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Legislative Document

No. 832

S.P. 278

In Senate, March 7, 2017

**An Act To Carry Out the Will of the People of the State of Maine by
Ensuring the Issuance of Bonds To Support the Independence of
Maine's Seniors**

(EMERGENCY)

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

Handwritten signature of Heather J.R. Priest in cursive.

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator KATZ of Kennebec.
Cosponsored by Speaker GIDEON of Freeport and
Senators: BREEN of Cumberland, DIAMOND of Cumberland, HILL of York, JACKSON of
Aroostook, LIBBY of Androscoggin, Representatives: McELWEE of Caribou, TUELL of East
Machias, VACHON of Scarborough.

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,** in June 2015, the Legislature overwhelmingly approved a \$15,000,000
4 bond issue for senior affordable housing with \$14,500,000 for new energy-efficient
5 affordable homes and the adaptive reuse of structures or homes and \$500,000 for home
6 repair and weatherization programs; and

7 **Whereas,** on November 3, 2015, the people of Maine overwhelmingly approved the
8 bond issue, with more than 69% of voters in favor; and

9 **Whereas,** the funds from the bond issue will be used to leverage an estimated
10 \$22,600,000 in private and other funds for low-income households headed by a person 55
11 years of age or older; and

12 **Whereas,** state officials and bond counsel have confirmed that the sale of the senior
13 affordable housing bonds will not affect the State's credit rating; and

14 **Whereas,** the bond proceeds will be administered by the Maine State Housing
15 Authority, which already has provisions in place to ensure that bond proceeds are used
16 efficiently, that rent levels remain affordable over the long term, that developer fees will
17 be capped at a reasonable level and that telemedicine rooms will be made available within
18 newly constructed properties; and

19 **Whereas,** over a year has passed and no action has been taken to implement the
20 voter-approved senior affordable housing bond issue; and

21 **Whereas,** there is an urgent need for this new housing, with a current shortage of
22 more than 9,000 affordable homes available for Maine seniors and an expected shortage
23 of 15,000 homes by 2022 if action is not taken; and

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

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

29 **Sec. 1. PL 2015, c. 337, §1** is amended to read:

30 **Sec. 1. Authorization of bonds.** The Treasurer of State is authorized, ~~under the~~
31 ~~direction of the Governor,~~ to issue bonds in the name and on behalf of the State in an
32 amount not exceeding \$15,000,000 for the purposes described in section 5 of this Act.
33 Notwithstanding the Maine Revised Statutes, Title 5, section 145 and section 145-B,
34 subsection 2, the bonds issued pursuant to this Act do not require the signature of the
35 Governor or the attestation of the Commissioner of Administrative and Financial
36 Services. The bonds are a pledge of the full faith and credit of the State. The bonds may
37 not run for a period longer than 10 years from the date of the original issue of the bonds.

1 **Sec. 2. PL 2015, c. 337, §1-A** is enacted to read:

2 **Sec. 1-A. Treasurer of State shall facilitate and expedite issuance of**
3 **bonds ratified by voters.** The Treasurer of State shall facilitate and expedite the
4 issuance of bonds pursuant to this Act, as ratified by the voters of the State, unless:

5 **1. Debt service greater.** The Treasurer of State determines that the debt service on
6 the bonds would be greater than the amount budgeted;

7 **2. Adverse impact on credit rating.** The Treasurer of State determines that the
8 issuance of the bonds will adversely affect the credit rating of the State;

9 **3. Advantageous interest rate.** The Treasurer of State determines that a delay in
10 the issuance of the bonds will likely result in a more financially advantageous interest
11 rate;

12 **4. Project not proceeding.** The Treasurer of State receives written notification that
13 a project for which the bonds were authorized is not going forward and the funding to be
14 provided by the bonds is not required; or

15 **5. Alternative funding available.** The Treasurer of State receives written
16 notification that alternative funding sources are available to implement, within a
17 comparable time frame, a project and the purposes for which those bonds were authorized
18 and ratified.

19 Upon the occurrence of any of the circumstances set out in subsections 1 to 5, the
20 Treasurer of State shall immediately notify the President of the Senate, the Speaker of the
21 House of Representatives and the majority and minority leaders of the Senate and the
22 House of Representatives of those circumstances.

23 **Sec. 3. PL 2015, c. 337, §3** is amended to read:

24 **Sec. 3. Sale; how negotiated; proceeds appropriated.** The Treasurer of State
25 may negotiate the sale of the bonds ~~by direction of the Governor~~, but no bond may be
26 loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the
27 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State
28 ~~upon warrants drawn by the State Controller to the Maine State Housing Authority~~, are
29 appropriated solely for the purposes set forth in this Act. Any unencumbered balances
30 remaining at the completion of the project in this Act lapse to the Office of the Treasurer
31 of State to be used for the retirement of general obligation bonds.

32 **Sec. 4. Annual report.** Beginning March 1, 2018, and annually thereafter, the
33 director of the Maine State Housing Authority shall report to the joint standing committee
34 of the Legislature having jurisdiction over affordable housing matters on the status of the
35 bond funds authorized by Public Law 2015, chapter 337. The report must include, but is
36 not limited to, both for the immediately preceding year and in the aggregate, the amount
37 of bond proceeds made available for the purposes specified in Public Law 2015, chapter
38 337, the type, location and cost of projects receiving bond proceeds, the number of
39 housing units created by each project, the number of direct construction jobs created or

1 maintained by each project, the amount of direct construction wages paid in creating or
2 maintaining those jobs and the total amount of building materials purchased in the
3 development of each project. This section is repealed on March 2nd of the year following
4 the year in which all bond proceeds have been expended.

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

7 **SUMMARY**

8 In November 2015, the voters approved Public Law 2015, chapter 337, a bond
9 authorization to provide for the issuance of bonds to provide funding for the construction
10 of new energy-efficient affordable homes and the adaptive reuse of structures or homes
11 for low-income households headed by a person 55 years of age or older.

12 This bill makes the following changes to that law in order to ensure the issuance of
13 the approved bonds:

14 1. It removes the requirement that the Treasurer of State operate at the direction of
15 the Governor in issuing and selling the bonds;

16 2. It exempts the bonds from the requirements in the Maine Revised Statutes, Title 5,
17 sections 145 and 145-B regarding the need for the signature of the Governor and the
18 attestation of the Commissioner of Administrative and Financial Services on bonds issued
19 and sold by the Treasurer of State;

20 3. It places a number of safeguards on the sale of the bonds, including allowing the
21 Treasurer of State to not sell the bonds if debt service would exceed the amount budgeted
22 or the issuance of the bonds would have an adverse impact on the State's credit rating;
23 and

24 4. It requires the Treasurer of State to transfer the proceeds of the sale of the bonds
25 directly to the Maine State Housing Authority, without the requirement of a warrant
26 drawn by the State Controller.

27 The bill also requires the director of the Maine State Housing Authority to report
28 annually to the Legislature regarding certain aspects of the bond proceeds and the
29 projects using bond proceeds.