

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1672

H.P. 1245

House of Representatives, January 7, 1994

An Act to Provide Assistance to Homeowners Who Have Faulty Septic Systems.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Housing and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative KONTOS of Windham.
Cosponsored by Senator PINGREE of Knox.

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

2
3 **Sec. 1. 30-A MRSA §4926**, as enacted by PL 1989, c. 48, §§7
4 and 31, is amended to read:

6 **§4926. Residential Wastewater Discharge Assistance Fund**

8 **1. Creation.** The Overboard Residential Wastewater
9 Discharge Assistance Fund is established under the jurisdiction
10 of the Maine State Housing Authority. For the purposes of this
11 subchapter, "authority" means the Maine State Housing Authority.

12 **2. Sources of fund.** The following shall be paid into the
13 fund:

14 A. All money appropriated for inclusion in the fund;

15 B. Subject to any pledge, contract or other obligation, any
16 money which the authority receives in repayment of loans or
17 advances from the fund;

18 C. Subject to any pledge, contract or other obligation, all
19 interest, dividends or other income from investment of the
20 fund; and

21 D. Any other money, including federal money, deposited in
22 the fund to implement this subchapter.

23 **3. Application of fund.** The authority may apply money in
24 the fund for purposes authorized by this subchapter. Money in
25 the fund not needed currently for purposes of this subchapter may
26 be deposited with the authority to the credit of the fund or may
27 be invested in such a manner as is provided by law.

28 **4. Accounts within fund.** The authority may divide the
29 funds into such separate accounts as the authority determines
30 necessary or convenient for carrying out this subchapter.

31 **5. Revolving fund.** The fund shall be a nonlapsing
32 revolving fund. All money in the fund shall be continuously
33 applied by the authority to carry out this subchapter.

34 **Sec. 2. 30-A MRSA §4927**, as amended by PL 1991, c. 238, §1,
35 is further amended to read:

36 **§4927. Maine Residential Wastewater Discharge Assistance Program**

37 The Maine Overboard Residential Wastewater Discharge
38 Assistance Program shall provide assistance to homeowners whose
39 homes are serviced by substandard or malfunctioning waste water
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2 treatment systems, including straight pipe discharges, individual
3 overboard discharge systems, subsurface waste water disposal
4 systems, septic tanks, leach fields and cesspools, which systems
5 result in direct discharges of domestic pollutants to the surface
6 waters of the State.

7
8 **1. Operation.** The authority shall administer the Maine
9 Overboard Residential Wastewater Discharge Assistance Program
10 which may be operated in conjunction with other programs of the
11 authority and in cooperation with the Department of Environmental
12 Protection. Other programs of the authority may be used to
13 supplement or be used in conjunction with the Maine Overboard
14 Residential Wastewater Discharge Assistance Program to achieve
15 the purpose of this subchapter.

16 A. Money in the fund may be used as security for or be
17 applied in payment of principal, interest, fees and other
18 charges due on loans made or insured under this program.

19 B. Money in the fund may be used as grants to assist
20 homeowners who qualify for grant assistance under this
21 program.

22
23 **2. Provisions governing use of money.** The fund shall be
24 administered subject to this section. Priority shall be given to
25 homeowners who are or are likely to be in noncompliance with the
26 state water classification program, Title 38, chapter 3,
27 subchapter I, article 4-A and who do not have access to adequate
28 capital or credit to remove, rehabilitate or replace the waste
29 water treatment system. For purposes of this subchapter,
30 homeowner includes the owner of a mobile home or manufactured
31 housing unit and the owner of rental housing.

32
33 A. The authority, by rules adopted in accordance with the
34 Maine Administrative Procedure Act, Title 5, chapter 375,
35 shall establish priorities of assistance to homeowners.
36 These priorities shall be based on:

37 (1) The assets of the homeowner;

38
39 (2) The availability of credit or assistance or income
40 from other sources, including financial institutions,
41 investments, trust funds and other similar sources;

42
43 (3) The degree of environmental or public health
44 hazard;

45
46 (4) The immediacy of the need for assistance; and

47
48 (5) Any other variables considered important by the
49 authority.

