revolving loan fund, the proceeds
33 of which shall be used to acquire, design, plan,
34 construct, enlarge, repair or improve a publicly-owned

1 sewage system, sewage treatment plant or to implement
2 a related management program.

3 The bank may prescribe any form of application or
4 procedure required of a municipality for a loan under
5 this section. The application shall include such
6 information as the bank determines necessary for the
7 purpose of implementing this section and section
8 5171-A.

9 2. Loan; loan agreements. Loans are subject to
10 this subsection.

11 A. The bank may make loans from the revolving
12 loan fund to a municipality for one or more of the
13 purposes set forth in subsection 1. Each of the
14 loans shall be made subject to the following
15 conditions and limitations:

16 (1) The total amount of loans outstanding at
17 any one time from the revolving loan fund
18 shall not exceed the balance of the fund,
19 provided that the proceeds of bonds or notes
20 of the bank deposited in the fund and binding
21 financial commitments of the United States to
22 deposit money in the fund are included in
23 determining the fund balance;

24 (2) The loan shall be evidenced by a
25 municipal bond, payable by the municipality
26 over a term not to exceed 20 years with
27 annual principal and interest payments
28 commencing not later than one year after
29 completion of the project being financed;

30 (3) The rate of interest charged for the
31 loans shall be at or below market interest
32 rates; and

33 (4) Subject to the limitations of
34 subparagraph (3), the rate of interest
35 charged for the loans made to municipalities
36 under this section, or the manner of
37 determining the same, shall be established
38 from time to time by direction of the bank,

1 taking into consideration the current average
2 rate on outstanding marketable obligations,
3 as well as the policies of the Department of
4 Environmental Protection.

5 B. Loans made to a municipality by the bank under
6 this section shall be evidenced by and made in
7 accordance with the terms and conditions specified
8 in a loan agreement to be executed by the bank and
9 the municipality. The loan agreement shall
10 specify the terms and conditions of disbursement
11 of loan proceeds. The loan agreement shall state
12 the term and interest rate of the loan, the
13 scheduling of loan repayments, and such other
14 terms and conditions as determined necessary or
15 desirable by the bank.

16 3. Eligibility certification. No loan to a
17 municipality may be made under this section until such
18 time as:

19 A. The applicant certifies to the bank that it
20 has secured all permits, licenses and approvals
21 necessary to construct the improvements to be
22 financed by the loan;

23 B. The applicant demonstrates to the bank that it
24 has established a rate, charge or assessment
25 schedule which will generate annually sufficient
26 revenue to pay, or has otherwise provided
27 sufficient assurances that it will pay, the
28 principal of and interest on the municipal bond or
29 other debt instrument which evidences the loan
30 made by the bank to the municipality under this
31 section and to pay reasonably anticipated costs of
32 operating and maintaining the financed project and
33 the system of which it is a part;

34 C. The applicant certifies to the bank that it
35 has created a dedicated source of revenue, which
36 may constitute general revenues of the applicant
37 through a general obligation pledge of the
38 applicant, for repayment of the loan;

39 D. The applicant and the project to be financed

1 by the proceeds of the loan have been designated
2 by the Department of Environmental Protection as
3 eligible to participate in a construction or
4 implementation program funded wholly or in part by
5 the State and from the proceeds of the revolving
6 loan fund;

7 E. The Department of Environmental Protection
8 certifies to the bank that any management program
9 to be financed is in conformance with all
10 applicable state and federal laws and all rules
11 and regulations promulgated under those laws; and

12 F. The Department of Environmental Protection
13 certifies to the bank that the loan eligibility
14 priority established under section 5171-A,
15 subsection 3, entitles the applicant to immediate
16 financing or assistance under this section.

17 Sec. 5. 30 MRSA §5168, first & 2nd ¶¶, as
18 enacted by PL 1971, c. 558, are amended to read:

19 The bank shall have the power and is authorized
20 from time to time to issue its bonds in such principal
21 amounts as it shall deem necessary to provide funds
22 for any purposes authorized by this Act, including the
23 making of loans, making of deposits to the revolving
24 loan fund, the payment, funding or refunding of the
25 principal of, or interest or redemption premiums on,
26 any bonds issued by it whether the bonds or interest
27 to be funded or refunded have or have not become due
28 or subject to redemption prior to maturity in
29 accordance with their terms, the establishment or
30 increase of such reserves to secure or to pay such
31 bonds or interest thereon and all other costs or
32 expenses of the bank incident to and necessary or
33 convenient to carry out its corporate purposes and
34 powers.

