

MAINE STATE LEGISLATURE

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DATE: 5-24-01

(Filing No. H-595)

CRIMINAL JUSTICE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1161, L.D. 1561, Bill, "An Act to Require Sprinkler Protection in all Secondary and Postsecondary Dormitories"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

PART A

Sec. A-1. 10 MRSA §1023-N is enacted to read:

§1023-N. Automatic Sprinkler Loan Fund.

1. Creation. The Automatic Sprinkler Loan Fund, referred to in this section as the "fund," is created under the jurisdiction and control of the authority.

2. Sources of money. The fund consists of the following:

A. All money appropriated or allocated for inclusion in the fund, from whatever source;

B. Subject to any pledge, contract or other obligation, all interest, dividends or other pecuniary gains from investment of money from the fund;

C. Subject to any pledge, contract, fee or other obligation, any money that the authority receives in repayment of advances from the fund; and

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D. Any other money available to the authority and directed by the authority to be paid into the fund.

3. Application of fund. Money in the fund may be applied to carry out any power of the authority under or in connection with section 1026-T or to pay obligations incurred in connection with the fund. Money in the fund not needed currently to meet the obligations of the authority as provided in this section may be invested in a manner permitted by law.

4. Accounts within fund. The authority may divide the fund into separate accounts it determines necessary or convenient for carrying out this section.

5. Revolving fund. The fund is a nonlapsing, revolving fund. All money in the fund must be continuously applied by the authority to carry out this section and section 1026-T.

Sec. A-2. 10 MRSA §1026-T is enacted to read:

§1026-T. Automatic Sprinkler Loan Program

The Automatic Sprinkler Loan Program, referred to in this section as the "program," is established to provide low interest loans to educational institutions to install automatic sprinkler systems in existing dormitories.

1. Eligibility for loans. Secondary and postsecondary educational institutions located in the State may apply to the authority for loans under the program.

A. The loans must be used for the installation of automatic sprinkler systems to be installed in existing dormitories.

B. The borrower shall provide evidence that the proposed automatic sprinkler system has been approved by the State Fire Marshal and that the funds will be used only for the purchase and installation of the automatic sprinkler system.

2. Loan terms and conditions. The authority may establish prudent terms and conditions for loans. Loan terms may not exceed 10 years. The interest rate charged on each loan may not exceed 3%.

3. Rulemaking. The authority shall adopt routine technical rules as defined in Title 5, chapter 375, subchapter II-A to implement this section, including, but not limited to, the establishment of fees that may be charged for the administration of the program.

Sec. A-3. 25 MRSA §2463-A is enacted to read:

§2463-A. Installation of sprinkler systems in dormitories

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Automatic sprinkler system" means an automatic sprinkler system that at a minimum satisfies the requirements of Pamphlet 13 or 13R of the National Fire Protection Association or other requirements established by the State Fire Marshal.

B. "Department" means the Department of Public Safety.

C. "Dormitory" means a building or space in a building owned by a public educational institution in which:

(1) At least 5 rooms are provided as sleeping accommodations for students of the public educational institution; or

(2) Sleeping accommodations are provided for 15 or more students of the public educational institution.

D. "Public educational institutional" means the University of Maine System, the Maine Technical College System, the Maine Maritime Academy or the Maine School of Science and Mathematics.

2. Approved automatic sprinkler system. A dormitory of a public educational institution must be equipped with an automatic sprinkler system in accordance with this subsection.

A. A dormitory constructed by a public educational institution or a building converted into a dormitory by a public educational institution after the effective date of this paragraph must be equipped with a complete automatic sprinkler system before the department approves the dormitory for occupancy.

B. Dormitories of a public educational institution that exist on and are used as dormitories after January 1, 2001 must be equipped as follows:

(1) By January 1, 2005, at least 1/3 of the total square footage of those dormitories must be equipped with an automatic sprinkler system;

2 (2) By January 1, 2008, at least 2/3 of the total
3 square footage of those dormitories must be equipped
4 with an automatic sprinkler system; and

6 (3) By January 1, 2011, all of those dormitories must
7 be equipped with a complete automatic sprinkler system.