2 B. Grants, not to exceed \$5,000 per homeowner household,
4 may be provided to a homeowner if:

6 (1) The grant is essential to providing housing to the
8 homeowner; and

10 (2) The income of the homeowner is insufficient to
12 repay any loan or portion of a loan.

14 C. Loans from the fund shall not exceed \$10,000 per
16 homeowner household at rates of interest not to exceed 8%
18 per year.

20 D. Loans from the fund may be made for periods of up to 30
22 years. If a homeowner cannot repay a loan in full within
24 the 30-year period, the authority may extend the repayment
26 period if the authority determines that the loan can be
28 repaid during the extension period. The authority may waive
30 the payment of interest on any loan or portion of a loan for
32 which the interest payment will be an undue hardship on a
34 household.

36 E. Money in the fund may be used to reduce interest rates
38 on loans provided by financial institutions located in this
40 State to homeowners who meet the eligibility requirements of
42 this program.

44 F. The program shall be directed primarily at households
46 without access to adequate capital or credit and which meet
48 the eligibility requirements of this program.

G. The program shall be directed secondarily at eliminating
overboard discharges into shellfish growing areas designated
by the Department of Marine Resources.

3. **Loan insurance.** The authority may insure payments due
under a loan or lease and may pledge money in the fund as
security for such loan or lease, which may be in addition to or
in lieu of insurance provided under other provisions of this
chapter. Loans or leases shall not constitute any debt or
liability on the part of the authority or the State, except to
the extent specifically provided by contract executed by the
authority.

4. **Use of loans and grants.** Loans and grants provided in
this subchapter may be used for refinancing mortgages, or the
payment of interest or a portion of the interest on loans.

2 **5. Procedures.** The authority may adopt rules in accordance
with the Maine Administrative Procedure Act, Title 5, chapter
375, to implement the program.

4
6 **6. Grants and loans unavailable; compliance.** Following a
period of 30 days from the date of application for assistance
under this section, the unavailability of financial assistance
8 under this section does not relieve an owner of a substandard or
malfunctioning wastewater treatment system of that person's
10 obligation to comply with the state water classification program,
Title 38, chapter 3, subchapter I, article 4-A or any other
12 provision of law.

14 **Sec. 3. 30-A MRSA §4928,** as enacted by PL 1989, c. 48, §§7
and 31, is amended to read:

16 **§4928. Bonds; issuance; separability of provisions**

18
20 The authority may issue bonds from time to time to carry out
the purposes of this subchapter. These bonds shall be secured in
such manner as the authority may by resolution provide. The
22 bonds shall be known as ~~everbeard~~ residential wastewater
discharge assistance bonds. The authority to issue the bonds
24 under this subchapter constitutes a complete, additional and
alternative method for the issuance of bonds from that authority
26 provided in any other subchapter in this chapter. No limitation
or restriction as to use of proceeds or total authorized amount
28 of obligations outstanding stated in this subchapter may apply to
bonds issued under any other subchapter of this chapter, nor may
30 restrictions or limitations recited in other subchapters apply to
bonds issued under this subchapter. Sections 4901 to 4907 do not
32 apply to bonds issued under this subchapter. All other
provisions of this chapter apply to bonds issued under this
34 subchapter.

36 The authority shall not have, in the aggregate principal
amount outstanding, ~~everbeard~~ residential wastewater discharge
38 assistance bonds in excess of \$10,000,000. In computing the
total amount of bonds of the authority which may at any time be
40 outstanding, the amount of the outstanding bonds refunded or to
be refunded from the proceeds of the sale of new bonds or by
42 exchange of new bonds shall be excluded.

44
46 **STATEMENT OF FACT**

48 This bill amends the laws governing the Maine Overboard
Discharge Assistance Program, which provides for assistance to
50 homeowners whose faulty wastewater systems are discharging

2 directly into surface waters. The bill permits use of program
3 funds, if funding becomes available, for a faulty or substandard
4 residential wastewater system that results in any discharge. The
5 program is administered by the Maine State Housing Authority.

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10 This document has not yet been reviewed to determine the
11 need for cross-reference, stylistic and other technical
12 amendments to conform existing law to current drafting standards.

12