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An Act To Authorize a General Fund Bond Issue To Fund the Communities for Maine's Future Program

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

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

PART A

Sec. A-1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$27,000,000 for the purposes described in sections 5, 6 and 7 of this Part and to access at least \$25,000,000 in matching contributions from public and private sources. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

Sec. A-2. Records of bonds issued kept by Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. A-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

Sec. A-4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

Sec. A-5. Disbursement of bond proceeds. The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Economic and Community Development and must be deposited into the Communities for Maine's Future Fund and expended as set out in this Part for 3 purposes:

1. Twenty-five million dollars of the bonds must be expended as determined by the Communities for Maine's Future Review Panel to make strategic investments in cities and towns in the State, including but not limited to infrastructure such as streetscape improvements, parks, walkways and building improvements; and

2. Two million dollars of the bonds must be administered by the Maine Historic Preservation Commission for acquisition and resale subject to preservation easements or covenants of significant endangered historic buildings by qualified nonprofit historic preservation organizations in the State.

Sec. A-6. Conditions and requirements. Use of the proceeds of these bonds is subject to the following conditions and requirements:

1. As determined by the Communities for Maine's Future Review Panel under the administration of the Department of Economic and Community Development, the bond funds must be expended for downtown or village center community infrastructure, including but not limited to streetscape improvements, parks, walkways and improvements to public-owned and nonprofit-owned buildings and must be matched with at least \$25,000,000 in public and private contributions. Seventy percent of that amount must be in the form of cash or other tangible assets. The remaining 30% may be matching contributions and may include the value of project-related, in-kind contributions of goods and services.

2. Of the bond proceeds, \$2,000,000 must be allocated to the Other Special Revenue Funds account within the Maine Historic Preservation Commission. Payment from bond proceeds may be made by the Maine Historic Preservation Commission to qualified nonprofit historic preservation organizations in the State for the purpose of acquisitions of significant endangered historic buildings of local, state or national significance, as determined by the commission, including all costs associated with such acquisitions. These properties may then be resold subject to preservation easements or covenants held by the qualified preservation organization to ensure their protection for the purposes of this Part. Part of the acquisition cost for all acquired properties may be a conditions study completed by the cooperating organization and approved by the commission and may include a fee for maintaining a preservation easement. Net proceeds from the resale of properties will be returned to the Other Special Revenue Funds account within the Maine Historic Preservation Commission to be used exclusively for the acquisition of additional historic properties, except that no more than 5% of the fund balance may be used by the commission to fund administration of the program by cooperating organizations.

To the extent the purposes are consistent with the disbursement provisions in this Part, 100% of the bond proceeds may be considered as state match for any federal funding to made available to the State.

Sec. A-7. Allocations from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

**DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT**

\$25,000,000

Provides funds to make investments under the Communities for Maine's Future Program in competitive community and economic revitalization projects, which must be matched with at least \$25,000,000.

**MAINE HISTORIC PRESERVATION
COMMISSION**

\$2,000,000

Establishes a revolving fund for the purpose of acquiring significant historic properties.

Sec. A-8. Contingent upon ratification of bond issue. Sections 1 to 7 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

Sec. A-9. Appropriation balances at year-end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

Sec. A-10. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

Sec. A-11. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in the month of November following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

"Do you favor a \$27,000,000 bond issue to provide capital investment to stimulate local economic development, revitalize downtowns and village centers and preserve and rehabilitate historic properties to be matched by at least \$25,000,000 in public and private contributions?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

PART B

Sec. B-1. 5 MRSA §13056-D is enacted to read:

§ 13056-D. Communities for Maine's Future Program

1. Program established; administration. The Communities for Maine's Future Program, referred to in this section as "the program," is established within the department to assist and encourage communities to revitalize and to promote community development and enhance projects. The department shall administer the program to provide funding for the rehabilitation, revitalization and enhancement of downtowns and village centers and main streets in the State. All funds received for this program must be deposited into Communities for Maine's Future Fund established in subsection 7.

2. Review panel. The Community for Maine's Future Review Panel, referred to in this section as "the panel," is established to evaluate proposals and determine funding under the program. The panel consists of:

- A. The commissioner;
- B. The Director of the Maine Historic Preservation Commission;
- C. The Director of the State Planning Office within the Executive Department; and
- D. Four members of the public, one with experience in economic and community development, one with experience in historic preservation, one with experience in downtown revitalization and one with experience in tourism development and promotion. The first 2 of these members are appointed by the President of the Senate and the remaining 2 by the Speaker of the House.

3. Review process. The panel shall review proposals for funding under the program in accordance with this subsection.

- A. The panel shall establish the deadline by which proposals must be postmarked and received.
- B. Department staff shall undertake the initial review and preliminary scoring of proposals.
- C. A subcommittee appointed by the panel to score proposals shall review and determine the final score for the proposals.
- D. A subcommittee appointed by the panel to nominate finalists shall review all of the proposals, identify issues for full review and discussion by the panel and recommended project finalists to the full panel for detailed review and consideration.
- E. The panel shall review all the proposals submitted, select the finalists and allocate funding.

