

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 1517

H.P. 1145

House of Representatives, April 25, 1983

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

EDWIN H. PERT, Clerk

Presented by Representative Locke of Sebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-THREE

AN ACT to Incorporate Bills Passed in
the Second Regular Session of the 110th
Legislature into Title 20-A.

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

Sec. 1. 20-A MRSA §1055, sub-§1, ¶D, as enacted by PL 1981, c. 693, §§5 and 8, is repealed and the following enacted in its place:

D. Issue vouchers showing the correctness of bills contracted on account of school appropriations. A bill may not be allowed for payment by:

(1) The municipal officers in an incorporated school district, unless it has been approved in accordance with section 2352; or

(2) The treasurer of a school administrative district, unless it has been approved

1 by a majority vote of the full membership of
2 the board of directors or a finance commit-
3 tee elected in accordance with section 1256,
4 subsection 2.

5 Sec. 2. 20-A MRSA §1253, sub-§2, ¶A, as enacted
6 by PL 1981, c. 693, §§5 and 8, is amended to read:

7 A. Under Methods A and B:

8 (1) Within 30 60 days, but no earlier than
9 45 days after notification by the board of
10 directors of the approval or reapportionment
11 plan, the municipal officers shall call a
12 special election to elect directors to serve
13 under the plan for the school administrative
14 district;

15 (2) Nomination papers shall be furnished by
16 the secretary of the district at least 10
17 days before the deadline for filing of nom-
18 ination papers. Notwithstanding any other
19 section of this Title, directors shall be
20 nominated by obtaining a minimum of 25 and a
21 maximum of 50 signatures of registered
22 voters residing within the subdistrict. The
23 secretary shall notify the municipal offi-
24 cers of the names of candidates in each sub-
25 district;

26 (3) ~~The municipal officers shall prepare~~
27 ~~ballots to be used in their municipality for~~
28 ~~the election~~ The ballots shall be prepared
29 in accordance with subparagraph (7);

30 (4) The clerks of each municipality shall
31 forward to the secretary the results of the
32 vote by subdistrict;

33 (5) The board of directors shall meet and
34 total the votes cast for each candidate
35 within each subdistrict and shall immedi-
36 ately notify the clerks in each municipal-
37 ity, the candidates and the commissioner of
38 the results of the vote;

1 (6) The terms of the directors elected
2 under the original municipal representation
3 system shall cease on the date that the
4 newly elected directors are sworn into
5 office; and

6 (7) Notwithstanding any other provision of
7 statute, directors shall be elected by
8 secret ballot. The ballots shall be pre-
9 pared for and distributed to the municipali-
10 ties or subdistricts by the secretary of the
11 district.

12 Sec. 3. 20-A MRSA §1256, sub-§6, as enacted by
13 PL 1981, c. 693, §§5 and 8, is repealed.

14 Sec. 4. 20-A MRSA §1305, sub-§3, as enacted by
15 PL 1981, c. 693, §§5 and 8, is amended to read:

16 3. Failure to approve a budget. If, at a dis-
17 trict meeting where the voting is done within each
18 municipality within the district, the voters fail to
19 approve the operating school budget, or any part
20 thereof, subsequent district budget meetings shall be
21 held and the voting at these meetings shall be done
22 at a single place within the district. These meet-
23 ings shall be held solely for the purpose of approv-
24 ing an alternative operating school budget to replace
25 the part of the proposed budget which the voters
26 failed to approve. These meetings shall be held in
27 accordance with the provisions and procedures set out
28 in section 1304. They may continue in this manner
29 until an alternative budget is adopted. These meet-
30 ings shall be held solely for the purpose of approv-
31 ing an operating school budget to replace the pro-
32 posed budget, or the part thereof, which the voters
33 failed to approve in the referendum vote. The board
34 of directors shall submit a revised budget which dif-
35 fers from the operating budget rejected by the voters
36 in the referendum. The general meeting may approve
37 any budget which differs from the one rejected by the
38 voters in the referendum vote. These meetings shall
39 be held in accordance with the provisions and proce-
40 dures set out in section 1304, and may continue in
41 this manner until a budget different from the one
42 voted down in the referendum vote is adopted.

