

MAINE STATE LEGISLATURE

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STATE OF MAINE
113TH LEGISLATURE
SECOND REGULAR SESSION



BILL SUMMARY
JOINT STANDING COMMITTEE
ON
ECONOMIC DEVELOPMENT

MAY 1988

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**ONE HUNDRED AND THIRTEENTH LEGISLATURE
FIRST & SECOND SPECIAL SESSIONS
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1988**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are indicated as follows::

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Secretaries: Charlene Brann, Janet Jean, Earl Knox, Valarie Parlin; Research Assistant Hartley Palleschi. Finally, Secretary Laurette Knox, Legal Assistant Carolyn Chick, and Research Assistant Robert Dunn had special responsibilities in the preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

2. To authorize the Maine State Housing Authority and municipal housing authorities to offer low-interest or no-interest loans to contractors who agree to construct, reconstruct, rehabilitate or purchase and maintain property for housing for low-income and moderate-income households;
3. To authorize the Maine State Housing Authority and municipal housing authorities to purchase land, buildings and structures for affordable housing;
4. To authorize the Maine State Housing Authority to use surplus state property for affordable housing for low-income and moderate-income households pursuant to Public Law 1987, chapter 407, which provides for an inventory of surplus state property. The Maine State Housing Authority may provide this property at below market value to any person, firm or organization which, in contract with the authority, agrees to construct or rehabilitate and maintain affordable housing for low-income and moderate-income households;
5. To remove the current mandated 5% down payment for persons in the housing opportunities for the State and allow the Maine State Housing Authority to suspend any down payment requirement; and
6. To create the Housing Mortgage Insurance fund to insure housing mortgages that the private mortgage insurance firms will no longer insure.

Committee Amendment "A": changed the bill to require that any comprehensive plan developed by a municipality, region, or planning and development organization contain provisions for affordable housing. The Maine State Housing Authority may provide technical assistance to municipalities and regions with respect to the housing provisions in comprehensive plans.

The amendment also provides \$3,000,000 to the Housing Authority to fund the Housing Mortgage Insurance Program. This program will insure housing mortgages of persons eligible to obtain bank loans and loans under the Housing Opportunities for Maine Program but who are unable to obtain mortgage insurance because of policy changes of private mortgage insurance companies. Testimony was provided that these companies, in part, as a result of the impact of the decline of the oil industry on the housing market in the south and southwest, have created many restrictions with respect to the issuance of mortgage insurance to prospective home owners across the nation.

LD 2283 **An Act to Establish the Maine Elderly Tax Assistance Program** **INDEF PP**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
KANY GWADOSKY DIAMOND JOSEPH	OTP-AM	S-358

SUMMARY

LD 2283 proposed to establish a revolving fund administered by the Maine State Housing Authority to be used to insure, guarantee, or purchase loans made to

low income elderly homeowners whose assets are confined primarily to their principal residence.

A significant proportion of elderly homeowners lack sufficient liquid capital to meet their living needs, including the payment of property taxes. By borrowing against the equity in their homes, the low-income elderly could remain in their homes and not be forced to sell their homes which could later require other forms of state assistance.

An analysis of different models which included a variety of interest rates, amounts of taxpayer equity in a home, and various home owner loans from equity shows that an elderly taxpayer requiring annual supplements of \$1,500 per year or less, could use their equity to finance these loans for a period ranging from 10 to 27 years. Elderly taxpayers borrowing \$2,500 annually against their home equity could use up their equity in a period ranging from 7 to 17 years.

LD 2283 was amended to provide that priority will be given to low income households, participation in the program will be limited to persons 70 years of age or older, no loans will be made for which the loan to value ratio exceeds 80% and that loans may be used only for urgent matters such as payment of taxes, home care, or property maintenance. In addition, the Maine State Housing Authority will counsel potential elderly homeowner applicants with respect to the risks involved in borrowing against equity.

LD 2293 An Act to Determine the Extent and Impact of Unemployed Persons No Longer Eligible for Unemployment Insurance Upon the State of Maine (Reported Pursuant to a Study by the Committee on Economic Development) INDEF PP

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
	OTP-AM	H-511

SUMMARY

LD 2293 proposes that the recently created Human Resource Development Council develop and implement a procedure to determine the extent and status of persons no longer eligible for unemployment compensation in Maine. In addition, the council would determine the location of these unemployed individuals, the reasons for their failure to obtain employment and the means by which they could become gainfully employed.

The council will report its findings to the First Regular Session of the 114th Legislature.

The intent of the bill is to address the causes of the failure of unemployed persons to find employment. By determining the causes, whether they are illiteracy, lack of skills, lack of day care facilities, etc., the State can better target its social-welfare and labor programs to the causes of unemployment.