

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1636

S.P. 517

In Senate, March 13, 2001

**An Act to Increase Funding Alternatives for Small School Construction
Projects.**

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ROTUNDO of Androscoggin.
Cosponsored by Representative MAILHOT of Lewiston and
Senators: BROMLEY of Cumberland, DOUGLASS of Androscoggin, EDMONDS of
Cumberland, FERGUSON of Oxford, MITCHELL of Penobscot, NUTTING of
Androscoggin, Representatives: BRYANT of Dixfield, DESMOND of Mapleton.

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

4 **Sec. 1. 30-A MRSA §5953-E, sub-§1, as enacted by PL 1997, c. 787, §12, is amended to read:**

6 **1. Loan application.** In addition to the other forms of
7 financial assistance available under this chapter, a public
8 school, school administrative district, municipality, community
9 school district or other school administrative unit may apply for
10 a loan from the School Revolving Renovation and Small
11 Construction Fund under section 6006-F, in this section called
12 the "fund," the proceeds of which must be used to finance the
13 cost of school repair and renovation or small construction under
14 section 6006-F, subsection 3, as designated by the Department of
15 Education.

16 **A.** The bank may prescribe an application form or procedure
17 for a school administrative unit to apply for a loan under
18 this section. The application must include any information
19 that the bank determines necessary for the purpose of
20 implementing this section and section 6006-F.

22 **Sec. 2. 30-A MRSA §6006-F, as amended by PL 1999, c. 81, §16,**
23 **is further amended to read:**

24 **§6006-F. School Revolving Renovation and Small Construction Fund**

25 **1. Fund established.** The School Revolving Renovation and
26 Small Construction Fund, referred to in this section as the
27 "fund," is established in the custody of the bank.

28 **2. Administration.** The bank shall administer and invest
29 the fund. The fund must be established and held separate and
30 apart from any other funds or money of the State or the bank and
31 must be used and administered exclusively for the purposes
32 authorized in this section. The fund consists of:

33 **A.** Sums that may be appropriated by the Legislature or
34 transferred to the fund by the Treasurer of State;

35 **B.** Principal and interest received from the repayment of
36 loans made from the fund;

37 **C.** Capitalization grants and awards made to the State or an
38 instrumentality of the State by the United States for any of
39 the purposes for which the fund has been established. These
40 amounts may be paid directly into the fund without
41 appropriation by the State and the bank is designated as the
42 recipient for the State of any such funds;

2 D. Interest earned from the investment of fund balances;

4 E. The proceeds of any bonds or notes issued by the State
or the bank sold for the purpose of deposit in the fund;

6 F. Funds from school construction audit recoveries; and

8 G. Other funds and gifts in kind or cash from any public or
10 private source received for use for any of the purposes for
12 which the fund has been established and that the bank and
14 the Department of Education may solicit from any 3rd parties
such as foundations or corporations, including the use of
tax credits as available to support activities authorized
for the fund.

16 3. Purposes. The fund may be used:

18 A. To make loans to school administrative units for school
19 repair and, renovation and small construction projects.

20 (1) The following repair and renovation needs receive
21 first priority status:

24 (a) Repair or replacement of a roof on a school
25 building;

26 (b) Bringing a school building into compliance
28 with the federal Americans with Disabilities Act,
42 United States Code, Section 12101 et seq.;

30 (c) Improving air quality in a school building;

32 (d) Removing asbestos from or abating asbestos in
34 a school building;

36 (e) Removing underground oil storage tanks on the
37 grounds of a school building; and

38 (f) Undertaking other health, safety and
40 compliance repairs; and

42 (g) Structural upgrades.

44 (2) Repairs and improvements not related to health,
45 safety and compliance repairs receive 2nd priority
46 status. Those repairs and improvements are limited to
48 a school building structure, energy conservation and
efficiency of basic infrastructure such as windows and
50 doors and to a school building water or septic system
systems.

2 (3) Upgrade of learning spaces in school buildings and
3 small-seale capital improvements small school
4 construction projects up to 10,000 square feet receive
5 3rd priority status.