1 Sec. 5. 20-A MRSA §1311, sub-§1, as enacted by
2 PL 1981, c. 693, §§5 and 8, is amended to read:

3 1. Board of directors. The board of directors
4 may borrow money to pay for:

5 A. Current operating expenses of the district if
6 the loans are repaid within one year of the date
7 of borrowing and are limited to an amount reason-
8 ably required for current operating expenses; ~~and~~

9 B. School construction projects as defined in
10 section 15901- ; and

11 C. Minor capital costs as defined in section
12 15503, subsection 14.

13 Sec. 6. 20-A MRSA §1313, as enacted by PL 1981,
14 c. 693, §§5 and 8, is repealed.

15 Sec. 7. 20-A MRSA §1314, sub-§5, as enacted by
16 PL 1981, c. 693, §§5 and 8, is repealed.

17 Sec. 8. 20-A MRSA §1351, sub-§1, as enacted by
18 PL 1981, c. 693, §§5 and 8, is amended to read:

19 1. Authority to call a district referendum.
20 Shall initiate a district referendum:

21 A. To approve the issuance of bonds or notes for
22 school construction projects;

23 B. To approve a change in the selection of a
24 school building site;

25 C. To approve a change in the method of sharing
26 costs among the member municipalities;

27 D. To approve an agreement to add one or more
28 municipalities to the district;

29 E. To approve an agreement to transfer a parti-
30 cipating municipality to another school adminis-
31 trative district;

32 F. To approve an agreement to merge with another
33 school administrative district;

1 G. To approve a proposed lease agreement with
2 the Maine School Building Authority;

3 H. To authorize the board of directors to con-
4 tract for the schooling of secondary pupils;

5 ~~I. To authorize the board of directors to dis-~~
6 ~~pose of real property; or~~

7 J. To accept or reject a prospective gift; and

8 K. To borrow funds for minor capital costs as
9 defined in section 15503, subsection 14.

10 Sec. 9. 20-A MRS §1352, sub-§2, ¶F, as enacted
11 by PL 1981, c. 693, §§5 and 8, is repealed.

12 Sec. 10. 20-A MRS §1353, sub-§2, ¶A, as enacted
13 by PL 1981, c. 693, §§5 and 8, is amended to read:

14 A. The voting at referendum held in towns shall
15 be held and conducted in accordance with Title
16 30, sections 2061 to 2065, even though the town
17 has not accepted the provisions of Title 30, sec-
18 tions 2061 and 2062. The facsimile signature of
19 the clerk under Title 30, section 2061, subsec-
20 tion 5, paragraph F, shall be that of the chair-
21 man of the board of directors. If a district
22 referendum is called to be held simultaneously
23 with a ~~general election or primary election~~ any
24 statewide election, the voting in towns shall be
25 held and conducted in accordance with Title 21,
26 except that the duties of the Secretary of State
27 shall be performed by the board. The absentee
28 voting procedure of Title 21 shall be used,
29 except the duties of the Secretary of State shall
30 be performed by the board.

31 Sec. 11. 20-A MRS §1405, as enacted by PL 1981,
32 c. 693, §§5 and 8, is repealed and the following
33 enacted in its place:

34 §1405. Withdrawal of a single municipality from a
35 school administrative district

36 1. Petition. The residents of a participating
37 municipality within a school administrative district

1 composed of 3 or more municipalities may petition to
2 withdraw from the school administrative district in
3 the same manner as they would petition for the disso-
4 lution of a school administrative district in accor-
5 dance with section 1403, except that only a simple
6 majority vote of those casting valid ballots in the
7 municipality is required before the petition may be
8 presented to the board of directors and to the state
9 board.

