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## **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**

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

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

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

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

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

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

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

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with responsible financial institutions authorized to do business in the State at a rate of return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with such financial institutions for a similar term, as determined by the Treasurer of State, for periods not to exceed one year, as long as each such financial institution covenants with the Treasurer of State as a condition of the deposit to loan an amount at least equal to the amount so deposited with the financial institution by the Treasurer of State under this paragraph for the purpose of providing a bridge loan for first-time home buyers for home energy improvements or down payment assistance in order that first-time home buyers may take advantage of the federal housing tax credit for first-time home buyers. All the loans must be at interest rates that are below the interest rates the loans would have borne under existing market conditions and loan standards of the financial institution but for the deposit by the Treasurer of State under this paragraph, and the interest rates must fully reflect the savings to the financial institution due to the reduced interest rate paid on the deposit. Notwithstanding any provisions of this section to the contrary, the Treasurer of State is not obligated to seek competitive bids for investments or deposits pursuant to this paragraph. The Maine State Housing Authority shall provide assistance to the Treasurer of State in implementing this paragraph. For purposes of this paragraph, "home energy improvement" means a repair or improvement

pursuant to an energy audit for the home purchased. The Treasurer of State shall adopt routine technical rules pursuant to chapter 375, subchapter 2-A to implement this paragraph. In adopting these rules, the Treasurer of State shall consider criteria targeting loans for those borrowers qualifying for the federal housing tax credit for first-time home buyers and may establish limits on deposits to any one financial institution and limits on deposits supporting loans to any one borrower.

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

## SUMMARY

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