

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-1997

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Legislative Document

No. 1715

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H.P. 1215

House of Representatives, April 1, 1997

**An Act to Conform the State Revolving Loan Fund for Drinking Water  
with the 1996 Amendments to the Federal Safe Drinking Water Act.**

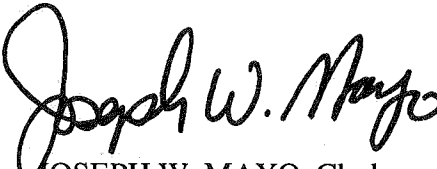
(AFTER DEADLINE)

(EMERGENCY)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Health and Human Services suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Speaker MITCHELL of Vassalboro.

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

4           **Whereas,** amendments to the federal Safe Drinking Water Act  
6 were enacted subsequent to the adjournment of the Second Regular  
Session of the 117th Legislature; and

8           **Whereas,** effective and efficient use of new federal funds  
10 authorized in the federal Safe Drinking Water Act of 1996 require  
conforming language in the laws of this State; and

12           **Whereas,** drinking water projects eligible for funding under  
14 the new federal laws, prepared to start construction in the  
spring of 1997, will be severely limited or prohibited from  
16 proceeding unless the appropriate alterations are made in the  
laws of this State; and

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

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

26           **Sec. 1. 30-A MRSA §5903, sub-§7-A, ¶¶A and B,** as enacted by PL  
28 1993, c. 2, §5, are amended to read:

30           A. Any city, town, special district, county, plantation or  
municipal village corporation within the State; or

32           B. For the purpose of section 5953, subsection 1, paragraph  
34 D only, any water utility as defined in subsection 13.; or

36           **Sec. 2. 30-A MRSA §5903, sub-§7-A, ¶C** is enacted to read:

38           C. For the purpose of section 5953, subsection 1, paragraph  
40 D, section 5953-B and section 6006-B, any public water  
system as defined under Title 22, section 2601, subsection 8.

42           **Sec. 3. 30-A MRSA §5953-B,** as enacted by PL 1991, c. 605, §7,  
is amended to read:

44           **§5953-B. Loans from safe drinking water revolving loan fund**

46           1. **Loan application.** In addition to the other forms of  
48 financial assistance available under section 6006-B, a public  
water utility system that is a community water system or a  
50 nonprofit water system that is not a community water system may

2 apply for a loan from the safe drinking water revolving loan  
fund, in this section called the "fund," the proceeds of which  
4 must be used to acquire, design, plan, construct, enlarge,  
repair, protect or improve drinking water supplies or treatment  
6 systems owned by the applicant, or for any actions authorized or  
required under the federal Safe Drinking Water Act of 1974 1996,  
42 United States Code, Sections 300f to 300j-9, as amended.

8  
10 The bank may prescribe an application form or procedure for a  
public water utility system to apply for a loan under this  
12 section. The application must include any information that the  
bank determines necessary for the purpose of implementing this  
section and section 6006-B.

14 For purposes of this section, the term "public water utility  
16 system" has the same meaning as defined in Title 35-A 22, section  
102 2601, subsection 22 8.

18 **2. Loan; loan agreements.** Loans from the fund are subject  
20 to this subsection.

22 A. The bank may make loans from the fund to a public water  
utility system for one or more of the purposes set forth in  
24 subsection 1. Each of the loans is subject to the following  
conditions.

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

34 (2) The loan must be evidenced by a municipal bond or  
36 other debt instrument in a form acceptable to the bank,  
payable by the public water utility system over a term  
38 not to exceed 40 20 years, or 30 years in the case of a  
public water system that the bank and the Department of  
40 Human Services have determined serves a disadvantaged  
community, with annual principal or interest payments  
42 commencing not later than one year after the project  
being financed is completed.

44 (3) The rate of interest charged for the loans must be  
46 at or below market interest rates, including an  
interest-free loan.

48 (4) Subject to the limitations of subparagraph (3),  
50 the rate of interest charged for the loans made to

2           public water utilities systems under this section or  
the manner of determining the rate of interest must be  
4           established from time to time by direction of the bank,  
taking into consideration the current average rate on  
6           outstanding marketable obligations and the policies of  
the Department of Human Services.

