

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1483

H.P. 1036

House of Representatives, May 28, 2009

**An Act To Stimulate the Maine Economy by Making Funds
Available to First-time Home Buyers To Allow Them To Take
Advantage of the Federal First-time Home Buyer Tax Credit**

(AFTER DEADLINE)

(EMERGENCY)

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

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CLEARY of Houlton.

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

3 **Whereas,** the Federal Government has provided a federal housing tax credit for
4 first-time home buyers; and

5 **Whereas,** the best and most efficient use of the federal housing tax credit for first-
6 time home buyers is for the funds to be available to home buyers at or near the time of
7 closing; and

8 **Whereas,** the use of the federal housing tax credit for first-time home buyers will
9 assist families with home ownership and stimulate the State's economy; and

10 **Whereas,** the federal housing tax credit for first-time home buyers must be used
11 prior to December 1, 2009; and

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

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

17 **Sec. 1. 5 MRSA §135,** as amended by PL 2005, c. 386, Pt. CC, §2, is further
18 amended by adding at the end a new paragraph to read:

19 The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each
20 calendar year with responsible financial institutions authorized to do business in the State
21 at a rate of return not more than 2% per year below the rate of return otherwise obtainable
22 had the funds been invested with such financial institutions for a similar term, as
23 determined by the Treasurer of State, for periods not to exceed one year, as long as each
24 such financial institution covenants with the Treasurer of State as a condition of the
25 deposit to loan an amount at least equal to the amount so deposited with the financial
26 institution by the Treasurer of State under this paragraph for the purpose of providing a
27 bridge loan for first-time home buyers for home energy improvements or down payment
28 assistance in order that first-time home buyers may take advantage of the federal housing
29 tax credit for first-time home buyers. All the loans must be at interest rates that are below
30 the interest rates the loans would have borne under existing market conditions and loan
31 standards of the financial institution but for the deposit by the Treasurer of State under
32 this paragraph, and the interest rates must fully reflect the savings to the financial
33 institution due to the reduced interest rate paid on the deposit. Notwithstanding any
34 provisions of this section to the contrary, the Treasurer of State is not obligated to seek
35 competitive bids for investments or deposits pursuant to this paragraph. The Maine State
36 Housing Authority shall provide assistance to the Treasurer of State in implementing this
37 paragraph. For purposes of this paragraph, "home energy improvement" means a repair or
38 improvement pursuant to an energy audit for the home purchased. The Treasurer of State
39 shall adopt routine technical rules pursuant to chapter 375, subchapter 2-A to implement
40 this paragraph. In adopting these rules, the Treasurer of State shall consider criteria

1 targeting loans for those borrowers qualifying for the federal housing tax credit for first-
2 time home buyers and may establish limits on deposits to any one financial institution and
3 limits on deposits supporting loans to any one borrower.

4 **Emergency clause.** In view of the emergency cited in the preamble, this
5 legislation takes effect when approved.

6 **SUMMARY**

7 This bill allows the Treasurer of State to deposit up to \$4,000,000 with financial
8 institutions in the State at a reduced rate of return and require those financial institutions
9 to provide bridge loans to first-time home buyers for the purpose of making home energy
10 improvements or down payment assistance to allow those first-time home buyers to take
11 advantage of the federal housing tax credit for first-time home buyers.