35 Except as may be otherwise expressly provided in
36 this Act or by the bank, every issue of bonds shall be
37 general obligations of the bank payable out of any
38 revenues or funds of the bank, subject only to any
39 agreements with the holders of particular bonds
40 pledging any particular revenues or funds. Bonds that

1 are not general obligations of the bank shall be
2 special obligations of the bank payable solely from
3 any revenues or funds of the bank pledged therefor and
4 subject only to any agreements with the holders of
5 particular notes and bonds pledging any particular
6 revenues or funds. Any such bonds may be
7 additionally secured by a pledge of any grants,
8 subsidies, contributions, funds or moneys money
9 from the United States of America or the State or
10 any governmental unit or any person, firm or
11 corporation or a pledge of any income or revenues,
12 funds or moneys money of the bank from any source
13 whatsoever.

14 **Sec. 6. 30 MRSA §5168,** as enacted by PL 1971,
15 c. 558, is amended by adding at the end a new
16 paragraph to read:

17 The bank may covenant and consent, at or prior to
18 the time of issuance of its bonds or notes, to the
19 inclusion of interest on any of such bonds or notes,
20 under the United States Internal Revenue Code of 1986
21 or any subsequent corresponding internal revenue law
22 of the United States, in the gross income of the
23 holders of any such bonds or notes to the same extent
24 and in the same manner that the interest on bills,
25 bonds, notes or other obligations of the United States
26 is includable in the gross income of the holders of
27 the bonds or notes under the Internal Revenue Code or
28 any such subsequent law.

29 **Sec. 7. 30 MRSA §5171,** as enacted by PL 1971,
30 c. 558, is amended to read:

31 §5171. Reserve fund and capital reserve funds

32 1. Reserve fund. The bank shall establish and
33 maintain a reserve fund called the "Maine Municipal
34 Bond Bank Reserve Fund" in which there shall be
35 deposited all moneys money appropriated by the
36 State for the purpose of such fund, all proceeds of
37 bonds required to be deposited therein by terms of any
38 contract between the bank and its bondholders or any
39 resolution of the bank with respect to such proceeds
40 of bonds, any other moneys money or funds of the

1 bank which it determines to deposit therein and any
2 other moneys money made available to the bank only
3 for the purposes of such fund from any other source or
4 sources. Moneys Money in the reserve fund shall be
5 held and applied solely to the payment of the interest
6 on and principal of bonds secured by the reserve fund
7 and sinking fund payments mentioned in this Act with
8 respect to bonds secured by the reserve fund as the
9 same shall become due and payable and for the
10 retirement of bonds, including payment of any
11 redemption premium required to be paid when any bonds
12 are redeemed or retired prior to maturity and shall
13 not be withdrawn therefrom if such withdrawal would
14 reduce the amount in the reserve fund to an amount
15 less than the required debt service reserve, as
16 defined, except for payment of interest then due and
17 payable on bonds and the principal of bonds then
18 maturing and payable and sinking fund payments
19 mentioned in this Act with respect to bonds and for
20 the retirement of bonds in accordance with the terms
21 of any contract between the bank and its bondholders
22 and for the payments on account of which interest or
23 principal or sinking fund payments or retirement of
24 bonds other moneys money of the bank are not then
25 available in accordance with the terms of any such
26 contract. As used in this Act, "required debt service
27 reserve" means, as of any date of computation, the
28 amount or amounts required to be on deposit in the
29 reserve fund as provided by resolution of the bank.
30 Required debt service reserve shall be, as of any date
31 of computation, an aggregate amount equal to at least
32 the largest amount of money, required by the terms of
33 all contracts between the bank and its bondholders of
34 bonds secured by the reserve fund to be raised in the
35 then current or any succeeding calendar year for the
36 payment of interest on and maturing principal of that
37 portion of outstanding bonds secured by the reserve
38 fund the proceeds of which were applied solely to the
39 purchase of municipal securities and sinking fund
40 payments required by the terms of any such contracts
41 to sinking funds established for the payment or
42 redemption of such bonds, all calculated on the
43 assumption that such bonds will cease to be
44 outstanding after the date of such computation by
45 reason of the payment of such bonds at their

1 respective maturities and the payments of such
2 required moneys money to sinking funds and the
3 application thereof in accordance with the terms of
4 all such contracts to the retirement of such bonds.