10 2. Procedure. The steps set forth in section
11 1403 for dissolution apply to the withdrawal of a
12 member municipality from a school administrative dis-
13 trict, except that the responsible committee for
14 preparing the withdrawal agreement shall be limited
15 to individuals from the municipality. Instead of a
16 district election, a municipal election shall be con-
17 ducted and a 2/3 vote of those casting valid ballots
18 in the municipality is required before the municipal-
19 ity may withdraw. Wherever there is reference in the
20 provisions of section 1403 to the term "dissolution,"
21 the term "withdrawal" or appropriated similar lan-
22 guage shall be substituted.

23 3. Cost of advisors. The expense of employing
24 competent advisors by the municipality, petitioning
25 to withdraw shall be borne by the municipality and
26 the expense of employing competent advisors by the
27 district shall be borne by the district with the
28 municipality bearing its share according to the dis-
29 trict's cost-sharing agreement.

30 Sec. 12. 20-A MRSA §1653, as enacted by PL 1981,
31 c. 693, §§5 and 8, is repealed and the following
32 enacted in its place:

33 §1653. Election; vacancies

34 1. Representation on school committees in dis-
35 tricts that do not include grades one to 12; dis-
36 tricts that include grades one to 12; starting date
37 for term of office. Each member town's representa-
38 tion on the district's school committee, as deter-
39 mined pursuant to section 1651, subsection 2, para-
40 graph C, shall be chosen as follows.

1 A. In a district which does not include grades
2 one to 12, the school committee of each member
3 town shall choose from its membership the repre-
4 sentation on the community school district's
5 school committee to which that town is entitled.
6 Membership on the district's committee shall be
7 coterminous with the member's term of office on
8 the school committee of the town which he repre-
9 sents.

10 B. In a district which includes grades one to
11 12, the member towns shall elect their repre-
12 sentatives directly to the district's school com-
13 mittee as follows.

14 (1) For the purpose of nominations, the
15 members of the school committee shall be
16 considered municipal officers and shall be
17 nominated in accordance with Title 30, chap-
18 ter 207, or in accordance with a municipal
19 charter, whichever is applicable.

20 (2) Upon the election of the members to the
21 school committee, the clerks of the several
22 municipalities within the district shall
23 forward the names of the members of the com-
24 mittee elected by each municipality to the
25 secretary of the district's school commit-
26 tee.

27 (3) The terms of office shall be determined
28 by lot as follows: One-third of the members
29 of the school committee shall serve one-year
30 terms; 1/3 shall serve 2-year terms; and
31 1/3 shall serve 3-year terms. In the event
32 the number of members is not evenly divis-
33 ible by 3, the terms of the members repre-
34 sentated by the integer obtained by dividing
35 the number of members by 3 shall be deter-
36 mined by the preceding sentence; if one
37 member remains, he shall serve a 3-year
38 term; if 2 members remain, one shall serve a
39 3-year term; and one shall serve a 2-year
40 term, to be determined by lot. The members
41 of the school committee shall serve their
42 terms as determined and an additional period
43 until the next regular election of the

1 municipalities. Thereafter, their terms of
2 office shall date from the time of each
3 municipality's regular election. In a city
4 where elections are held biennially, the
5 term of each member shall be for 4 years,
6 dating from the time of the regular city
7 election and, following the initial elec-
8 tion, the members shall choose by lot to see
9 who will serve for 4 years and who will
10 serve for 2 years. Thereafter, each member
11 shall be elected to serve for 4 years.

12 C. Notwithstanding paragraphs A and B, the
13 voters of a district may vote on an appropriate
14 article at meetings called by the municipal offi-
15 cers of the respective member towns, in accord-
16 ance with section 1602, to establish a fixed
17 common date for all newly-elected school commit-
18 tee members to assume their terms of office. The
19 common date shall be subsequent to the last
20 annual municipal election within the district,
21 but shall be no later than July 1st of the next
22 fiscal year. The adoption of such a common date
23 shall be conditional upon the favorable passage
24 of this article at each of the meetings of the
25 member towns.

