

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

2  
4  
6  
8  
10  
12  
14  
16  
18  
20  
22  
24  
26  
28  
30  
32  
34  
36  
38  
40  
42  
44  
46  
48

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
115TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 876, L.D. 1262, Bill, "An Act to Enhance Access to Financing for Health Care Facilities"

Amend the bill by inserting after section 3 the following:

'Sec. 4. 22 MRSA §2055, sub-§12, as amended by PL 1991, c. 50, §11, is further amended to read:

12. Loans. To make loans to any participating hospital, participating community mental health facility or participating institution for higher education, other entity eligible to use the authority or consortium of entities eligible to use the authority for the cost of a project in accordance with an agreement between the authority and such the participating hospital, ~~participating community mental health facility or participating institution for higher education~~ entity or entities, provided that no such loan may exceed the total cost of the project as determined by the participating hospital, ~~participating community mental health facility or participating institution for higher education~~ entity or entities, and approved by the authority;

Sec. 5. 22 MRSA §2061, sub-§2, as amended by PL 1991, c. 50, §19, is further amended to read:

2. Review. Each project for a hospital, community mental health facility or nursing home has been reviewed and approved to the extent required by the agency of the State which that serves as the Designated Planning Agency of the State ~~in accordance with the provisions of Section 1122 of the United States Social Security Act, as amended,~~ or by the Department of Human Services in accordance with the provisions of the Maine Certificate of Need Act of 1978, as amended, or, in the case of a project for a hospital, has been reviewed and approved by the Maine Health Care Finance Commission to the extent required by chapter 107;'

COMMITTEE AMENDMENT

2 Further amend the bill in section 4 in that part designated  
"§2075." in subsection 1 in paragraph B by striking out all of  
4 subparagraph (1) (page 2, lines 27 to 30 in L.D.) and inserting  
in its place the following:

6 '(1) The payment of interest on and maturing principal  
8 of that portion of outstanding bonds secured by the  
reserve fund; and'

10 Further amend the bill in section 4 in that part designated  
12 "§2075." in subsection 2 in paragraph C in the 15th to 17th lines  
(page 4, lines 8 to 10 in L.D.) by striking out the following:  
14 "the proceeds of which were applied solely to the purchase of  
municipal securities or municipal bonds and" and inserting in its  
16 place the following: 'or'

18 Further amend the bill by inserting after section 4 the  
following:

20 'Sec. 5. 22 MRSA §2076 is enacted to read:

22 §2076. Authority to intercept federal and state aid

24 1. Treasurer to withhold funds. When the authority  
26 notifies the Treasurer of State in writing that an entity  
28 eligible to use the authority is in default as to the payment of  
30 principal or interest on any securities of that entity sold  
32 through or by the authority, or that the authority has reasonable  
34 grounds to predict that the entity will not be able to make a  
36 full payment when that payment is due, the Treasurer of State  
38 shall withhold any funds in the Treasurer of State's custody that  
40 are due or payable to the eligible entity until the amount of the  
principal or interest due or anticipated to be due has been paid  
to the authority or the trustee for the bondholders, or the  
authority notifies the Treasurer of State that satisfactory  
arrangements have been made for the payment of the principal and  
interest. Funds subject to withholding under this subsection  
include, but are not limited to, federal and state grants,  
contracts, allocations or appropriations.

42 2. Withheld funds to be made available to authority. If  
44 the authority further notifies the Treasurer of State in writing  
46 that no other arrangements are satisfactory, the Treasurer of  
48 State shall deposit in the General Fund and make available to the  
50 authority any funds withheld from the eligible entity under this  
section. The authority shall apply the funds to the costs  
incurred by the eligible entity, including payments required to  
be made to the authority or trustee for any bondholders of debt  
service on any debt issued by the authority for the eligible  
entity or required by the terms of any other law or contract to  
be paid to the holders or owners of debt issued on behalf of the

2 eligible entity upon failure or default, or reasonable  
3 expectation of failure or default, of the eligible institution to  
4 pay the principal or interest on its securities when due.

5 3. Other agencies to be notified. Concurrent with any  
6 notice from the authority to the Treasurer of State under this  
7 section, the authority shall notify any other agency, department  
8 or authority of State Government that exercises regulatory,  
9 supervisory or statutory control over the operations of the  
10 eligible entity. Upon notification, the agency, department or  
11 authority shall immediately undertake reviews to determine what  
12 action, if any, that agency, department or authority should  
13 undertake to assist in the payment by the eligible entity of the  
14 money due or steps that the agencies of the State other than the  
15 Treasurer of State or the authority should take to assure the  
16 continued prudent operation of the eligible entity or provision  
17 of services to the people served by the eligible entity.

#### 18 FISCAL NOTE

19  
20  
21  
22 This bill establishes the Maine Health Facilities Reserve  
23 Fund within the Maine Health and Higher Education Facilities  
24 Authority, under the auspices of the Maine Municipal Bond Bank,  
25 and creates the ability, through the issuance of private bonds,  
26 to assist nursing and boarding homes in financing or refinancing  
27 these facilities. Although no General Fund appropriations are  
28 required, the issuance of these bonds will increase the moral  
29 obligations of the State. The bill also allows the Maine  
30 Municipal Bond Bank in cooperation with the Treasurer of State to  
31 intercept certain state payments if eligible entities are in  
32 default or in danger of default on principal or interest  
33 payments. The Treasurer of State can absorb the costs associated  
34 with the intercept process.

35  
36 The potential savings in interest expense in the Medicaid  
37 program within the Department of Human Services as a result of  
38 lower financing interest rates may be offset by an increase in  
39 the number of loans requested for which interest expense would be  
40 incurred, resulting in no net impact due to the funding  
41 mechanism.'

42  
43 Further amend the bill by renumbering the sections to read  
44 consecutively.

#### 45 STATEMENT OF FACT

46  
47  
48 This amendment adds provisions to the bill that clarify the  
49 ability of the Maine Health and Higher Education Facilities  
50 Authority to provide loans to consortia of eligible entities,  
51

COMMITTEE AMENDMENT "A" to H.P. 876, L.D. 1262

2 strikes an obsolete reference to the United States Social  
Security Act and creates an intercept provision allowing the  
4 authority to intercept certain funds if eligible entities are in  
default or in danger of default on principal or interest  
6 payments. The amendment also corrects technical errors in the  
bill and adds a fiscal note.

Reported by the Committee on Human Resources  
Reproduced and distributed under the direction of the Clerk of the  
House  
(5/31/91) (Filing No. H-514)