

## OFFICE OF POLICY AND LEGAL ANALYSIS

To: Members, Joint Standing Committee on Education and Cultural Affairs  
From: Hillary Risler, Esq., Legislative Analyst  
Date: March 29, 2021  
Subj: **LD 144, “An Act To Fund Capital Improvements to Career and Technical Education Centers and Regions To Bolster Maine’s Future Workforce” (Fecteau)**

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### SUMMARY

This bill authorizes the issuance and use of up to \$20,000,000 in Maine Governmental Facilities Authority securities for capital improvements to career and technical education centers and regions.

### TESTIMONY

- **Proponents:**
  - CTEs are in severe need of investment for equipment and capital improvements, and an investment in CTEs will yield high returns for the students, economy, and workforce
  - Many industries rely heavily on CTEs to provide training for their future workforce
  - There is a demonstrated need for updating equipment to meet industry standards, better align with the community college system programming, and upgrade facilities to meet ADA compliance
  - The community college system faces challenges in expanding their offerings at CTEs due to outdated or insufficient equipment
  - Keeping facilities and equipment in education aligned to current industry standards is an enormous expense in which the state falls further behind every year and the current capacity of EPS funding, local resources, and federal Perkins allocations are not enough
- **Opponents:** None
- **Neither For Nor Against:** None

## **BACKGROUND INFORMATION**

- The Maine Governmental Facilities Authority is established by Title 4, chapter 33 (attached)
- This same bill was considered by the Joint Standing Committee on Education and Cultural Affairs during the 129<sup>th</sup> Legislature, Second Regular Session as LD 1947. The majority of the committee voted OTP-A. LD 1947 was reported out of committee after the Second Regular Session adjourned, and died upon the conclusion of the 129<sup>th</sup> Legislature

## **POTENTIAL ISSUES OR TECHNICAL PROBLEMS:**

- In testimony to the committee during the 129<sup>th</sup> Legislature on LD 1947, Terry Hayes, Executive Director of the Maine Governmental Facilities Authority indicated that that if the committee supported the intention of LD 1947, additional changes in law would be necessary to implement that intention.



MAINE GOVERNMENTAL FACILITIES AUTHORITY

Terry Hayes, *Executive Director*

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TO: Senator Millett, Representative Kornfield, members of the Joint Standing Committee on Education and Cultural Affairs

FROM: Terry Hayes, Executive Director of the Maine Governmental Facilities Authority

RE: Testimony Neither For nor Against LD #1947:

**An Act to Fund Capital Improvements to Career and Technical Education Centers**

Title 4 Chapter 33 Subsections 1601 – 1620 establish the Maine Governmental Facilities Authority. LD #1947 seeks to add to the Authority's powers the ability to sell up to \$20,000,000 in bonds to raise money for capital improvements at various Career and Technical Schools across the state. If passed, the debt service on these bonds would be included in the State's biennial budget. If the Committee supports the intention of LD #1947 as proposed, there are other changes that will need to be made to existing law in order to implement that intention. These include:

**Subsection 1603 Definitions, 7. Project, projects or part of any project**

This definition will need to be amended to allow for improvements to sites that are not state-owned. Current language limits projects to sites that are owned by the State. Maine's Career and Technical Schools are not owned by the State.

**Subsection 1604 Powers, 18. Lease or rent any land, buildings, structures, facilities or equipment**

This language will need to be amended to allow for improvements to sites that are not state-owned. Current language limits projects to sites that are owned by the State.

**Subsection 1604 Powers, 26. Delegation to Bureau of General Services**

This language may need to be amended to delegate certain powers to the Administration or Board of the specific Career and Technical School under improvement.

**Subsection 1611 Tax Exemption**

The Committee's analyst should consult with a tax expert to determine if the improvements to the Career and Technical Schools would all continue to qualify for tax exempt status. There are limits to subsequent use of improvements that may impact tax exempt status.

Again, the Authority takes no position on the intent of the bill. If we can help by providing any additional information for the work session, please contact me.

**LD 144, An Act to Fund Capital Improvements to Career and Technical  
Education Centers and Regions to Bolster Maine’s Future  
Workforce**

**Speaker Fecteau Proposed Amendment**

*Note: This proposed amendment is based on a committee amendment to the same bill from the 129<sup>th</sup> Legislature, LD 1947, but the dates have been updated.*

2 Amend the bill by striking out everything after the enacting clause and inserting the  
3 following:

4 **'Sec. 1. 4 MRSA §1603, sub-§3-A** is enacted to read:

5 **3-A. Career and technical education center.** "Career and technical education  
6 center" has the same meaning as "center" in Title 20-A, section 8301-A, subsection 3.

7 **Sec. 2. 4 MRSA §1603, sub-§3-B** is enacted to read:

8 **3-B. Career and technical education region.** "Career and technical education  
9 region" has the same meaning as "region" in Title 20-A, section 8301-A, subsection 6.