26 2. Vacancies caused by death or resignation;
27 declaration of vacancy; attendance as nonvoting
28 member. Vacancies caused by death or resignation
29 shall be filled as follows.

30 A. A vacancy on a school committee of a district
31 which does not include grades one to 12, whether
32 caused by death, by resignation or by a member
33 having changed his residence from the town which
34 he represents, shall be filled by the school com-
35 mittee of the town in which the vacancy occurs.
36 A similar vacancy on a school committee of a dis-
37 trict which includes grades one to 12 shall be
38 filled by the municipal officers of the municipi-
39 ality in which the member resided. The municipi-
40 pal officers shall select a new member from the
41 municipality in which the old member resided to
42 serve until the next annual municipal election.
43 Evidence that an individual is registered to vote
44 in a municipality is prima facie evidence of that
45 individual's residency.

1 B. If any representative on the school committee
2 in a community school district which does not
3 include grades one to 12 is absent from 3 consec-
4 utive regular committee meetings, the committee
5 may declare that a vacancy exists and the school
6 committee in the representative's town may choose
7 from among its members another representative to
8 the community school committee. He shall be cho-
9 sen on the basis of seniority.

10 C. If a member of the school committee in a com-
11 munity school district which does not include
12 grades one to 12 is absent from a meeting, the
13 senior nonvoting member shall be allowed all the
14 rights and privileges of the absent member. This
15 paragraph shall apply only to a community with
16 only one member on the community school commit-
17 tee.

18 Sec. 13. 20-A MRSA §2301, as enacted by PL 1981,
19 c. 693, §§5 and 8, is amended to read:

20 §2301. Applicability of provisions to certain towns
21 or cities

22 Sections 2302 to 2303 and 2305 do not apply to
23 municipalities whose charters specify the methods of
24 selection, removal and term of office of a school
25 committee, nor to municipalities authorized by pri-
26 vate and special laws to otherwise choose a school
27 committee.

28 Sec. 14. 20-A MRSA §2302, as enacted by PL 1981,
29 c. 693, §§5 and 8, is amended to read:

30 §2302. Election of school committee members

31 A municipality, not included in a school adminis-
32 trative district or a community school district which
33 operates grades one to 12, shall elect at its annual
34 meeting a school committee of 3 to hold office as
35 provided in section 2305. The municipality shall
36 fill vacancies in that committee at each subsequent
37 annual meeting.

38 Sec. 15. 20-A MRSA §2352, as enacted by PL 1981,
39 c. 693, §§5 and 8, is amended to read:

1 §2352. School money paid by municipalities

2 No money appropriated by law for public schools
3 may be paid from the treasury of any municipality
4 except upon written order of its municipal officers.
5 No such order shall be drawn by the officers except
6 upon presentation of a properly avouched bill of
7 items, that bill of items having first been approved
8 by a majority of the members of the school committee
9 and certified by the superintendent of schools No
10 order may be drawn by the officers except upon pre-
11 sentation of a properly avouched bill of items, the
12 bill of items having first been approved by a major-
13 ity of the members of the school committee or a
14 finance committee of that school committee selected
15 by them and certified by the superintendent of
16 schools.

17 Sec. 16. 20-A MRSA §4006, as enacted by PL 1981,
18 c. 693, §§5 and 8, is repealed.

19 Sec. 17. 20-A MRSA c. 202 is enacted to read:

20 CHAPTER 202

21 CLOSING AND DISPOSITION OF PUBLIC ELEMENTARY

22 AND SECONDARY SCHOOL BUILDINGS

23 §4101. Definitions

24 For the purposes of this chapter, unless the con-
25 text indicates otherwise, the following terms have
26 the following meanings.