8 3. Report. Beginning in 2003 and every 2 years thereafter,
9 the State Fire Marshal shall report to the joint standing
10 committee of the Legislature having jurisdiction over criminal
11 justice matters concerning compliance with subsection 2. The
12 report must be submitted by February 15th of the year the report
13 is due.

14 **Sec. A-4. Effective date.** This Part takes effect upon approval
15 of the referendum in Part B of this Act.

18 **PART B**

20 **Sec. B-1. Authorization of bonds to provide loans to educational**
21 **institutions to install sprinklers in dormitories.** The Treasurer of State
22 is authorized, under the direction of the Governor, to issue
23 bonds in the name and on behalf of the State in an amount not
24 exceeding \$10,000,000 to raise funds for educational institutions
25 of this State to obtain loans to install sprinkler systems in
26 dormitories as authorized in section 7 of this Part. The bonds
27 are a pledge of the full faith and credit of the State. The
28 bonds may not run for a period longer than 20 years from the date
29 of the original issue of the bonds. At the discretion of the
30 Treasurer of State, with the approval of the Governor, any
31 issuance of bonds may contain a call feature.

34 **Sec. B-2. Records of bonds issued to be kept by Treasurer of State.**
35 The Treasurer of State shall keep an account of each bond showing
36 the number of the bond, the name of the successful bidder to whom
37 sold, the amount received for the bond, the date of sale and the
38 date when payable.

40 **Sec. B-3. Sale; how negotiated; proceeds appropriated.** The
41 Treasurer of State may negotiate the sale of the bonds by
42 direction of the Governor, but no bond may be loaned, pledged or
43 hypothecated on behalf of the State. The proceeds of the sale of
44 the bonds, which must be held by the Treasurer of State, and paid
45 by the Treasurer of State, upon warrants drawn by the State
46 Controller, are appropriated solely for the purposes set forth in
47 this Part. Any unencumbered balances remaining at the completion
48 of the loan program funded pursuant to section 7 of this Part
49 lapse to the debt service account established for the retirement
50 of these bonds.

2 **Sec. B-4. Taxable bond option.** The Treasurer of State, at the
direction of the Governor, shall covenant and consent that the
4 interest on the bonds is includable, under the United States
Internal Revenue Code, in the gross income of the holders of the
6 bonds to the same extent and in the same manner that the interest
on bills, bonds, notes or other obligations of the United States
8 is includable in the gross income of the holders under the United
States Internal Revenue Code or any subsequent law. The powers
10 conferred by this section are not subject to any limitations or
restrictions of any law that may limit the power so to covenant
12 and consent.

14 **Sec. B-5. Interest and debt retirement.** The Treasurer of State
shall pay interest due or accruing on any bonds issued under this
16 Part and all sums coming due for payment of bonds at maturity.

18 **Sec. B-6. Disbursement of bond proceeds.** The proceeds of the
bonds must be expended as set out in section 7 of this Part under
20 the direction and supervision of the Finance Authority of Maine.

22 **Sec. B-7. Allocations from General Fund bond issue; loans for
installation of sprinklers in dormitories of educational institutions.** The
24 proceeds of the sale of bonds must be expended as designated in
the following schedule.

26 **FINANCE AUTHORITY OF MAINE**

28 Automatic Sprinkler Loan Fund \$10,000,000

30 **Sec. B-8. Contingent upon ratification of bond issue.** Sections 1
32 to 7 of this Part do not become effective unless the people of
the State have ratified the issuance of bonds as set forth in
34 this Part.

36 **Sec. B-9. Appropriation balances at year-end.** At the end of each
fiscal year, all unencumbered appropriation balances representing
38 state money carry forward. Bond proceeds that have not been
expended within 10 years after the date of the sale of the bonds
40 lapse to General Fund debt service.

