117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document **No. 1291**

H.P. 915 House of Representatives, April 11, 1995

An Act to Amend the Income Eligibility Criteria of the Small Community Wastewater Program.

Submitted by the Department of Environmental Protection pursuant to Joint Rule 24.
Reference to the Committee on Natural Resources suggested and ordered printed.

Joseph W. Mayo

JOSEPH W. MAYO, Clerk

Presented by Representative LAYTON of Cherryfield.

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

Sec. 1. 38 MRSA §411, first ¶, as amended by PL 1993, c. 223, §1, is repealed and the following enacted in its place:

The commissioner may pay an amount not to exceed 80% of the expense of a municipal or quasi-municipal pollution abatement construction program or a pollution abatement construction program in an unorganized township or plantation authorized by the county commissioners. The commissioner may make payments to the Maine Municipal Bond Bank to supply the State's share of the revolving loan fund established by Title 30-A, section 6006-A. The commissioner may pay up to 90% of the expense of a municipal or quasi-municipal pollution abatement construction program or a pollution abatement construction program in an unorganized township or plantation authorized by the county commissioners in which the construction cost of the project does not exceed $100,000 as long as total expenditures for the small projects do not exceed $1,000,000 in any fiscal year and not more than one grant is made to any applicant each year, except that the commissioner may pay a percentage of the cost of individual projects serving single-family dwellings, seasonal dwellings or commercial establishments according to the following schedule:

ANNUAL INCOME	SINGLE-FAMILY DWELLING	SEASONAL DWELLING	COMMERCIAL ESTABLISHMENT
$0 to $5,000	100%	25%	50%
$5,001 to $20,000	90%	25%	50%
$20,001 to $30,000	50%	25%	50%
$30,001 to $40,000	25%	25%	25%
$40,001 or more	0%	0%	0%

Sec. 2. 38 MRSA §411, as amended by PL 1993, c. 223, §1, is further amended by adding after the first paragraph 2 new paragraphs to read:

For the purposes of this section, "annual income" means the sum of all the property owner's federal taxable income for the previous year for single-family or seasonal dwellings and gross profit for commercial establishments.

To determine eligibility, the commissioner may require an applicant to submit a copy of the relevant federal income tax return of the owner or owners. In addition to any penalty adjudged under section 349, a person who knowingly makes any false statement, representation or certification in the application for a grant under this section and who receives such a grant shall, upon conviction, make restitution to the department in an amount equal to the amount of the grant plus interest and reasonable recovery cost incurred by the department.

STATEMENT OF FACT

This bill proposes to use taxable income rather than adjusted gross income to evaluate eligibility for participation in a small community wastewater program because taxable income is a better indicator of actual need than adjusted gross income. Taxable income reflects the size of the family as well as extraordinary expenses that may limit the family's ability to pay for a new septic system.

To ease the burden on the extremely poor, a taxable income of $5,000 or less will qualify for a 100% grant for single-family dwellings only. This figure was developed using federal poverty guidelines. Most families at this income level are unable to afford even 10% of the cost of a septic system.

Providing a sliding scale will assist those families who, because they are slightly above the current limit, must pay the entire cost of solving their problem while others making slightly less receive 90% funding. This also provides incentive for the higher-income families to come forward with their problems, providing greater ensurance that all problems will be found and solved. Providing 50% and 25% funding for higher income levels reflects these families' greater ability to pay.

Also, this bill proposes to increase the limit for businesses at a lower grant percentage so that those businesses with a gross profit slightly above the income limit receive a limited benefit rather than being abruptly disqualified from the program.