

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1689

S.P. 641

In Senate, April 24, 1991

Submitted by the Maine Waste Management Agency pursuant to Joint Rule 24.
Reference to the Committee on Energy and Natural Resources suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

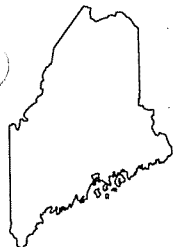
Presented by Senator FOSTER of Hancock

Cosponsored by Senator LUDWIG of Aroostook, Representative JACQUES of Waterville
and Representative MICHAUD of East Millinocket.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

**An Act to Establish a Public Solid Waste Facilities Loan and Grant
Program.**



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

2
4 Sec. 1. 30-A MRS §5953-B is enacted to read:

6 §5953-B. Loans from revolving loan fund; solid waste disposal facilities

8 1. Loan application. A municipality or regional association may apply for a loan from the revolving loan fund, the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair or improve a publicly owned solid waste disposal facility.

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14 The bank may prescribe any application form or procedure required of a municipality for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-B.

16
18 2. Loan; loan agreements. Loans are subject to this subsection.

20
22 A. The bank may make loans from the revolving fund to a municipality or regional association for one or more of the purposes set forth in subsection 1. Each of the loans must be made subject to the following conditions.

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26
28 (1) The total amount of loans outstanding at any one time from the revolving loan fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund, binding financial commitments of the United States to deposit money in the fund and legally binding commitments from any other source are included in determining the fund balance.

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36 (2) The loan must be evidenced by a municipal bond or such other agreement or instrument as the bank shall determine to be necessary or advisable, payable by the municipality or regional association over a term not to exceed 20 years with annual principal and interest payments commencing not later than one year after the project being financed is completed.

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44 (3) The rate of interest charged for the loans must be at or below market interest rates.

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48 (4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to municipalities under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding

2 marketable obligations, as well as the policies of the
 Maine Waste Management Agency.

4 B. Loans made to a municipality or regional association by
 the bank under this section must be evidenced by and made in
6 accordance with the terms and conditions specified in a loan
 agreement to be executed by the bank and the municipality or
8 regional association. The loan agreement must specify the
 terms and conditions of disbursement of loan proceeds. The
10 loan agreement must state the term and interest rate of the
 loan, the scheduling of loan repayments and any other terms
12 and conditions determined necessary or desirable by the bank.

14 3. Eligibility certification. A loan to a municipality or
 regional association may not be made under this section until:

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

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

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

38 D. The applicant and the facility to be financed by the
 proceeds of the loan are designated by the Maine Waste
 Management Agency as eligible to participate in a solid
40 waste program funded wholly or in part by the State and from
 the proceeds of the revolving loan fund;
42

44 E. The Maine Waste Management Agency certifies to the bank
 that the loan eligibility priority, established under
 section 6006-B, subsection 3, entitles the applicant to
46 immediate financing or assistance under this section.

48 Sec. 2. 30-A MRSA §6006-B is enacted to read:

50 §6006-B. Municipal Solid Waste Disposal Facilities Loan Fund

2 1. Establishment; administration. A revolving fund is
3 established as provided in this section.

4 A. There is established in the custody of the bank a
5 special fund to be known as the Municipal Solid Waste
6 Disposal Facilities Loan Fund that is used to provide loans
7 to municipalities for acquiring, designing, planning,
8 constructing, enlarging or improving publicly owned solid
9 waste disposal facilities and equipment as provided in Title
10 38, section 2165 and for implementing related management
11 programs.

12 B. The bank shall administer the revolving fund. The fund
13 must be invested in the same manner as permitted for
14 investment of funds belonging to the State as held in the
15 State Treasury. The fund must be established and held apart
16 from any other funds or money of the State or the bank and
17 must be used and administered exclusively for the purpose of
18 this section and section 5953-B. The fund consists of the
19 following:

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21
22 (1) Such sums as may be appropriated by the
23 Legislature or transferred to the fund from time to
24 time by the Treasurer of State;

25
26 (2) Principal and interest received from the repayment
27 of loans made from the fund;

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

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

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39 (5) The proceeds of notes or bonds issued by the
40 agency for the purpose of deposit in the fund; and

41
42 (6) Other funds from any public or private source
43 received for use for any of the purposes for which the
44 funds have been established.