42 **Sec. B-10. Bonds authorized but not issued.** Any bonds authorized
but not issued, or for which bond anticipation notes are not
44 issued within 5 years of ratification of this Part, are
deauthorized and may not be issued, except that the Legislature
46 may, within 2 years after the expiration of that 5-year period,
extend the period for issuing any remaining unissued bonds or

2 bond anticipation notes for an additional amount of time not to
exceed 5 years.

4 **Sec. B-11. Referendum for ratification; submission at statewide**
election; form of question; effective date. This Part must be submitted
6 to the legal voters of the State of Maine at a statewide election
held on the Tuesday following the first Monday of November
8 following passage of this Part. The municipal officers of this
State shall notify the inhabitants of their respective cities,
10 towns and plantations to meet, in the manner prescribed by law
for holding a statewide election, to vote on the acceptance or
12 rejection of this Part by voting on the following question:

14 "Do you favor a \$10,000,000 bond issue for loans to Maine
educational institutions to install sprinklers in
16 dormitories?"

18 The legal voters of each city, town and plantation shall
vote by ballot on this question and designate their choice by a
20 cross or check mark placed within a corresponding square below
the word "Yes" or "No." The ballots must be received, sorted,
22 counted and declared in open ward, town and plantation meetings
and returns made to the Secretary of State in the same manner as
24 votes for members of the Legislature. The Governor shall review
the returns and, if a majority of the legal votes are cast in
26 favor of this Part, the Governor shall proclaim the result
without delay, and this Part becomes effective 30 days after the
28 date of the proclamation.

30 The Secretary of State shall prepare and furnish to each
city, town and plantation all ballots, returns and copies of this
32 Part necessary to carry out the purpose of this referendum.'

34 Further amend the bill by inserting at the end before the
summary the following:

36
38 **·FISCAL NOTE**

40 The Office of State Fire Marshal within the Department of
Public Safety will incur some minor additional costs to submit a
42 required report to the Legislature. These costs can be absorbed
within the department's existing budgeted resources.

44 Part B of the bill proposes a bond issue to fund the
46 installation of sprinklers in dormitories. The estimated cost of
sending this bond issue out to referendum will vary according to
48 the total number of referenda enacted during the First Regular
Session of the 120th Legislature to be submitted to the voters in

November. The estimated cost to the Secretary of State if one to 6 referenda are enacted is \$121,392. Each additional referendum costs an additional \$8,000.

If approved by the voters, the total cost of this bond issue is estimated to be \$17,607,000 with principal payments of \$10,000,000 and interest payments of approximately \$7,607,000.

The Finance Authority of Maine will incur additional costs to develop and administer the Automatic Sprinkler Loan Fund. Funds for these costs will come from the interest earnings of the fund.

The Board of Trustees of the University of Maine System, the Board of Trustees of the Maine Technical College System and the magnet schools will incur costs associated with installation of automatic sprinkler systems in their buildings. The funding for this work is expected to come from loans from the Finance Authority of Maine from the proceeds from the bond issue identified in Part B. Repayment of the principal and interest amounts of the loans will require future increases in General Fund appropriations to those public educational institutions.

The Maine Maritime Academy currently has one unsprinkled dormitory building that is planned to be retrofitted within the next several years. The additional costs associated with installing automatic sprinklers can be absorbed by the Maine Maritime Academy utilizing existing budgeted resources.'

SUMMARY

This amendment replaces the bill. This amendment:

1. Requires public educational institutions to install automatic sprinkler systems in their dormitories;
2. Provides a 10-year phase-in schedule for installation of automatic sprinkler systems in existing dormitories in public educational institutions;
3. Authorizes a \$10,000,000 bond to provide low interest loans, administered by the Finance Authority of Maine, to public and private educational institutions;
4. Makes the previously described provisions conditional upon approval in a statewide referendum of the bond funding; and
5. Adds a fiscal note to the bill.