5 1-A. Capital reserve fund. The bank may
6 establish and maintain one or more special funds
7 called "capital reserve funds" in which there shall be
8 deposited all money appropriated by the State for the
9 purpose of those funds, all proceeds of bonds required
10 to be deposited in those funds by the terms of any
11 contract between the bank and its bondholders or any
12 resolution of the bank with respect to the proceeds of
13 bonds, any other money or funds of the bank which it
14 determines to deposit in those funds and any other
15 money made available to the bank only for the purposes
16 of the fund from any other source or sources. Money
17 in any capital reserve fund shall be held and applied
18 solely to the payment of the interest on and principal
19 of bonds secured by the capital reserve fund and
20 sinking fund payments mentioned in this Act with
21 respect to bonds secured by the capital reserve fund
22 as the same shall become due and payable and for the
23 retirement of bonds secured by the capital reserve
24 fund, including payment of any redemption premium
25 required to be paid when any such bonds are redeemed
26 or retired prior to maturity. The minimum amount of
27 any capital reserve fund shall be equal to the amounts
28 required under the resolutions pursuant to which the
29 bonds secured by the capital reserve fund are issued,
30 the amounts being referred to as the "required minimum
31 reserve." Required minimum reserve, with respect to
32 bonds secured by a capital reserve fund for which the
33 resolution authorizing the issuance of those bonds
34 states that the provisions of subsection 6 shall
35 apply, shall be, as of any date of computation, an
36 aggregate amount equal to at least the largest amount
37 of money required by the terms of all contracts
38 between the bank and its bondholders of the bonds to
39 be raised in the then current or any succeeding
40 calendar year for the payment of interest on and
41 maturing principal of that portion of the outstanding
42 bonds, the proceeds of which were applied solely to
43 the purchase of municipal securities or municipal
44 bonds and sinking fund payments required by the terms

1 of any such contracts to sinking funds established for
2 the payment or redemption of the bonds, all calculated
3 on the assumption that the bonds will cease to be
4 outstanding after the date of the computation by
5 reason of the payment of the bonds at their respective
6 maturities and the payments of the required money to
7 sinking funds and the application thereof in
8 accordance with the terms of all such contracts to the
9 retirement of the bonds. Money in any capital reserve
10 fund shall not be withdrawn if the withdrawal would
11 reduce the amount in the capital reserve fund to an
12 amount less than the required minimum reserve for all
13 such bonds issued and to be issued which will be
14 secured by the capital reserve fund, except for
15 payment of interest then due and payable on bonds
16 secured by the capital reserve fund and the principal
17 of bonds secured by the capital reserve fund then
18 maturing and payable and sinking fund payments
19 required by the terms of any such contracts to sinking
20 funds established for the payment or redemption of the
21 bonds, and for the retirement of bonds secured by the
22 capital reserve fund in accordance with the terms of
23 any contract between the bank and its bondholders and
24 for the payments on account of which interest or
25 principal or sinking fund payments or retirement of
26 bonds secured by the capital reserve fund other money
27 of the bank are not then available in accordance with
28 the terms of any such contract.

29 2. Transfer. Moneys Money in said the
30 reserve fund at any time in excess of the required
31 debt service reserve, whether by reason of investment
32 or otherwise, may be withdrawn at any time by the bank
33 and transferred to any other fund or account of the
34 bank.

35 Money in any capital reserve fund at any time in
36 excess of the required minimum reserve, whether by
37 reason of investment or otherwise, may be withdrawn at
38 any time by the bank and transferred to any other fund
39 or account of the bank.

40 3. Investment. Moneys Money at any time in the
41 reserve fund or any capital reserve fund may be
42 invested in the same manner as permitted for

1 investment of funds belonging to the State or held in
2 the treasury.

