

§5953-B. Loans from safe drinking water revolving loan fund

1. Loan application. In addition to the other forms of financial assistance available under section 6006-B, a public water system that is a community water system or a nonprofit water system that is not a community water system may apply for a loan from the safe drinking water revolving loan fund, in this section called the "fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or improve drinking water supplies or treatment systems owned by the applicant; to acquire development rights, conservation easements and other protective interests in land by the applicant or in cooperation with a land trust or similar entity; or for any actions authorized or required under the federal Safe Drinking Water Act of 1996, 42 United States Code, Sections 300f to 300j-9, as amended.

The bank may prescribe an application form or procedure for a public water system to apply for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-B.

For purposes of this section, the term "public water system" has the same meaning as defined in Title 22, section 2601, subsection 8.

[PL 2007, c. 353, §5 (AMD).]

2. Loan; loan agreements. Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to a public water system for one or more of the purposes set forth in subsection 1. Each of the loans is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund and binding financial commitments of the United States to deposit money in the fund are included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond or other debt instrument in a form acceptable to the bank, payable by the public water system over a term not to exceed 20 years from completion of construction of the project, or 30 years from completion of construction of the project in the case of a public water system that the bank and the Department of Health and Human Services have determined serves a disadvantaged community, with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans must be at or below market interest rates, including an interest-free loan.

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to public water systems under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations and the policies of the Department of Health and Human Services. [PL 1999, c. 77, §2 (AMD); PL 2003, c. 689, Pt. B, §6 (REV).]

B. Loans made to a public water system by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the public water system. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank. Loans made to a public water system by the bank under this section may include provisions for forgiveness of principal payments or loan repayment computation that results in an effective negative interest cost. [PL 1997, c. 555, §3 (AMD).]

[PL 1999, c. 77, §2 (AMD); PL 2003, c. 689, Pt. B, §6 (REV).]

3. Eligibility certification. A loan to a public water system may not be made under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the loan; [PL 1989, c. 48, §§19, 31 (NEW).]

B. The applicant demonstrates to the bank that it has established a rate, charge or assessment schedule that generates annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it pays, the principal of and interest on the municipal bond or other debt instrument that evidences the loan made by the bank to the public water system pursuant to the loan agreement under this section and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part; [PL 1997, c. 555, §3 (AMD).]

C. The applicant certifies to the bank that it has created a dedicated source of revenue that may constitute general revenues of the applicant through a general obligation pledge of the applicant for repayment of the loan; [PL 1997, c. 555, §3 (AMD).]

D. In the case of a privately owned public water system, the system must demonstrate that:

(1) It has adequate security, guarantees or other assets for repayment of the loan; and

(2) Undue benefits do not accrue to owners of a privately owned water system due to financing provided under this section; and [PL 1997, c. 555, §3 (NEW).]

E. The Department of Health and Human Services certifies to the bank that the loan eligibility priority, established under section 6006-B, subsection 5, entitles the applicant to financing or assistance under this section. [PL 1997, c. 705, §14 (AMD); PL 2003, c. 689, Pt. B, §6 (REV).]
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SECTION HISTORY

PL 1991, c. 605, §7 (NEW). PL 1997, c. 555, §3 (AMD). PL 1997, c. 705, §14 (AMD). PL 1999, c. 77, §2 (AMD). PL 2003, c. 689, §B6 (REV). PL 2007, c. 353, §5 (AMD).

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