

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**  
**ONE HUNDRED AND SEVENTEENTH LEGISLATURE**

**SECOND SPECIAL SESSION**  
**September 5, 1996 to September 7, 1996**

**ONE HUNDRED AND EIGHTEENTH LEGISLATURE**

**FIRST REGULAR SESSION**  
**December 4, 1996 to March 27, 1997**

**FIRST SPECIAL SESSION**  
**March 27, 1997 to June 20, 1997**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**JUNE 26, 1997**

**FIRST SPECIAL SESSION**  
**NON-EMERGENCY LAWS IS**  
**SEPTEMBER 19, 1997**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**J.S. McCarthy Company**  
**Augusta, Maine**  
**1997**

1997-98

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

LEGISLATURE

Task Force on Information Technology in the Public Sector

Personal Services	\$440
All Other	400

Provides funds for the per diem and expenses of legislative members of the Task Force on Information Technology in the Public Sector.

LEGISLATURE

TOTAL \$840

See title page for effective date.

CHAPTER 555

H.P. 1215 - L.D. 1715

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

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

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

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

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

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

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

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

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

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

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

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

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

**1. Loan application.** In addition to the other forms of financial assistance available under section 6006-B, a public water utility system that is a community water system or a nonprofit water system that is not a community water system may apply for a loan from the safe drinking water revolving loan fund, in this section called the "fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or improve drinking water supplies or treatment 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.

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

For purposes of this section, the term "public water utility system" has the same meaning as defined in Title ~~35-A~~ 22, section ~~402~~ 2601, subsection ~~22~~ 8.

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

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 subsection 1. Each of the loans is subject to the following conditions.

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

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

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

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to public water utilities systems under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations and the policies of the Department of Human Services.

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

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

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals nec-

essary to construct the improvements to be financed by the loan;

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

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

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

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

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

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

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

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

A. The Department of Environmental Protection, the Department of Human Services and the bank may enter into agreements on behalf of the State with agencies of the United States as may be necessary to obtain grants and awards in furtherance of the stated purposes for which the revolving loan ~~fund~~ funds created under ~~section~~ sections 6006-A and 6006-B ~~is~~ are established and take all other actions necessary to comply with the Federal Water Pollution Control Act, Title VI, and the federal Safe Drinking Water Act of 1996 and their amendments provided that

notice of each of the agreements is made in a timely fashion to the Governor.

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

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

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

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

(2) Accept capitalization grants or other deposits of funds from the Federal Government or any other source made under the Federal Water Pollution Control Act, Title VI or the ~~Federal~~ federal Safe Drinking Water Act; and

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

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

Effective June 12, 1997.

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## CHAPTER 556

S.P. 637 - L.D. 1854

### An Act to Establish the Maine Economic Improvement Fund

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

**Sec. 1. 5 MRSA §1513, sub-§1**, as amended by PL 1991, c. 589, §2, is further amended to read:

**1. Maine Rainy Day Fund.** The State Controller shall at the close of each fiscal year transfer from the unappropriated surplus of the General Fund to the Maine Rainy Day Fund ~~1/2~~ 40% of the excess of total General Fund revenues received over accepted estimates in that fiscal year. No accepted revenue estimate may be increased after adjournment of each First Regular Session of the Legislature except as

provided. For the first year of the biennium, revenue estimates for the 2nd year of the biennium may be adjusted once during the Second Regular Session of the Legislature. Accepted revenue estimates may be increased for other fiscal periods only if an amount not to exceed ~~1/2~~ 40% of the increase is appropriated to the Rainy Day Fund at the same time. The fund may not exceed 4% of the total General Fund revenues received in the immediately preceding fiscal year and may not lapse, but remain in a continuing carrying account to carry out the purposes of this section. No reduction in the fund is necessary in the event the total General Fund revenues received in the immediately preceding fiscal year are less than the total General Fund revenues received in the fiscal year 2 years previous and if the fund is at its 4% limit.

**Sec. 2. 5 MRSA §1517**, as enacted by PL 1995, c. 464, §4, is amended to read:

#### **§1517. Transfer to Retirement Allowance Fund**

At the close of each fiscal year, the State Controller shall transfer from the unappropriated surplus of the General Fund to the Retirement Allowance Fund established in section 17251 an amount equal to ~~1/2 of the balance remaining after all other required transfers from the excess of total General Fund revenues received over accepted estimates in that fiscal year and all required deductions of appropriations, financial commitments, designated funds, transfers from the unappropriated surplus of the General Fund or transfers from the available balance remaining in the General Fund have been made~~ 20% of the excess of total General Fund revenues received over accepted estimates in that fiscal year.

General Fund revenue estimates may be made once during the First Regular Session of the Legislature and adjustments to these accepted revenue estimates may be made once during the Second Regular Session of the Legislature without mandatory transfer of funds to the Retirement Allowance Fund. If adjustments are made to those initial estimates presented to each regular session of the Legislature, an amount not to exceed ~~1/2~~ 20% of the excess of the estimated revenue over the amounts required by law to be set aside for other purposes must be appropriated to the Retirement Allowance Fund.

**Sec. 3. 10 MRSA c. 107-C** is enacted to read:

#### CHAPTER 107-C

#### MAINE ECONOMIC IMPROVEMENT FUND

#### §946. Establishment

The Maine Economic Improvement Fund is established to administer investments in targeted