In reviewing proposals, the panel shall use the scoring system established in subsection 5.

4. Applicant requirements. An applicant for funding under this section must:

- A. Be a city or town; and

B. Demonstrate the capacity to undertake the project with a reasonable prospect of bringing it to a successful conclusion. In assessing an applicant's ability to meet the requirements of this paragraph, the panel may consider all relevant factors, including but not limited to the applicant's level of debt; fund-raising ability; past economic and community development activities; grants from federal, state or local sources; previous historic preservation, rehabilitation or enhancement activity; organizational history; scope of economic or revitalization vision; and evidence of success in previous efforts.

5. Scoring system. The department and the panel shall develop a scoring system for use by the panel in evaluating proposals under this section. The scoring system must be designed to identify those projects that are most aligned with the State's economic and community development and historic preservation and enhancement priorities. The scoring system must assign points according to the relative value of:

- A. The economic significance of the proposed project to the immediate vicinity and to the State as a whole;
- B. The level of compatibility with the historic community character;
- C. The value of the proposed project with respect to historic preservation and rehabilitation;
- D. The value of the proposed project with respect to downtown revitalization;
- E. The value of the proposed project to encourage or accomplish sustainable, mixed-use, pedestrian-oriented or transit-oriented development;
- F. The extent to which the proposed project meets or exceeds minimum energy efficiency standards, uses green building practices or materials, or both;
- G. The value of the proposed project with respect to tourism promotion and development;
- H. The degree of community support for the proposed investment;
- I. The extent to which the proposed project involves with other preservation partnerships and meets multiple criteria within this section;
- J. The match provided by the applicant; and
- K. Related public funding sources supporting the project.

6. Additional criteria. In addition to evaluating the proposals using the scoring system established in subsection 5, the panel shall also consider criteria in reviewing a proposal:

- A. The level to which a proposal supports the open space or recreation objectives, or both, of a local comprehensive plan;
- B. The extent to which a project is consistent with an adopted comprehensive plan that meets the standards of the laws governing growth management pursuant to Title 30-A, chapter 187;

C. The extent to which a project is consistent with an existing strategic plan for downtown or village center revitalization;

D. The current and anticipated demand for use and diversity of uses of this site;

E. The extent to which the project is consistent with any relevant regional economic development plan or other relevant regional plan; and

F. Any additional benefits that contribute to the character of the town or region in which the project is situated, including the rehabilitation or renovation of mills and other buildings in the community.

7. Communities for Maine's Future Fund created. A Communities for Maine's Future Fund, known as "the fund," is established to provide funding for the rehabilitation, revitalization and enhancement of downtowns and village centers and main streets in the State. The fund is dedicated, nonlapsing fund, and all revenues deposited in the fund remain in the fund and must be disbursed in accordance with this section.

8. Rules. The department may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

PART C

Sec. C-1. 5 MRSA §13056-E is enacted to read:

§ 13056-E. Assistance from Communities for Maine's Future Fund

1. Application for downtown improvement or asset grants. In addition to the other forms of financial assistance available, an eligible municipality or group of municipalities may apply for a downtown and community development grant from the Communities for Maine's Future Fund established in section 13056-D, subsection 7 and referred to in this section "the fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or enhance downtown improvements or assets. The department may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a grant under this section. The application must include all information necessary for the purpose of implementing this section.

2. Eligibility certification. In addition to criteria established in section 13056-D:

A. The applicant must certify that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the grant;

B. The department must affirm that the applicant has met the conditions of this paragraph.

(1) A municipality is eligible to receive a grant if that municipality has adopted a growth management program certified under Title 30-A, section 4347-A that includes a capital improvement program composed of:

(a) An assessment of all public facilities and services, including, but not limited to, roads and other transportation facilities, sewers, schools, parks and open space, fire departments and police departments;

(b) An annually reviewed 5-year plan for the replacement and expansion of existing public facilities or the construction of such new facilities as are required to meet expected growth and economic development. The plan must include projections of when and where those facilities will be required; and

(c) An assessment of the anticipated costs for replacement, expansion or construction of public facilities, an identification of revenue sources available to meet these costs and recommendations for meeting costs required to implement the plan.

Subject to the limitations of this subsection, 2 or more municipalities that each meet the requirements of divisions (a), (b) or (c) may jointly apply for assistance under this section; and

C. The department must affirm that the applicant has met the conditions of this paragraph. A municipality is eligible to receive a downtown improvement grant if that municipality has:

(1) Shown broad-based support for downtown revitalization;

(2) Established a comprehensive downtown revitalization work plan, including a definition and a map of the affected area;

(3) Developed measurable goals and objectives;

(4) Demonstrated a historic preservation ethic;

(5) Developed the capacity to report on the progress of the downtown program; and

(6) Established the ability and willingness to support integrated marketing efforts for retailers, services, activities and events.