3 4. Reserve. Notwithstanding any other provision
4 contained in this Act, no bonds to be secured by the
5 reserve fund or by a capital reserve fund for which
6 the resolution authorizing the issuance of those bonds
7 states that the provisions of subsection 6, shall
8 apply bonds shall may be issued by the bank unless,
9 if the bonds are to be secured by the reserve fund,
10 there is in the reserve fund the required debt service
11 reserve for all bonds then issued and outstanding
12 which are secured thereby and the bonds to be issued
13 which will be secured thereby, or if the bonds are to
14 be secured by a capital reserve fund for which the
15 resolution authorizing the issuance of the bonds
16 states that the provisions of subsection 6 shall
17 apply, there is in the capital reserve fund the
18 required minimum reserve for all bonds secured by the
19 capital reserve fund then issued and outstanding and
20 the bonds to be issued which will be secured by the
21 capital reserve fund, provided that nothing in this
22 Act shall may prevent or preclude the bank from
23 satisfying the foregoing requirement by depositing so
24 much of the proceeds of the bonds to be issued, upon
25 their issuance, as is needed to achieve the required
26 debt service reserve or required minimum reserve, as
27 applicable. The bank may at any time issue its bonds
28 or notes for the purpose of providing any amount
29 necessary to increase the amount in the reserve fund
30 to the required debt service reserve, to increase the
31 amount in any capital reserve fund to the required
32 minimum reserve or to meet such higher or additional
33 reserve as may be fixed by the bank with respect to
34 such fund.

35 5. Restoration. In order to assure the
36 maintenance of the required debt service reserve in
37 the reserve fund, there shall be annually appropriated
38 and paid to the bank for deposit in said fund, such
39 sum, if any, as shall be certified by the chairman of
40 the bank to the Governor, as necessary to restore said
41 fund to an amount equal to the required debt service
42 reserve. The chairman shall annually, on or before
43 December 1st, make and deliver to the Governor his

1 certificate stating the sum, if any, required to
2 restore said fund to the amount aforesaid, and the sum
3 or sums so certified shall be appropriated and paid to
4 the bank during the then current state fiscal year.

5 In order to assure the maintenance of the required
6 minimum reserve in any capital reserve fund to which,
7 at the direction of the bank pursuant to the
8 resolution establishing the capital reserve fund, this
9 provision applies, there shall be annually
10 appropriated and paid to the bank for deposit in the
11 fund, the sum, if any, as shall be certified by the
12 chairman of the bank to the Governor, as necessary to
13 restore the fund to an amount equal to the required
14 minimum reserve. The chairman shall annually, by
15 December, make and deliver to the Governor his
16 certificate stating the sum, if any, required to
17 restore the fund to the amount equal to the required
18 minimum reserve, and the sum or sums so certified
19 shall be appropriated and paid to the bank during the
20 then current state fiscal year.

21 6. Valuation. In computing the amount of the
22 required debt service reserve or the required minimum
23 reserve, investments held as a part thereof shall be
24 valued in the manner provided in the applicable bond
25 resolution.

26 7. Exclusions. The bank may provide from time to
27 time by resolution for the issuance of its bonds or
28 notes which are not secured by the reserve fund or any
29 capital reserve fund, as set forth in the resolution
30 authorizing its bonds or notes. The bank may,
31 pursuant to a resolution or other agreement, establish
32 the security for any of its bonds, including, but not
33 limited to, policies of insurance and letters of
34 credit, as it in its discretion determines necessary,
35 desirable or convenient to further the accomplishment
36 of the purposes of the bank. The security may, if so
37 provided by a resolution or other agreement of the
38 bank, to the extent set forth in the resolution or
39 agreement, satisfy the provisions of the resolution or
40 agreement with respect to any required debt service
41 reserve, required minimum reserve or other reserve.

1 Sec. 8. 30 M RSA §5171-A is enacted to read:

2 §5171-A. Revolving loan fund

3 1. Establishment; administration. A revolving
4 loan fund is established pursuant to this section.

5 A. There is established in the custody of the
6 bank a special fund to be known as the revolving
7 loan fund which shall be used to provide loans to
8 municipalities for acquiring, designing, planning,
9 constructing, enlarging, repairing or improving
10 publicly owned sewage systems and sewage treatment
11 plants as provided in Title 38, section 411, and
12 for implementing related management programs.

13 B. This fund shall be administered by the bank,
14 and the fund shall be invested in the same manner
15 as permitted for investment of funds belonging to
16 the State or held in the State Treasury. The fund
17 shall be established and held separate and apart
18 from any other funds or money of the State or the
19 bank and shall be used and administered
20 exclusively for the purpose of this section and
21 section 5165-A. The fund shall consist of the
22 following:

23 (1) Such sums as may be appropriated by the
24 Legislature or transferred thereto from time
25 to time by the Treasurer of State;

26 (2) Principal and interest received from the
27 repayment of loans made from the fund;

28 (3) Capitalization grants and awards made to
29 the State or an instrumentality of the State
30 by the United States for any of the purposes
31 for which the fund has been established,
32 which amounts shall be paid directly into the
33 fund without need for appropriation by the
34 State;

35 (4) Interest earned from the investment of
36 fund balances;

1 (5) Private gifts, bequests and donations
2 made to the State for any of the purposes for
3 which the fund has been established;

4 (6) The proceeds of notes or bonds issued by
5 the bank for the purpose of deposit in the
6 fund; and

7 (7) Other funds from any public or private
8 source received for use for any of the
9 purposes for which the fund has been
10 established.