8           B. Loans made to a public water utility system by the bank  
under this section must be evidenced by and made in  
10          accordance with the terms and conditions specified in a loan  
agreement to be executed by the bank and the public water  
12          utility system. The loan agreement must specify the terms  
and conditions of disbursement of loan proceeds. The loan  
14          agreement must state the term and interest rate of the loan,  
the scheduling of loan repayments and any other terms and  
16          conditions determined necessary or desirable by the bank.  
Loans made to a public water system by the bank under this  
18          section may include provisions for forgiveness of principal  
payments or loan repayment computation that results in an  
20          effective negative interest cost.

22          **3. Eligibility certification.** A loan to a public water  
utility system may not be made under this section until:

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

28           B. The applicant demonstrates to the bank that it has  
30           established a rate, charge or assessment schedule that  
generates annually sufficient revenue to pay, or has  
32           otherwise provided sufficient assurances that it pays, the  
principal of and interest on the municipal bond or other  
34           debt instrument that evidences the loan made by the bank to  
the public water utility system pursuant to the loan  
36           agreement under this section and to pay reasonably  
anticipated costs of operating and maintaining the financed  
38           project and the system of which it is a part; and

40           C. The applicant certifies to the bank that it has created  
a dedicated source of revenue that may constitute general  
42           revenues of the applicant through a general obligation  
pledge of the applicant for repayment of the loan.

44           D. In the case of a privately owned public water system,  
46           the system must demonstrate that:

48           (1) It has adequate security, guarantees or other  
assets for repayment of the loan; and

50

2                   (2) Undue benefits do not accrue to owners of a  
3                   privately owned water system due to financing provided  
4                   under this section; and

5                   E. The Department of Human Services certifies to the bank  
6                   that the loan eligibility priority, established under  
7                   section 6006-B, subsection 3, entitles the applicant to  
8                   financing or assistance under this section.

10                   **Sec. 4. 30-A MRSA §5959, sub-§2**, as amended by PL 1991, c.  
11                   605, §12, is further amended to read:

12                   **2. Contractual authority; reports.** The Department of  
13                   Environmental Protection, the Department of Human Services and  
14                   the bank may enter into agreements and shall provide notice as  
15                   provided in this subsection.

16                   A. The Department of Environmental Protection, the  
17                   Department of Human Services and the bank may enter into  
18                   agreements on behalf of the State with agencies of the  
19                   United States as may be necessary to obtain grants and  
20                   awards in furtherance of the stated purposes for which the  
21                   revolving loan fund funds created under ~~section~~ sections  
22                   6006-A and 6006-B is are established and take all other  
23                   actions necessary to comply with the Federal Water Pollution  
24                   Control Act, Title VI, and the federal Safe Drinking Water  
25                   Act of 1996 and their amendments provided that notice of  
26                   each of the agreements is made in a timely fashion to the  
27                   Governor.

28                   B. Annually, the Department of Environmental Protection and  
29                   the bank shall notify the Governor of the amount of the fund  
30                   created under section 6006-A anticipated to be available for  
31                   the next fiscal year.

32                   B-1. Annually, the Department of Human Services and the  
33                   bank shall notify the Governor of the amount of the fund  
34                   created under section 6006-B anticipated to be available for  
35                   the next fiscal year.

36                   C. The bank is designated by the State as the  
37                   instrumentality empowered to:

38                   (1) Administer the revolving loan funds, in conjunction  
39                   with the Department of Environmental Protection and the  
40                   Department of Human Services;

41                   (2) Accept capitalization grants or other deposits of  
42                   funds from the Federal Government or any other source  
43                   made under the Federal Water Pollution Control Act,  
44

2 Title VI or the Federal federal Safe Drinking Water  
Act; and

4 (3) Manage the revolving loan funds in accordance with  
6 applicable federal and state laws, rules and  
regulations.

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

12 **SUMMARY**

14 This bill conforms the state revolving loan fund with the  
1996 amendments to the federal Safe Drinking Water Act of 1996.

16