

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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No. 923

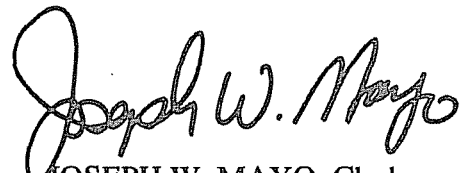
H.P. 681

House of Representatives, March 16, 1993

An Act to Amend the Underground Oil Storage Tank Replacement Fund.

(EMERGENCY)

Reference to the Committee on Energy and Natural Resources suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative JACQUES of Waterville.
Cosponsored by Senator LUDWIG of Aroostook and
Representatives: ANDERSON of Woodland, COLES of Harpswell, CONSTANTINE of Bar
Harbor, GOULD of Greenville, LORD of Waterboro, MARSH of West Gardiner, Senator:
CIANCHETTE of Somerset.

Emergency preamble. Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

Whereas, the Legislature needs to ensure that adequate loan
and grant funds are available through the Finance Authority of
Maine to those required to comply with various requirements of
the environmental laws of the State during the upcoming
construction season; and

Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

Sec. 1. 10 MRSA §1023-D, sub-§3, as amended by PL 1991, c.
439, §5, is repealed and the following enacted in its place:

3. Application of fund. Money in the fund may be applied
to carry out any power of the authority under this section or
under or in connection with section 1026-F, including, but not
limited to, to pledge or transfer and deposit money in the fund
as security for and to apply money in the fund in payment of
principal, interest and other amounts due on insured loans.
Money in the fund may be used for direct loans or grants for all
or part of underground oil storage facility replacement projects
or underground oil storage tank replacement projects or
aboveground oil storage tank or facility construction or
replacement projects when the authority determines that:

A. One or more of the following circumstances exists:

(1) The underground oil storage facility or tank is
leaking or has been identified by the Department of
Environmental Protection as posing an environmental
threat, or removal is required by applicable law;

(2) The applicant is required to install equipment
related to the improvement of air quality pursuant to
requirements for gasoline service station vapor control
and petroleum liquids transfer vapor recovery; or

(3) The applicant is constructing, replacing or
renovating a tank or facility used for the aboveground
storage of oil;

2 B. The applicant, if the applicant is not a unit of local
3 government, demonstrates financial need for the assistance;
4 and

6 C. There is a reasonable likelihood that the applicant will
7 be able to repay the loan.

8 Applicants demonstrating the requirement to install equipment
9 related to the improvement of air quality pursuant to section
10 1026-F and who own fewer than 15 service stations, are eligible
11 to receive no more than \$35,000 per service station in grants for
12 the payment of expenses relating to the installation of this
13 equipment.

14 The authority, pursuant to Title 5, chapter 375, subchapter II,
15 shall adopt rules for determining eligibility, feasibility,
16 terms, conditions and security for the loans and grants. In the
17 case of loans, the authority may charge an interest rate that may
18 be as low as 0% and may be greater, depending on the financial
19 ability of the applicant to pay as determined by the authority,
20 up to a maximum of the prime rate of interest charged by major
21 Boston banks. The maximum the authority may loan or grant to any
22 one borrower, including related entities as determined by the
23 authority, is \$600,000. Money in the fund not needed currently
24 to meet the obligations of the authority as provided in this
25 section may be invested as permitted by law.

28 **Sec. 2. 10 MRSA §1026-F, as enacted by PL 1987, c. 521, §8,**
29 **is amended to read:**

30 **§1026-F. Mortgage insurance for underground and aboveground oil**
31 **storage facility projects and projects related to the**
32 **installation of equipment related to the improvement of**
33 **air quality pursuant to requirements for gasoline**
34 **service station vapor control and petroleum liquids**
35 **transfer vapor recovery**

38 **1. Insurance.** In addition to its other powers under this
39 chapter, subject to the limitations of this subchapter, except
40 sections 1026-B to 1026-D, the authority may insure up to 100% of
41 mortgage payments with respect to mortgage loans for underground
42 oil storage facility replacement projects, aboveground oil
43 storage facility replacement projects and projects to install
44 equipment related to the installation of equipment related to the
45 improvement of air quality pursuant to requirements for gasoline
46 service station vapor control and petroleum liquids transfer
47 vapor recovery when the authority determines that:

50 **A. The facility is leaking or removal is required by**
applicable law or the applicant must install equipment

2 related to the improvement of air quality pursuant to
3 requirements for gasoline service station vapor control and
4 petroleum liquids transfer vapor recovery under applicable
5 law;

6 B. The applicant demonstrates a reasonable likelihood that
7 it will not be able to obtain a loan for the project on
8 reasonable terms without insurance pursuant to this section;

10 C. The applicant demonstrates a reasonable likelihood that
11 it will be able to repay the insured loan; and

12 D. The project will assist in creating or retaining jobs,
14 providing a more healthy environment.

16 2. **Limitation on mortgage insurance.** The authority shall
17 may not at any time have, in the aggregate amount of principal
18 and interest outstanding, mortgage insurance obligations pursuant
19 to this section exceeding \$5,000,000 less the outstanding balance
20 of any bonds issued under section 1024, subsection 2, with
21 respect to obligations incurred under this section.

22 3. **Mortgage eligibility.** The authority, pursuant to Title
23 5, chapter 375, subchapter II, may adopt rules for determining
24 eligibility, project feasibility, terms, conditions and security
25 for insured mortgage loans under this section. Without
26 limitation, the authority may establish a system for giving
27 priority to applicants for facilities based on when removal or
28 replacement is required by applicable law. The authority may
29 accept less than adequate collateral when necessary to ensure the
30 replacement of underground oil storage facilities required to be
31 replaced under applicable law.

34 **Emergency clause.** In view of the emergency cited in the
35 preamble, this Act takes effect when approved.

38 STATEMENT OF FACT

40 The purpose of this bill is to amend the underground tank
41 loan program under the jurisdiction of the Finance Authority of
42 Maine to make it easier for prospective borrowers to gain access
43 to funds necessary to comply with the requirements of the
44 mandatory underground tank removal law as well as to make grants
45 to small businesses to allow them to comply with the requirements
46 to the 1990 Federal Clean Air Act.