11 2. Uses. The fund created under this section may
12 be used for one or more of the following purposes:

13 A. To make loans to municipalities pursuant to
14 section 5165-A and this section;

15 B. To make loans to refund bonds or notes of a
16 municipality issued after March 7, 1985, for the
17 purpose of financing the construction of any
18 capital improvement or management program
19 described in section 5165-A, subsection 1, and
20 certified under section 5165-A, subsection 3;

21 C. To guarantee or insure, directly or
22 indirectly, the payment of notes or bonds issued
23 or to be issued by a municipality for the purpose
24 of financing the construction of any capital
25 improvement or management program described in
26 section 5165-A, subsection 1, and certified under
27 section 5165-A, subsection 3;

28 D. To guarantee or insure, directly or
29 indirectly, funds established by municipalities
30 for the purpose of financing construction of any
31 capital improvement described in section 5165-A,
32 subsection 1;

33 E. To invest available fund balances and to
34 credit the net interest income on those balances
35 to the revolving loan fund;

36 F. To invest as a source of revenue or security

1 for the payment of principal and interest on
2 general or special obligations of the bank if the
3 proceeds of the sale of the obligations have been
4 deposited in the fund, or as a source of revenue
5 to subsidize municipal loan payment obligations;

6 G. To pay the costs of the bank and the
7 Department of Environmental Protection staff
8 associated with the administration of the
9 revolving loan fund and projects financed by it;
10 provided that no more than the lesser of 2% of the
11 aggregate of the highest fund balances in any
12 fiscal year and 4% of any capitalization grants
13 provided by the United States for deposit in the
14 revolving loan fund shall be used for such
15 purposes; and

16 H. To pay the costs required pursuant to the
17 Federal Water Pollution Control Act, Title VI.

18 3. Priorities for financial assistance.
19 Periodically, and at least annually, the Department of
20 Environmental Protection shall prepare and certify to
21 the bank a project priority list of those
22 municipalities whose publicly owned projects are
23 eligible for financing or assistance under this
24 section. The factors to be considered in developing
25 the priority list shall include, but not be limited to:

26 A. Water supply protection;

27 B. Shellfishery protection;

28 C. Nuisance conditions;

29 D. Fisheries protection; and

30 E. Facility needs.

31 4. Eligibility for financial assistance. No
32 financial assistance for a project may be granted
33 under this section until such time as the Department
34 of Environmental Protection certifies to the bank that
35 the project is eligible for immediate financing under
36 this section and is on the priority list prepared
37 pursuant to subsection 3.

1 5. Establishment of accounts. The bank may
2 establish accounts and subaccounts within the
3 revolving fund as it determines desirable to
4 effectuate the purposes of this section including, but
5 not limited to, accounts to segregate a portion or
6 portions of the revolving loan fund as security for
7 bonds issued by the bank for deposit in the revolving
8 loan fund and to be invested for the benefit of
9 specified projects receiving financial assistance from
10 the revolving loan fund.

11 **Sec. 9. 30 MRSA §5172, first ¶, as enacted by**
12 **PL 1971, c. 558, is amended to read:**

13 The bank shall establish and maintain a fund
14 called the "general fund" which shall consist of and
15 in which there shall be deposited fees received or
16 charges made by the bank for use of its services or
17 facilities, any moneys money which the bank shall
18 transfer thereto to the general fund from the
19 reserve fund or any capital reserve fund pursuant to
20 section 5171, subsection 2, moneys money received
21 by the bank as payments of principal of or interest on
22 municipal securities purchased by the bank, or
23 received as proceeds of sale of any municipal
24 securities or investment obligations of the bank, or
25 received as proceeds of sale of bonds or notes of the
26 bank, and required under the terms of any resolution
27 of the bank or contract with the holders of its bonds
28 or notes to be deposited therein, any moneys money
29 required under the terms of any resolution of the bank
30 or contract with the holders of its bonds or notes to
31 be deposited therein, and any moneys money
32 transferred thereto from any other fund or made
33 available for the purpose of the general fund by the
34 State or for the operating expenses of the bank. Any
35 such moneys money in the general fund may, subject
36 to any contracts between the bank and its bondholders
37 or noteholders, be transferred to the reserve fund or
38 any capital reserve fund, or if not so transferred,
39 shall be used for the payment of the principal of or
40 interest on bonds or notes of the bank when the same
41 shall become due and payable, whether at maturity or
42 upon redemption including payment of any premium upon
43 redemption prior to maturity, and any

1 moneys money in the general fund may be used for
2 the purchase of municipal securities and for all other
3 purposes of the bank including payment of its
4 operating expenses.