27 1. School board. "School board" includes boards
28 of directors within school administrative districts,
29 school committees within other types of school admin-
30 istrative units and cooperative boards within voca-
31 tional regions. It also includes trustees of special
32 school districts, as defined in section 1, subsection
33 34.

34 2. School building. "School building" means,
35 but is not limited to, any real property or structure
36 used or useful for schools and playgrounds, including
37 facilities for physical education.

1 3. School year. "School year" is the fiscal
2 year commencing on July 1st and ending on June 30th.

3 §4102. Closing of a school building

4 The closing of a school building by a school
5 administrative unit may only occur under the follow-
6 ing conditions.

7 1. Replaced by new building. The school build-
8 ing has been replaced by other school buildings as
9 part of a school construction project which has been
10 approved by the State Board of Education in accord-
11 ance with chapter 609.

12 2. Condemned. The school building has been con-
13 demned and ordered closed by local or state officials
14 for health and safety reasons.

15 3. Lack of need. The building has been deemed
16 to be unnecessary or unprofitable to maintain by the
17 governing body of the administrative unit. Before a
18 building may be closed under this subsection, a
19 report shall be filed with the commissioner. The
20 report shall contain, at a minimum, the following:

21 A. Projection of the number of students in the
22 affected area over the next 5 school years,
23 including a projection of the educational pro-
24 grams which they will need;

25 B. Manner in which the continuation of the edu-
26 cational programs for the affected students will
27 be provided;

28 C. Effective date on which the closing will take
29 place;

30 D. Projection of additional transportation or
31 other related services;

32 E. Existence of any other outstanding financial
33 commitments, including debt service, related to
34 the school building along with a retirement
35 schedule of payments to meet the commitments;

36 F. Proposed disposition of the school building;

1 G. Financial impact of closing the school build-
2 ing; and

3 H. Statement of reasons why the school building
4 is being closed.

5 4. Voter approval. Before a school board may
6 close a school building pursuant to subsection 3,
7 voter approval shall be obtained as follows.

8 A. Elementary schools in school administrative
9 districts and community school districts may only
10 be closed if approved by the voters in accordance
11 with section 1407 and section 1751, subsection 5.

12 B. Secondary schools in school administrative
13 districts and community school districts and
14 either elementary or secondary schools in other
15 school administrative units may be closed without
16 voter approval, unless the school board is pre-
17 sented with a written petition, within 30 days of
18 the board's decision to close the school, by 10%
19 of the number of voters in the school administra-
20 tive unit who voted at the last gubernatorial
21 election, then a special referendum shall be
22 called pursuant to:

23 (1) Section 1351 for school administrative
24 districts;

25 (2) Title 30, sections 2061 to 2065, for
26 community school districts, except the
27 school board shall issue a warrant specify-
28 ing that the municipalities within the dis-
29 trict place the petitioned article on the
30 ballot, and shall prepare and furnish the
31 required number of ballots for carrying out
32 the election; and

33 (3) Title 21 and Title 30, respectively,
34 for cities and towns.

35 C. The article to be used shall be substantially
36 in the following form:

37 "Article: Shall the school committee of
38 (name of town)

1 (the board of directors of School Administrative
2 District No.) be authorized to close
3 ?
4 (name of school)

5 Yes _____ No _____

6 The additional cost of keeping the school open
7 has been estimated by the school committee (board
8 of directors) to be \$ _____."

9 §4103. Disposal or other use of real property closed
10 for school purposes

11 The following shall control the disposition or
12 other use of school buildings which have been closed
13 pursuant to section 4102.

14 1. Control. The school building shall remain
15 under the control of the school board.

16 2. Lease, use of proceeds. The school board may
17 lease the building for its fair rental value if there
18 is a reasonable likelihood that the building will be
19 needed again for educational purposes.

20 A. Leases not to exceed 4 years may be entered
21 and may be renewed at the end of any lease period
22 if the school board determines there is still a
23 reasonable likelihood that the building will be
24 needed again for educational purposes.

