

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 840

S. P. 293

In Senate, February 14, 1973

Referred to the Committee on State Government. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Cox of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

**RESOLUTION, Proposing an Amendment to the Constitution Providing
for Regulation of Municipal Borrowing by the Legislature.**

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

Constitution, Article IX, Section 15, repealed and replaced. Section 15 of Article IX of the Constitution is repealed and the following enacted in place thereof:

Section 15. Municipal indebtedness. The Legislature may pass laws regulating the borrowing power of municipal corporations of the State.

Form of question and date when amendment 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 resolution to give in their votes upon the amendment proposed in the foregoing resolution, and the question shall be:

“Shall the Constitution be amended as proposed by a resolution of the Legislature providing for regulation of municipal borrowing by the Legislature?”

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 words "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 amendment, the Governor shall forthwith make known the fact by his proclamation, and the amendment 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 resolution, accompanied by a copy thereof.

STATEMENT OF FACT

This resolution eliminates the present constitutional debt limit and calls for a referendum permitting the Legislature to regulate municipal debt. The intent of the resolution is to develop a more effective method of regulating the total debt of municipalities and special districts.

In 1970, the total aggregate debt, including revenue bonds, of all municipalities, special districts, and notes owed to the Maine School Building Authority was \$237,702,820. About 51% (\$119,534,749) of the total debt rested in the state's 496 municipalities and 49% (\$115,468,148) rested in the 289 special districts in the state.

The maze of debt, debt limits and special districts has produced some inequities in the borrowing power of the state's municipalities. Of 496 municipalities in the state, 299 have a total debt limit of 20% or more and 5 have debt limits around 30%. This occurs when a municipality belongs to one or more special districts, which have their own borrowing power. When it comes to borrowing power, cities, towns and plantations, which choose not to belong to special districts, are at a disadvantage.