10 **Sec. 3. 4 MRSA §1603, sub-§7**, as amended by PL 1997, c. 788, §1, is further  
11 amended to read:

12 **7. Project, projects or part of any project.** "Project, projects or part of any  
13 project" means the acquisition, construction, improvement, reconstruction or equipping  
14 of, or construction of an addition or additions to, any structure designed for use as a court  
15 facility, state office or state activity space and intended to be used primarily by the State,  
16 any agency, instrumentality or department of the State or by any branch of State  
17 Government. The structure may include facilities for the use of related agencies of state,  
18 county or local government. "Project, projects or part of any project" includes all real and  
19 personal property, lands, improvements, driveways, roads, approaches, pedestrian access  
20 roads, parking lots, parking facilities, rights-of-way, utilities, easements and other  
21 interests in land, machinery and equipment and all fixtures, appurtenances and facilities  
22 either on, above or under the ground that are used or usable in connection with the  
23 structure, and also includes landscaping, site preparation, furniture, machinery, equipment

1 and other similar items necessary or convenient for the operation of a particular facility or  
2 structure in the manner for which its use is intended. "Project, projects or part of any  
3 project" also includes the acquisition, construction, improvement, reconstruction or repair  
4 of any equipment, device, technology, software or other personal property intended to be  
5 used primarily by the State, any agency, instrumentality or department of the State or by  
6 any branch of State Government or any related agency of state, county or local  
7 government. For the purpose of implementing section 1610-M, "project, projects or part  
8 of any project" also includes capital improvements and equipment purchases for career  
9 and technical education centers and career and technical education regions. The exact  
10 scope of each project, projects or part of any project, other than those for the Judicial  
11 Branch and the Legislative Branch, must be set forth in a written designation by the  
12 Commissioner of Administrative and Financial Services to the authority and the exact  
13 scope of each project, projects or part of any project for the Judicial Branch must be set  
14 forth in a written designation by the State Court Administrator to the authority. The  
15 scope of each project for the Legislative Branch must receive a majority vote of the  
16 Legislative Council and be set forth in a written designation by the Executive Director of  
17 the Legislative Council to the authority. "Project, projects or part of any project" does not  
18 include such items as fuel, supplies or other items that are customarily considered as a  
19 current operating charge.

20 **Sec. 4. 4 MRSA §1604, sub-§18**, as amended by PL 1997, c. 523, §9, is further  
21 amended to read:

22 **18. Lease or rent any land, buildings, structures, facilities or equipment.** To  
23 lease or rent any land, buildings, structures, facilities or equipment comprising all or a  
24 portion of a project, projects or part of any project for such amounts as the authority  
25 determines to the State or any agency, instrumentality or department of the State or a  
26 career and technical education center or career and technical education region or by any  
27 branch of State Government or any related agency of state, county or local government or  
28 a career and technical education center or career and technical education region, to further  
29 the purposes of the Act, provided that the obligation of the State or of any such agency,  
30 instrumentality, department or branch or of a career and technical education center or  
31 career and technical education region to make any rental or other payments is considered  
32 executory only to the extent of money made available by the Legislature, and that no  
33 liability on account of the state agency, instrumentality, department or branch or career  
34 and technical education center or career and technical education region may be incurred  
35 by the State or any such agency, instrumentality, department or branch or career and  
36 technical education center or career and technical education region beyond the money  
37 available for that purpose;

38 **Sec. 5. 4 MRSA §1610-M** is enacted to read:

39 **§1610-M. Additional securities; career and technical education centers and regions**

40 **1. Additional securities.** Notwithstanding any limitation on the amount of securities  
41 that may be issued pursuant to section 1606, subsection 2, the authority may issue  
42 additional securities in an aggregate amount not to exceed \$20,000,000 for capital  
43 improvements and equipment purchases to career and technical education centers and  
44 career and technical education regions in accordance with this section, and the additional  
45 securities must be used for those purposes.

1           **2. Delegation.** The authority may delegate those powers that may be delegated to  
2 the Department of Administrative and Financial Services, Bureau of General Services  
3 pursuant to section 1604, subsection 26 to the career and technical education region  
4 cooperative board, as defined in Title 20-A, section 1, subsection 6, or the school  
5 administrative unit that governs a career and technical education center subject to the  
6 same terms and conditions.

7           **3. Issuance.** The authority may not issue any additional securities pursuant to this  
8 section after June 30, 2023.

9           **4. Report.** The authority shall report to the joint standing committee of the  
10 Legislature having jurisdiction over education and cultural affairs upon the allocation of  
11 all bond proceeds pursuant to this section. The joint standing committee of the  
12 Legislature having jurisdiction over education and cultural affairs may report out a bill to  
13 repeal this section and any related provisions of law upon receipt of that report.

14           **5. Department of Education national industry standards evaluation.** A career  
15 and technical education center or career and technical education region may submit an  
16 application for a project, projects, or part of any project to the Department of Education.  
17 The Department of Education shall review each application and shall evaluate each  
18 application pursuant to Title 20-A, section 15688-A, subsection 6. The Department of  
19 Education shall notify the authority of any approved project, projects or part of any  
20 project under this subsection.