25 B. The proceeds from the lease shall be used in
26 the following order:

27 (1) To cover the maintenance costs on the
28 building;

29 (2) To reduce any outstanding indebtedness
30 on the building; and

31 (3) To meet educational expenses which have
32 been approved by the legislative body of the
33 administrative unit in the ordinary budget-
34 ary process.

1 C. Any renovations to a leased building shall be
2 compatible with its reuse as a school building.

3 3. Transfer to municipality. The school board
4 may transfer control or ownership of the building
5 which does not have any anticipated use as a school
6 building to the municipal officers or inhabitants of
7 the town or towns.

8 A. The receiving town or towns, if they accept
9 the transfer, shall be liable for any outstanding
10 indebtedness.

11 B. If the receiving town or towns are part of a
12 school administrative district or a community
13 school district, then:

14 (1) If the building had been transferred by
15 the town or towns to the district, the dis-
16 trict may require the town or towns to pay
17 the district any debt service expended on
18 the building by the district over the 5
19 school years prior to the transfer of the
20 building to the town or towns, minus their
21 apportionment of that debt service; or

22 (2) If the building had been constructed by
23 the district, the district may require the
24 receiving town or towns to pay the district
25 a sum equal to the fair market value of the
26 building, minus the town or town's appor-
27 tioned share in the building, to be deter-
28 mined in accordance with the cost-sharing
29 formula in effect at the time of the trans-
30 fer.

31 4. Sale of school building. The school board of
32 the school administrative unit may sell the school
33 building on the open market if it determines that it
34 will have no future use for the building and they
35 have offered to transfer control or ownership to the
36 municipal officers of the town or towns in which the
37 building is located and the municipal officers have
38 not accepted the transfer of control or ownership to
39 the municipal officers or the inhabitants of the town
40 or towns. If the school board is unable to sell the
41 school building on the open market after a reasonable

1 period of time, not to exceed 2 years, then it may
2 attempt to sell the building through sealed bids.

3 A. Sealed bids shall be solicited a minimum of
4 60 days prior to being opened. Appropriate
5 notices shall be published in local news media.

6 B. The proceeds from the sale of the building
7 shall be disbursed in accordance with section
8 4104.

9 C. The school board of a school administrative
10 unit may convey title to any and all school
11 buildings, regardless of whether they are held in
12 the names of the inhabitants of a municipality, a
13 school administrative district, a community
14 school district, a vocational region or a union
15 school.

16 5. Demolition of building. If the school com-
17 mittee or board of directors determines that it has
18 no future use for a building, if it determines the
19 property could be better used for other educationally
20 related purposes without the building and if the
21 legislative body of the unit approves, the school
22 committee or board of directors may demolish the
23 building on the site and retain the site. The school
24 board may also demolish the building if it has been
25 condemned by local or state officials for health and
26 safety reasons, regardless of whether the site will
27 be retained or sold.

28 §4104. Proceeds from sale of school building

29 The proceeds from the sale of school buildings,
30 which were not transferred pursuant to section 4103,
31 subsection 3, shall be utilized in the following man-
32 ner.

33 1. General. If the school building was built by
34 the administrative unit, then the proceeds shall be
35 used solely for educational purposes as approved by
36 the unit's legislative body in the normal budgetary
37 approval process.

38 2. School administrative district and community
39 school district. If the building was transferred by

1 a member town to a school administrative district or
2 a community school district, the proceeds of the
3 sale, minus any expenses related to the sale or any
4 outstanding indebtedness, shall be credited to the
5 town in which the facility is located and shall be
6 used to offset the town's share of the educational
7 expenses for the district. If the school administra-
8 tive district or the community school district has
9 made major renovations or additions which meet the
10 definition of a school construction project, as set
11 forth in section 15901, subsection 4, the town shall
12 be credited with only those proceeds of the sale
13 which are attributable to the appraised value of the
14 original school building at the time of the sale.