3. Criteria; conditions for downtown village center grants. The department shall develop criteria and conditions for the award of downtown and village center grants to eligible municipalities subject to the requirements of this section, including:

- A. Basic criteria for redevelopment or revitalization of a downtown, growth area as defined under Title 30-A, section 4301, subsection 6-C or village;
- B. A preference for capital investment projects that provide substantial regional benefits;
- C. The adoption of other criteria as the department determines necessary to ensure that grants made under this section maximize the ability of municipalities to accommodate planned growth and economic development;
- D. Consistency with the municipality's comprehensive plan or local growth management program;
- E. Leveraging of other private, federal or local dollars; and
- F. Economic gain to the community, including tax income and jobs created.

4. Coordination. The department shall coordinate the grants made under this section with community assistance loans and grants administered by the department and with other state assistance programs designed to accomplish similar objectives, including those administered by the Department of Education, the Department of Transportation, the Executive Department, State Planning Office, the Finance Authority of Maine, the Maine State Housing Authority, the Maine Historic Preservation Commission, the Department of Administrative and Financial Services, the Department of Conservation and the Department of Environmental Protection.

5. Report to the Legislature. The department shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters no later than January 1st of each odd-numbered year on the grants program. The department may make any recommendations it finds necessary to more effectively achieve the purposes of this section, including the appropriation of any necessary additional funds.

Sec. C-2. Contingent effective date. This Part takes effect only if the General Fund bond issue proposed in Part A is approved by the voters of the State.

PART D

Sec. D-1. 5 MRSA §13056-F is enacted to read:

§ 13056-F. Historic Preservation Revolving Fund

1. Fund established; administration. The Historic Preservation Revolving Fund, referred to in this section as "the revolving fund," is established within the Maine Historic Preservation Commission, referred to in this section as "the commission," in order to provide funds to qualified nonprofit historic preservation organizations in the State for the purpose of acquisition of endangered

historic properties of local, state or national significance, as determined by the commission, for resale to new owners who agree to preserve, rehabilitate or restore the properties as necessary, subject to preservation easements or covenants held by the qualified organization. The commission may provide funds to the qualified organization for purposes outlined in subsection 4.

All funds received must be deposited into the revolving fund.

2. Review process. The commission shall review proposals for acquisition of historic properties by qualified organizations with funds from the revolving fund in accordance with this subsection.

3. Applicant requirements. An applicant for funding under this section must be a qualified nonprofit historic preservation organization. For purposes of this section, "qualified nonprofit historic preservation organization" or "qualified organization" means a nonprofit preservation or historical organization whose purposes include preservation of historic property or a governmental body. A qualified organization must also demonstrate previous historic preservation, rehabilitation or acquisition activity; availability of staff with demonstrated professional training and experience in administration of historic preservation programs; and familiarity with preservation standards and with acquisition and resale of historic property.

The qualified organization must also demonstrate the capacity to undertake the project with a reasonable prospect of bringing it to a successful conclusion. In assessing an applicant's ability to meet the requirements of this subsection, the commission may consider all relevant factors, including but not limited to the applicant's organizational purpose; organizational history; previous historic preservation, rehabilitation or acquisition activity; scope of economic or revitalization vision; and evidence of success in previous efforts.

4. Revolving fund expenditures. Payment from the revolving fund is made by the commission to qualified nonprofit historic preservation organizations for the purpose of preservation of significant endangered historic properties through acquisition and resale. Payments may include all costs associated with such an acquisition and carrying costs, as well as stabilization, rehabilitation and completion of a conditions study by the qualified organization for approval by the commission and may also include a fee for establishing a preservation easement or covenant to be held by the qualified organization. When possible, the qualified organization shall seek to secure the qualified property by option to be executed at closing to minimize carrying costs. The qualified organization shall seek to resell the property at fair market value to a new private, nonprofit or public owner who agrees to preserve, rehabilitate or restore the property as provided in the easement or covenant. Net proceeds from the resale of properties must be returned to the revolving fund within the commission. Funds returned to the revolving fund are to be used exclusively for the acquisition of additional historic properties, except that no more than 5% of the fund balance may be used by the commission to fund administration of the program by cooperating organizations.

5. Evaluation criteria. The commission shall evaluate proposals under this section. The commission shall seek to fund those proposals that best meet its historic preservation priorities for the State and region and that support its economic and community development and enhancement priorities and shall evaluate properties in such proposals relative to:

- A. The level of historic or architectural significance;
- B. The value with respect to historic preservation and rehabilitation;
- C. The degree to which the property is endangered;
- D. The economic significance to the immediate vicinity and to the State;
- E. The value with respect to downtown revitalization, open space conservation or other public purposes;
- F. The availability at fair market value;
- G. The degree to which the property is available below fair market value;
- H. The potential marketability;
- I. The feasibility of rehabilitation or restoration and reuse;
- J. The value of the proposed property with respect to tourism promotion and development;
- K. The degree of community support; and
- L. The extent to which the proposed project involves partnerships or meets multiple criteria.

6. Rules. The commission may adopt rules to implement this section. Rules adopted to implement this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

SUMMARY

Part A of this bill is a General Fund bond issue for \$27,000,000 to fund the Communities for Maine's Future Fund, which is established in Part B. Part C of the bill enacts legislation to assist the communities in accessing the funds. Part D enacts the Historic Preservation Revolving Fund.