21           **6. Debt service.** Debt service costs for bonds issued by the authority to career and  
22 technical education centers and career and technical education regions for capital  
23 improvements and equipment purchases pursuant to this section must be paid by the  
24 State. On or before September 1st of each year, the authority shall prepare and submit to  
25 the Department of Education estimates of the appropriation requirements necessary to  
26 pay the debt service for each fiscal year of the ensuing biennium for bonds issued by the  
27 authority to career and technical education centers and career and technical education  
28 regions for capital improvements and equipment purchases.

29 Debt service costs must be paid by the commissioner to the authority according to each  
30 career and technical education center's or career and technical education region's debt  
31 retirement schedule developed by the authority.

32 All debt service costs must be paid by the commissioner to the authority one business day  
33 prior to the date of the center's or region's next debt service cost payment as outlined in  
34 the career and technical education center's or career and technical education region's debt  
35 retirement schedule. If the payment date falls on a Monday, payment must be made to  
36 the authority on the preceding Friday.

37           **Sec. 6. Maine Governmental Facilities Authority report.** The executive  
38 director of the Maine Governmental Facilities Authority shall report to the joint standing  
39 committee of the Legislature having jurisdiction over education and cultural affairs no  
40 later than January 15, 2022 if the Maine Governmental Facilities Authority determines  
41 that additional legislation is necessary to carry out the purposes of this Act, including but  
42 not limited to any legislation necessary to ensure that securities issued pursuant to this  
43 Act are tax-exempt. The joint standing committee of the Legislature having jurisdiction

1 over education and cultural affairs may report out legislation on the subject matter of the  
2 report to the Second Regular Session of the 130<sup>th</sup> Legislature.'

3 Amend the bill by relettering or renumbering any nonconsecutive Part letter or  
4 section number to read consecutively.

5 **SUMMARY**

6 This proposed amendment, which was the majority report in the 129<sup>th</sup>, adds capital  
7 improvements and equipment purchases of career and technical education centers and  
8 regions to the definition of "project, projects or part of any project" in the Maine  
9 Governmental Facilities Authority Act and to the authority to lease or rent any land,  
10 buildings, structures, facilities or equipment. The amendment also adds equipment  
11 purchases as a purpose for issuing additional securities, allows the Maine Governmental  
12 Facilities Authority to delegate certain powers to the cooperative board or school  
13 administrative unit that governs a career and technical education region or center,  
14 respectively, and provides that the Maine Governmental Facilities Authority may not  
15 issue any additional securities pursuant to this provision after June 30, 2023. The  
16 amendment also authorizes the Department of Education to allocate the funds pursuant to  
17 the national industry standards for career and technical education. The amendment  
18 requires the Maine Governmental Facilities Authority to report to the joint standing  
19 committee of the Legislature having jurisdiction over education and cultural affairs upon  
20 the allocation of all bond proceeds. The joint standing committee of the Legislature  
21 having jurisdiction over education and cultural affairs may report out a bill to repeal the  
22 provision regarding the issuance of additional securities and any other provision of law  
23 relating to that provision. The amendment also provides that the executive director of the  
24 Maine Governmental Facilities Authority must report to the joint standing committee of  
25 the Legislature having jurisdiction over education and cultural affairs no later than  
26 January 15, 2022 if the authority determines that additional legislation is necessary to  
27 carry out the purposes of this legislation, including but not limited to any legislation  
28 necessary to ensure that securities issued pursuant to this legislation are tax-exempt.

29 Career and technical education centers and regions are without sufficient funds to  
30 provide for capital improvements and equipment purchases and as such require additional  
31 mechanisms to raise funds for this purpose. It is the intent of this legislation to provide a  
32 limited alternative mechanism for career and technical education centers and regions to  
33 fund capital improvements and equipment purchases at career and technical education  
34 centers and regions to better serve the State's students.

**PRELIMINARY FISCAL IMPACT STATEMENT:**

- Not yet determined
- Fiscal Impact Statement from the Committee Amendment to 129<sup>th</sup>, LD 1947 attached





# 129th MAINE LEGISLATURE

LD 1947

LR 2959(02)

## An Act To Fund Capital Improvements to Career and Technical Education Centers

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Education and Cultural Affairs**

**Fiscal Note Required: Yes**

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### Fiscal Note

Future biennium cost increase - General Fund

#### Fiscal Detail and Notes

Requiring the State to pay the debt service costs for up to \$20 million in bonds issued by the Maine Governmental Facilities Authority to career and technical education centers and career and technical education regions for capital improvements and equipment purchases will result in increased costs to the General Fund. The total cost to the State will depend on the number of projects approved and the principal and interest cost for each project. Given the amount of time it may take for an application to be submitted and approved and for bonds to be issued, this fiscal note assumes that the debt service costs will not impact the State until the 2022-2023 biennium.

The Department of Education has indicated that, depending on the number of applications submitted and approved, it may require additional staff to administer the application process and the debt service payment schedule. If additional resources are needed, the department will submit a request through the biennial or supplemental budget process.

Any additional costs to the Maine Governmental Facilities Authority to review applications and set up debt service payment schedules are expected to be minor and can be absorbed within existing budgeted resources.