15 3. Outstanding indebtedness. If a building has
16 outstanding indebtedness, then the proceeds of its
17 sale shall be used to retire the unit's debt service
18 on the building and the balance of the proceeds shall
19 be placed in a sinking fund to reduce future debt
20 service payments. Any balance of the proceeds after
21 the debt has been retired may be used in accordance
22 with the conditions set forth in subsections 1 and 2.

23 4. Part of school construction project. If the
24 school building has been replaced by a new building
25 as part of a school construction project, the pro-
26 ceeds from the sale or lease of the building shall be
27 used to retire the debt service on the new building,
28 unless the property has been transferred pursuant to
29 subsection 2.

30 Sec. 18. 20-A MRSA §6602, sub-§8, as enacted by
31 PL 1981, c. 693, §§5 and 8, is amended to read:

32 8. Application for postponement. A school
33 administrative unit which has been granted a post-
34 ponement of 3 years may apply to the commissioner
35 every 3 years for an additional 3-year postponement.
36 The commissioner, with the approval of the state
37 board, may grant a postponement if An administrative
38 unit, which had been authorized by the commissioner
39 to postpone the establishment of a National School
40 Lunch Program, may apply to the commissioner for a
41 renewal of the postponement. The commissioner, with
42 the approval of the state board, may grant the
43 requested postponement provided that:

1 A. The school board has held a public hearing on
2 its proposed application; and

3 B. One of the following conditions ~~are~~ is met:

4 (1) It has been documented to the commis-
5 sioner's satisfaction that the administra-
6 tive unit lacks space for the program and
7 there is no appropriate alternative source
8 of meals for the students;

9 (2) It is impossible for the administrative
10 unit to contract for or to otherwise procure
11 Type A meals for its students; or

12 (3) The lack of need for the program, as
13 determined by the school board is documented
14 to the commissioner's satisfaction and was
15 evident at the public hearing.

16 If the postponement is granted for the conditions in
17 paragraph B, subparagraphs (1) and (2), it shall be
18 for 3 years. If the postponement is granted for the
19 condition in paragraph B, subparagraph (3), it shall
20 be for 4 years.

21 Sec. 19. 20-A MRSA §10104, sub-§2, ¶F, as
22 enacted by PL 1981, c. 693, §§5 and 8, is amended to
23 read:

24 F. Accept and expend all funds for
25 post-secondary vocational education received by
26 the department from:

27 (1) The General Fund;

28 (2) Gifts and donations either from public
29 or private sources which are offered uncon-
30 ditionally or under conditions approved by
31 the state board; or

32 (3) Fees.

33 Sec. 20. 20-A MRSA §10109, sub-§§2 and 3, as
34 enacted by PL 1981, c. 693, §§5 and 8, are amended to
35 read:

1 2. Limitation. A scholarship may not exceed
2 \$250 one semester of tuition in one year.

3 3. Allocation of scholarships. Amounts avail-
4 able for these scholarships shall be distributed
5 annually by the state board to the institutes as fol-
6 lows:

7 A. \$1,500 or the equivalent of 6 full scholar-
8 ships to each institute; and

9 B. Allocation of the balance of the scholarship
10 fund to each institute in the same proportion as
11 the institute's enrollment is of all of the
12 institutes for the fall semester of the ~~current~~
13 prior year.

14 Sec. 21. 20-A MRSA c. 418 is enacted to read:

15 CHAPTER 418

16 STUDENT LOAN CORPORATIONS

17 §11501. Declaration of policy

18 It is declared to be the policy of this State
19 that, for the benefit of the people of the State, the
20 increase of their commerce, welfare and prosperity
21 and the improvement of their health and living condi-
22 tions, it is essential that students attending the
23 state's higher educational institutions be given the
24 fullest opportunity to learn and develop their intel-
25 lectual and mental capacities. It is recognized
26 that the financial costs to obtain an education
27 beyond the high school level are often burdensome or
28 prohibitive, and it is essential that qualified stu-
29 dents be provided with low-cost financial assistance
30 in order to attend those schools and to reduce the
31 total amount of loan payments following graduation.
32 It is essential that educational institutions within
33 the State be provided with appropriate additional
34 means to assist qualified students financially in
35 achieving the required levels of learning and devel-
36 opment of their intellectual and mental capacities.
37 The Legislature has conferred certain powers on
38 student loan corporations and on the Maine Health and
39 Higher Educational Facilities Authority to assure the

