

MAINE STATE LEGISLATURE

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1 (After Deadline)
2 (EMERGENCY)
3 SECOND REGULAR SESSION
4

5 ONE HUNDRED AND TENTH LEGISLATURE
6

7 **Legislative Document**

No. 2107

8
9 H. P. 2261 House of Representatives, March 25, 1982
Approved for introduction by a majority of the Legislative Council
pursuant to Joint Rule 27.

Referred to the Committee on State Government. Sent up for con-
currence. Ordered Sent Forthwith.

EDWIN H. PERT, Clerk

10 Presented by Representative J. Diamond of Bangor.

Cosponsors: Senator Gill of Cumberland, Senator Violette of
Aroostook and Representative Dillenback of Cumberland.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-TWO
16

17 **AN ACT to Require the Maine Guarantee**
18 **Authority in Certain Instances to Repay**
19 **the State for Money Borrowed on its**
20 **Behalf by the State.**
21

22 **Emergency preamble.** Whereas, Acts of the Legislature
23 do not become effective until 90 days after adjournment
24 unless enacted as emergencies; and

25 Whereas, in May, 1982, the State may have to borrow
26 nearly \$3 million to cover the possible default of a loan
27 insured by the Maine Guarantee Authority; and

28 Whereas, under current law there is no requirement that
29 the Maine Guarantee Authority sell any assets it owns to
30 repay the State for amounts borrowed, even though it has
31 assets to do so; and

32 Whereas, in the judgment of the Legislature, these
33 facts create an emergency within the meaning of the Consti-

1 tution of Maine and require the following legislation as
2 immediately necessary for the preservation of the public
3 peace, health and safety; now, therefore,

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

5 10 MRSA §1024, sub-§2, as enacted by PL 1981, c. 476,
6 §2, is amended by adding at the end a new paragraph to read:

7 Prior to issuing any bonds pursuant to this subsection, the
8 Treasurer of State, with the consent of the Governor, may
9 require the Maine Guarantee Authority to agree to transfer
10 from its account to the Treasurer of State an amount of
11 money not to exceed that amount to be borrowed pursuant to
12 this subsection. The transfer shall be made within one year
13 of the date on which the money is borrowed by the State.
14 The Maine Guarantee Authority shall make the payment from
15 any assets that may be credited to the Mortgage Insurance
16 Fund.

17 **Emergency clause.** In view of the emergency cited in
18 the preamble, this Act shall take effect when approved.

19 STATEMENT OF FACT

20 In May of this year, the State may have to borrow or
21 transfer from the contingent account nearly \$3 million to
22 cover default on a loan insured by the Maine Guarantee
23 Authority. Under current laws there is no requirement that
24 the Maine Guarantee Authority sell assets it owns to repay
25 to the State such amounts borrowed or transferred, even
26 though the Maine Guarantee Authority may have the assets to
27 do so (it may have acquired property, for example).

28 This bill authorized the Treasurer of State, with the
29 consent of the Governor, to require the Maine Guarantee
30 Authority to transfer from its account to the Treasurer of
31 State an amount not to exceed the amount he has borrowed to
32 cover an Maine Guarantee Authority insured default. The
33 transfer is to be made within one year of the date on which
34 the money is borrowed by the State. The provisos that it be
35 an amount not to exceed, rather than the exact amount bor-
36 rowed, and that the Maine Guarantee Authority has a year to
37 repay, are to give the Maine Guarantee Authority an oppor-
38 tunity, where it must sell assets, to sell at an opportune
39 time.

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