

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

Legislative Document

No. 2063

H.P. 1472

House of Representatives, January 15, 1998

An Act to Create the Partnership to Rebuild Maine's Schools.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committees on Appropriations and Financial Affairs and Education and Cultural Affairs suggested and ordered printed.

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

JOSEPH W. MAYO, Clerk

Presented by Speaker MITCHELL of Vassalboro.
Cosponsored by Senator BENNETT of Oxford and
Representatives: KERR of Old Orchard Beach, LEMAIRE of Lewiston, RICHARD of
Madison, Senators: MICHAUD of Penobscot, PENDLETON of Cumberland, SMALL of
Sagadahoc.

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

2
3
4 Sec. 1. 30-A MRSA §6006-E is enacted to read:

5 §6006-E. School Repair Revolving Loan Fund

6
7 1. Fund established. The School Repair Revolving Loan
8 Fund, referred to in this section as the "fund," is established
9 in the custody of the bank.

10
11 2. Administration. The bank shall administer the fund.
12 The fund must be invested in the same manner as permitted for
13 investment of funds belonging to the State or held in the State
14 Treasury. The fund must be established and held separate and
15 apart from any other funds or money of the State or the bank and
16 must be used and administered exclusively for the purposes
17 authorized in this section. The fund consists of the following:

18
19 A. Such sums as may be appropriated by the Legislature or
20 transferred to the fund from time to time by the Treasurer
21 of State;

22
23 B. Principal and interest received from the repayment of
24 loans made from the fund;

25
26 C. Capitalization grants and awards made to the State or an
27 instrumentality of the State by the United States for any of
28 the purposes for which the fund has been established. These
29 amounts may be paid directly into the fund without need for
30 appropriation by the State;

31
32 D. Interest earned from the investment of fund balances;

33
34 E. Private gifts, bequests and donations made to the State
35 for any of the purposes for which the fund has been
36 established; and

37
38 F. The proceeds of notes or bonds issued by the bank for
39 the purpose of deposit in the fund; and

40
41 G. Other funds from any public or private source received
42 for use for any of the purposes for which the fund has been
43 established.

44
45 3. Purposes. The fund may be used for one or more of the
46 following purposes only:

47
48 A. To make loans to school administrative units for school
49 repair;

- 2 (1) To repair or replace a roof on a school building;
4 (2) To bring a school building into compliance with
6 the federal Americans with Disabilities Act, 42 United
8 States Code, Section 1210 et seq.;
10 (3) To improve the air quality in a school building;
12 (4) To remove asbestos from or abate asbestos in a
14 school building;
16 (5) To replace or repair a boiler;
18 (6) To remove underground oil storage tanks on the
 grounds of a school building; or
 (7) To make other repairs determined necessary by the
 Department of Education.

20 B. To make loans or grants to school administrative units
22 that are identified by the department as within distressed
24 communities to allow for assessment of any repairs that may
 qualify under paragraph A;

26 C. To make loans to refund bonds or notes of a school
28 administrative unit issued for the purpose of financing any
 repair authorized under paragraph A and certified under
 subsection 5, if sold after January 1, 1998;

30 D. To guarantee or insure, directly or indirectly, the
32 payment of notes or bonds issued or to be issued by a school
34 administrative unit for the purpose of financing any repair
 authorized under paragraph A and certified under subsection
 5;

36 E. To guarantee or insure, directly or indirectly, funds
38 established by a school administrative unit for the purpose
 of financing any repair authorized under paragraph A;

40 F. To invest available fund balances and to credit the net
 interest income on those balances to the fund;

42 G. To invest as a source of revenue or security for the
44 payment of principal and interest on general or special
46 obligations of the bank if the proceeds of the sale of the
 obligations have been deposited in the fund, or as a source
48 of revenue to subsidize municipal loan payment obligations;
 and

2 H. To pay the costs of the bank and the Department of
4 Education staff associated with the administration of the
6 fund and projects financed by the fund, except that no more
8 than the lesser of 2% of the aggregate of the highest fund
10 balances in any fiscal year and 4% of combined value of any
12 capitalization grants provided by the United States for
14 deposit in the fund may be used for these purposes.

16 4. **Priorities.** Periodically, and at least annually, the
18 Department of Education shall prepare and certify to the bank a
20 project priority list of those school administrative units whose
22 projects are eligible for loans under this section. The
24 department shall submit with the list factors it considered when
26 determining the priorities.

28 5. **Eligibility terms.** The bank and the Department of
30 Education shall develop by rule criteria for eligibility for
32 loans under this section and the terms of repayment of loans. A
34 loan made pursuant to this section is an interest-free loan. A
36 loan may be made only if a project is certified by the Department
38 of Education as eligible for immediate financing under this
40 section and is on the priority list prepared under subsection 4.
42 The terms of repayment may vary depending on whether an eligible
44 project is within a school administrative unit that is identified
46 by the Department of Education as within a distressed community.
48 The maximum loan that may be authorized per project is \$1,000,000.

28 6. **Establishment of accounts.** The bank may establish
30 accounts and subaccounts within the fund as it determines
32 desirable to effectuate the purposes of this section, including,
34 but not limited to, accounts to segregate a portion or portions
36 of the fund as security for bonds issued by the bank for deposit
38 in the fund and to be invested for the benefit of specified
40 projects receiving financial assistance from the fund.

36 7. **Rules.** The Department of Education and the bank shall
38 adopt rules necessary to implement this section. Rules adopted
40 by the Department of Education and the bank to implement this
42 section are routine technical rules pursuant to Title 5, chapter
44 375, subchapter II-A.

42 **Sec. 2. Appropriation.** The following funds are appropriated
44 from the General Fund to carry out the purposes of this Act.

46 1998-99

48 MAINE MUNICIPAL BOND BANK

School Repair Revolving Loan Fund

2 All Other \$20,000,000

4

6 Provides funds to establish an interest-free
revolving loan fund for school repairs.

8

SUMMARY

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12 This bill establishes the School Repair Revolving Loan
Fund. The fund will be administered by the Maine Municipal Bond
14 Bank to provide interest-free loans to school administrative
units to make necessary repairs to school buildings throughout
the State.

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