

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 307

S. P. 97

In Senate, January 23, 1969

Referred to Committee on Education. Sent down for concurrence and ordered printed.

JERROLD B. SPEERS, Secretary

Presented by Senator Katz of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

RESOLVE, Proposing an Amendment to the Constitution Pledging Credit of State for Loans of Maine School Building Authority.

Constitutional amendments. Resolved: Two-thirds of each branch of the Legislature concurring, that the following amendments to the Constitution of this State be proposed:

Constitution, Article IX, Section 14, amended. The first sentence of Section 14 of Article IX of the Constitution, as amended, is further amended to read as follows:

The credit of the State shall not be directly or indirectly loaned in any case, except as provided in sections 14-A and, 14-B and 14-C.

Constitution, Article IX, Section 14-C, additional. Article IX of the Constitution is amended by adding a new section 14-C, to read as follows:

Section 14-C. Insuring payment of Maine School Building Authority bonds by Legislative Act. In order to encourage and assist in the provision and construction of public school buildings in the State, the Legislature by proper enactment may insure the payment of revenue bonds of the Maine School Building Authority on school projects within the State not exceeding in the aggregate twenty-five million dollars in amount at any one time and may also appropriate moneys and authorize the issuance of bonds on behalf of the State at such times and in such amounts as it may determine to make payments insured as aforesaid.

Form of question and date when amendments shall be voted upon.

Resolved: That the aldermen of cities, the selectmen of towns and the assessors of the several plantations of this State are empowered and directed

to notify the inhabitants of their respective cities, towns and plantations to meet in the manner prescribed by law for calling and holding biennial meetings of said inhabitants for the election of Senators and Representatives at the next general election in the month of November or special state-wide election on the Tuesday following the first Monday of November following the passage of this resolve to give in their votes upon the amendments proposed in the foregoing resolution, and the question shall be:

“Shall the Constitution be amended as proposed by a resolution of the Legislature Pledging Credit of State for Loans of Maine School Building Authority?”

The inhabitants of said cities, towns and plantations shall vote by ballot on said question, and shall indicate by a cross or check mark placed against the word “Yes” or “No” their opinion of the same. The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the office of the Secretary of State in the same manner as votes for Governor and Members of the Legislature, and the Governor and Council shall review the same, and if it shall appear that a majority of the inhabitants voting on the question are in favor of the amendments, the Governor shall forthwith make known the fact by his proclamation, and the amendments shall thereupon, as of the date of said proclamation, become a part of the Constitution.

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to the several cities, towns and plantations ballots and blank returns in conformity with the foregoing resolve, accompanied by a copy thereof.

STATEMENT OF FACTS

Since 1952 the Maine School Building Authority has assisted 62 Maine communities in the financing of needed school facilities. Under present law revenue bonds issued by the authority do not constitute a debt of the State of Maine nor a pledge of the credit of the State. However, should a lessee not meet its yearly commitment for principal and interest on bonds, the State Department of Education is authorized by law to make such a payment from the state subsidy for school operation due to the lessee. This provides, in a sense, a pledging of state moneys should the occasion warrant the same.

It is the opinion of the State Board of Education that lower interests rates on authority bonds could be obtained should the full faith and credit of the State of Maine be pledged behind them. It is estimated that interest rates would be $\frac{1}{2}\%$ lower if state credit were pledged. If this is a valid assumption, a saving of \$498,265.48 would have been realized on bonds issued by the authority for projects constructed since 1952. In view of the continued need to assist the poorer communities by authority bonding and, in view of the excellent record of payments by the various lessees, it recommends consideration by the 104th Legislature that the full faith and credit of the State be placed behind all future authority bond issues.