6
7 (4) The Commissioner of Education may approve other
8 necessary repairs;

10 B. To make loans to a school administrative unit to finance
11 expenditures incurred after June 1, 1998 for repairs or
12 renovations authorized under paragraph A and certified under
13 subsection 5;

14 C. To guarantee or insure, directly or indirectly, the
15 payment of notes or bonds issued or to be issued by a school
16 administrative unit for the purpose of financing any repair
17 authorized under paragraph A and certified under subsection
18 5;

20 D. To guarantee or insure, directly or indirectly, funds
21 established by a school administrative unit for the purpose
22 of financing any repair authorized under paragraph A;

24 E. To deposit with a lending institution or with a trustee
25 bank, available fund balances to offset loan balances for
26 school administrative districts undertaking projects
27 authorized by paragraph A and certified under subsection 5;

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

32 G. To invest as a source of revenue or security for the
33 payment of principal and interest on general or special
34 obligations of the bank if the proceeds of the sale of the
35 obligations have been deposited in the fund, or if the
36 proceeds of the sale of the obligations are used for the
37 purposes authorized in paragraph A and certified under
38 subsection 5, or as a source of revenue to subsidize the
39 school administrative unit loan payment obligations;

42 H. To pay the costs of the bank and the Department of
43 Education associated with the administration of the fund and
44 projects financed by the fund, except that no more than the
45 lesser of 2% of the aggregate of the highest fund balances
46 in any fiscal year and 4% of the combined value of any
47 capitalization grants provided by the United States for
48 deposit in the fund may be used for these purposes. The
49 Commissioner of Education is authorized to receive revenue
50 from the fund administered by the bank. Funds provided to

2 the Department of Education from the fund must be deposited
in a nonlapsing dedicated account to be used to carry out
4 the purposes of this section; and

6 I. To pay the reasonable costs of services provided to
school administrative units by the Department of
8 Administrative Services, Bureau of General Services, for
oversight of school construction and renovation projects.
10 Notwithstanding Title 5, section 1742, subsection 7, .4% of
the total amount initially allocated to the fund must be
12 transferred to the Bureau of General Services upon the
effective date of this section.

14 **4. Priorities.** Periodically, and at least annually, the
Department of Education shall prepare and certify to the bank a
16 project priority list of those school administrative units whose
projects are eligible for loans under this section. In
18 establishing the priority list, the department shall grant
special consideration to projects that include urgent health and
20 safety needs. The department shall submit with the list the
factors considered when determining the priorities.

22 **5. Eligibility terms.** The bank and the Department of
24 Education shall develop by rule the terms of repayment of loans.
A loan made pursuant to this section may not carry an interest
26 rate higher than 0%. A loan may be made only if a project is
certified by the Department of Education as eligible for
28 financing under this section and is on the priority list prepared
under subsection 4. The repayment period may vary depending upon
30 the financial condition of a school administrative unit as
identified by the Department of Education.

32 **6. Forgiveness of principal payments.** The fund must
34 provide direct grants by forgiving the principal payments of a
loan for an eligible school administrative unit. The amount of
36 the forgiveness of principal payments must be determined by the
school administrative unit's state share percentage of debt
38 service costs as determined in Title 20-A, section 15611, not to
exceed:

40 A. Seventy percent and no less than 30% for health, safety
42 and compliance;

44 B. Seventy percent and no less than 30% for repairs and
improvements; and

46 C. Fifty percent and no less than 20% for learning space
48 upgrades and small school construction projects up to 10,000
square feet. The cost of approved small school construction
50 projects above 10,000 square feet must be at local expense.

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

10 **8. Rules.** The Department of Education and the bank shall
adopt rules necessary to implement this section. Rules adopted
12 by the Department of Education and the bank to implement this
section are major substantive rules pursuant to Title 5, chapter
14 375, subchapter II-A.

16 **Sec. 3. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

18
20
22
24
26
28
30
32
34
36
38
40
42
44

2001-02

EDUCATION, DEPARTMENT OF

School Renovation

All Other	\$30,000,000
-----------	--------------

Provides for the appropriation of funds for
small school construction for the purpose of
providing further capital to a revolving
school fund pursuant to the Maine Revised
Statutes, Title 30-A, section 6006-F. Any
balance remaining at the end of each fiscal
year may not lapse but must be carried
forward to be used for the same purpose.

SUMMARY

This bill renames and expands the scope of the School
Revolving Renovation Fund to include small construction projects
of 10,000 or fewer square feet to existing schools. The bill
provides an additional \$30,000,000 to the fund for fiscal year
2001-02.