5 Sec. 10. 30 MRSA §5183-A is enacted to read:

6 §5183-A. Regulations; reports

7 1. Rules. The Department of Environmental
8 Protection and the bank may adopt such rules and
9 policies as necessary to implement the provisions of
10 sections 5165-A and 5171-A in order to ensure the
11 self-sustaining nature of the fund created under
12 section 5171-A, and also to ensure compliance with the
13 requirements of the Federal Water Pollution Control
14 Act, Title VI.

15 2. Contractual authority; reports. The
16 Department of Environmental Protection and the bank
17 may enter into agreements and shall provide notice
18 pursuant to this subsection.

19 A. The Department of Environmental Protection and
20 the bank may enter into agreements on behalf of
21 the State with agencies of the United States as
22 may be necessary to obtain grants and awards in
23 furtherance of the stated purposes for which the
24 revolving loan fund created under section 5171-A
25 is established and take all other actions
26 necessary to comply with the requirements of the
27 Federal Water Pollution Control Act, Title VI;
28 provided that notification of each of the
29 agreements is made in a timely fashion to the
30 Governor.

31 B. Annually, the Department of Environmental
32 Protection and the bank shall notify the Governor
33 of the amount of the fund created under section
34 5171-A anticipated to be available for the next
35 fiscal year.

36 C. The bank is designated by the State as the
37 instrumentality empowered to administer the
38 revolving loan fund in conjunction with the

1 Department of Environmental Protection to accept
2 capitalization grants made under the Federal Water
3 Pollution Control Act, Title VI, and to manage the
4 revolving loan fund in accordance with the
5 requirements of that Act.

6 **Sec. 11. 38 MRSA §411, first ¶, as amended by**
7 **PL 1987, c. 502, §1, is further amended to read:**

8 The department may pay an amount not to exceed
9 ~~45%~~ 80% of the expense of a municipal or
10 quasi-municipal pollution abatement construction
11 program or a pollution abatement construction program
12 in an unorganized township or plantation authorized by
13 the county commissioners. The department may make
14 payments to the Maine Municipal Bond Bank to supply
15 the State's share of the revolving loan fund
16 established by Title 30, section 5171-A. The
17 department may pay up to 90% of the expense of a
18 municipal or quasi-municipal pollution abatement
19 construction program or a pollution abatement
20 construction program in an unorganized township or
21 plantation authorized by the county commissioners in
22 which the construction cost of the project does not
23 exceed \$100,000 so as long as total expenditures
24 for the small projects do not exceed \$1,000,000 in any
25 fiscal year and not more than one grant is made to any
26 applicant each year, except that the department may
27 pay up to 50% of the expense of individual projects
28 serving seasonal dwellings or commercial
29 establishments. The application for a grant under this
30 paragraph for a project serving a single-family
31 dwelling, including outbuildings, or a single
32 commercial establishment, shall include a signed
33 statement of the financial condition of the owner of
34 the single-family dwelling or commercial establishment
35 describing the need for the grant. That statement
36 will become part of the application record and no
37 further evidence of need will be required.

38 STATEMENT OF FACT

39 Under the Water Quality Act of 1987, the existing
40 grants program for the design and construction of

1 wastewater treatment facilities is being phased out;
2 it will cease in 1989. The same law instituted the
3 state revolving loan fund program to take the place of
4 the federal grants. Under this new program, states
5 must provide a 20% match to receive the remaining 80%
6 from the Federal Government.

7 This bill establishes the necessary framework to
8 enable the State to maximize its participation in the
9 federal loan program, and specifically authorizes the
10 Maine Municipal Bond Bank to serve as the
11 administrator of the State's loan program.

12 This bill also permits the Maine Municipal Bond
13 Bank to issue bonds that are special obligations, to
14 issue bonds secured by capital reserve funds or not
15 secured by any reserve fund and to issue bonds or
16 other obligations, the interest on which is or may be
17 subject to federal income taxation.

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