45 2. Uses. The revolving fund may be used for one or more of
46 the following purposes:

47 A. To make loans to municipalities or regional associations
48 of municipalities under this section and section 5953-B;

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50
51 B. To guarantee or insure, directly or indirectly, the
52 payment of notes or bonds issued or to be issued by a

2 municipality for the purpose of financing the construction
3 of any capital improvement or management program described
4 in section 5953-A, subsection 1 and certified under section
5 5953-B, subsection 3;

6 C. To guarantee or insure, directly or indirectly, funds
7 established by municipalities for the purpose of financing
8 construction of any capital improvement described in section
9 5953-B, subsection 1;

10 D. To invest available fund balances and to credit the net
11 interest income on those balances to the revolving loan fund;

12 E. To invest as a source of revenue or security for the
13 payment of principal and interest on general or special
14 obligations of the bank, if the proceeds of the sale of the
15 obligations have been deposited in the fund, or as a source
16 of revenue to subsidize municipal loan payment obligations;
17 and

18 F. To pay the costs of the bank and the Maine Waste
19 Management Agency staff associated with the administration
20 of the revolving loan fund and projects financed by it,
21 provided that no more than the lesser of 2% of the aggregate
22 of the highest fund balances in any fiscal year and 4% of
23 any capitalization grants provided by the United States for
24 deposit in the revolving loan fund are used for these
25 purposes.

26 3. Eligibility for financial assistance. Financial
27 assistance for a facility may not be granted under this section
28 until the Maine Waste Management Agency certifies to the bank
29 that the facility is eligible for immediate financing under this
30 section and is on the priority list prepared under Title 38,
31 section 2165, subsection 1.

32 4. Establishment of accounts. The bank may establish
33 accounts and subaccounts within the revolving loan fund as the
34 bank determines desirable to effectuate the purposes of this
35 section, including, but not limited to, accounts to segregate a
36 portion or portions of the revolving loan fund as security for
37 bonds issued by the bank for deposit in the revolving loan fund.

38 **Sec. 3. 38 MRSA §2165 is enacted to read:**

39 **§2165. Municipal assistance**

40 1. Technical and financial assistance program. The office
41 shall develop a program of technical and financial support to
42 assist municipalities and regional associations in addressing
43 solid waste facility needs. The office shall develop a system to
44 prioritize allocations of available financial assistance under
45

2 this section to municipalities and regional associations. The
3 priority system must address the following:

4 A. Consistency with the state plan, including:

6 (1) Integration with other waste management programs;

8 (2) The extent to which the municipality or
9 municipalities are meeting the State's waste reduction
10 and recycling goals; and

12 (3) Consistency with identified facility needs;

14 B. Availability of alternative disposal facilities;

16 C. Cost of alternative disposal facilities;

18 D. Cost of the facility in relation to the municipalities'
19 ability to support it through the local tax collections and
20 user fees;

22 E. Regional cooperation in managing solid waste; and

24 F. Status on the department's priority closure list.

26 2. Capital investment program. The office may make grants
27 to municipalities and regional associations or certify them as
28 eligible for loans from the Maine Municipal Bond Bank pursuant to
29 Title 30-A, section 6006-B for acquiring, designing, planning,
30 constructing, enlarging or repairing publicly owned solid waste
31 disposal facilities. The office may contribute an amount not to
32 exceed 75% of the total project amount.

34 Sec. 4. Contingent on bond issue. This Act takes effect only if
35 a general revenue bond issue sufficient to support recycling
36 grant assistance and to capitalize the grant and loan program for
37 disposal facilities is approved by the voters of the State.

40 **STATEMENT OF FACT**

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44 This bill establishes a grant and loan program to assist
45 municipalities and associations of municipalities such as refuse
46 disposal districts and interlocal agreements among municipalities
47 in developing and constructing solid waste disposal facilities.

48 Over the next 5 years, many community landfills will close
49 because they have reached capacity or pose environmental risk.
50 The State's first priorities for waste management are waste
51 reduction, reuse and recycling, however, even when a 50%

2 recycling goal is attained there will be solid waste requiring
disposal. Available landfill capacity to deal with leftover
waste is declining rapidly.

4
6 The costs of landfilling solid waste are increasing as a
result of more responsible environmental design and monitoring
standards and the increased costs of land and construction of
8 public facilities. Certain efficiencies can be gained through
regional approaches to waste management, however, the costs
10 continue to exceed the ability of many state municipalities.
This program seeks to address this need through cost sharing, up
12 to 75% state contribution, of new solid waste disposal capacity.
Local assistance will be available through grants and loans. The
14 Maine Waste Management Agency will develop a priority system for
awarding grants and loans. The Maine Municipal Bond Bank will
16 administer the loan element of the program through a revolving
loan fund.

18
20 Funding is included in a companion bill, a bond issue
request of \$20,000,000 to support recycling grant assistance and
to capitalize the grant and loan program for disposal facilities.