

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.

LD An Act to Remove the Statutory Loan Guarantee Ceiling on the PUBLIC 2309 Small Business Mortgage Insurance Program of the Finance 581 Authority of Maine EMERGENCY

SPONSOR (S)	COMMITTEE	REPORT	AMENDMENTS ADOPTED
CROWLEY			

ANDREWS

SUMMARY

This bill removed the \$4,500,000 ceiling on the Small Business Mortgage Insurance program administered by FAME. The ceiling was added by the Errors bill during the First Regular Session of the 113th Legislature as the result of a misunderstanding regarding two bills in conflict with each other.

During the First Regular Session of the 112th Legislature, LD 1280 and LD 1118 were enacted as PL 1985, chapter 198 and PL 1985, chapter 344 respectively. Both bills revised provisions relating to the Small Business Mortgage Insurance Program. LD 1280 raised the debt limit on the Small Business Loan Program from \$2,500,000 to \$4,500,000, while LD 1118 entirely repealed the debt limit.

Following the later enactment of LD 1118, FAME guaranteed small business loans of nearly \$10,000,000. The re-enactment of the small business loan debt limit jeopardized the program and the security of the bondholders.

LD	An Act to Preserve Existing Rental Units which have been	PUBLIC
<mark>2322</mark>	Constructed with Federal Assistance and Tax Benefits for	785
	Moderate-Income and Low-Income People	

SPONSOR (S)	COMMITTEE REPORT		TTEE REPORT AMENDMENTS ADOPTED	
RAND	OTP-AM	MAJ	H-679	MAJ REP
MILLS	ONTP	MIN	H-693	CROWLEY
HOGLUND				
ANDREWS				

SUMMARY

LD 2322 proposed to give the Maine State Housing Authority (MSHA) and municipal housing authorities right of first refusal to purchase low income housing properties constructed with federal assistance authorizing prepayment of mortgages and the removal of low income housing requirements upon completion of these payments. The owner of low income housing constructed with federal assistance would be required to give the MSHA and the local housing authority 45 days notice prior to entering into any contract for the sale of the housing.

The MSHA and a municipal housing authority could purchase and maintain these low-income housing projects, or the Authority could provide no interest or low interest financing to any person or firm to purchase or reconstruct these projects, provided they maintain them for low and moderate income households.

No bank could finance the purchase of these low income housing units unless the Maine State Housing Authority and the municipal housing authority in the area of the property had been notified of the intent to sell.

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Economic Development	

The bill addresses the problem created by federal contracts with low income housing developers and owners approximately 20 years ago. Low income housing constructed with assistance from the Department of Housing and Urban Development (HUD) and the Farmers Home Loan Administration (FMHL) and subject to accelerated depreciation, allowed the owners of this housing to prepay 40 year mortgages at the end of 20 years. Following complete repayment, the housing would no longer be subject to federal restrictions.

Beginning in 1988, some federally assisted low income housing projects are subject to prepayment. By the year 2000, approximately 1,900 HUD units and 1181 FMHL units will be subject to prepayment, and many of those units could be at risk.

The committee amended the bill to reduce the 45 day period of the right-of-first refusal to 30 days with a 60 day extension to allow the authority time to put a financing package together. In addition, the committee amendment allows the low income housing owner to enter into a contract with a bonafide buyer during the period of the authority's right of first refusal, but the contract has no affect unless the authority waives its right. If the Maine State Housing Authority or local housing authority and the owner of low income housing cannot agree to a purchase price, the authority may take the property by eminent domain. The purchase price would then be determined by the courts.

The amendment also provides that a low-income housing owner who prepays the mortgage or a buyer of the housing is required to provide relocation assistance to the tenants or allow the tenants to remain in their units for 6 months at their current rents.

INDEF PP

LD An Act to Promote Economic Development in the State by 2340 Enhancing Employment Opportunities for Maine People (Reported Pursuant to a Study by the Committee on Economic Development)

COMMITTEE REPORT		AMENDMENTS ADOPTED	
OTP-AM		H-705	
	*	H-730	CROWLEY
		S-467	ANDREWS
			OTP-AM H-705 H-730

SUMMARY

LD 2340 proposed to allow eligible Medicaid recipients to continue to receive medical insurance benefits under the Medicaid programs while participating in job training programs and during probationary periods with employers. In addition, this bill proposed to establish a medical insurance group composed of persons working full time or part time for employers who do not provide medical insurance coverage to employees or their dependents. The Superintendent of Insurance would negotiate with a private firm to provide a group plan, the premium of which would be paid from funds provided by employees purchasing this insurance.

The Department of Economic and Community Development and the Department of Labor would inform businesses, labor recruitment organizations and job training organizations about these programs. In addition, the Office of

Office of Policy and Legal Analysispage 9 Economic Development