1 successful origination, distribution and collection
2 of loans so as to accomplish the purposes of this
3 chapter, all to the public benefit and good. It is
4 declared that the exercise by the student loan corpo-
5 rations of the authority of powers conferred under
6 this chapter will constitute the performance of an
7 essential governmental function.

8 §11502. Definitions

9 As used in this chapter, unless the context
10 otherwise indicates, the following terms have the
11 following meanings.

12 1. Authority. "Authority" means the Maine
13 Health and Higher Educational Facilities Authority,
14 established under Title 22, section 2054.

15 2. Institution for higher education. "Institu-
16 tion for higher education" means any institution for
17 post-secondary or higher education, as defined in
18 Title 22, section 2053, subsection 4-B, the Univer-
19 sity of Maine and, in addition, means any institution
20 which awards an undergraduate or advanced degree.

21 3. Student loan corporation. "Student loan cor-
22 poration" means any corporation established under
23 section 11503.

24 §11503. Student loan corporations authorized

25 Any institution or consortium of institutions for
26 higher education may form a voluntary nonprofit
27 student loan corporation in accordance with this
28 chapter for the purposes specified in this chapter.
29 An institution for higher education may form a
30 student loan corporation either:

31 1. Organizing new student loan corporation. By
32 organizing a new voluntary nonprofit student loan
33 corporation as provided in this chapter; or

34 2. By amending the articles of incorporation and
35 bylaws of an existing nonprofit corporation organized
36 under Title 13-B, or its predecessors, to conform the
37 articles and bylaws to the requirements of this chap-
38 ter.

1 §11504. Incorporators

2 1. Formation of student loan corporation. An
3 institution for higher education may, by a 2/3 vote
4 of its board of trustees or other governing body,
5 agree to form or to join with other institutions for
6 higher education to form a student loan corporation
7 for the purpose of providing low-cost financial
8 assistance to qualified students enrolled at that
9 institution or to the parents of these students. The
10 student loan corporation shall be organized under the
11 provisions of Title 13-B, and the incorporators shall
12 be persons as are authorized by the trustees or other
13 governing body.

14 2. Incorporators deemed to be acting on behalf
15 of board. Incorporators shall be deemed to be acting
16 in their capacities as members of and on behalf of
17 the board of trustees or other governing body.

18 §11505. Purposes

19 The articles of agreement of a student loan cor-
20 poration shall contain the following:

21 1. Name. The name of the student loan corpora-
22 tion, which shall clearly identify the institution or
23 institutions for higher education with which it is
24 associated and shall end with the words "student loan
25 corporation;"

26 2. Purposes. Each student loan corporation
27 shall be operated exclusively for the purpose of pro-
28 viding loans to qualified students attending the
29 institution or institutions for higher education with
30 which it is associated, or to the parents of those
31 students; and

32 3. Adoption of procedures. Each student loan
33 corporation shall adopt procedures for determining
34 eligibility for loans, procedures for the making and
35 collection of loans and other procedures as may be
36 necessary or convenient for the administration of the
37 student loan program.

38 §11506. Issuance of bonds

1 1. Authority to issue. The Maine Health and
2 Higher Educational Facilities Authority may issue
3 revenue bonds and other obligations and loan the pro-
4 ceeds thereof to one or more student loan corpora-
5 tions for the purposes set forth in this chapter.

6 2. Limitations. No bonds or other obligations
7 may be issued unless the authority determines that:

8 A. The issuance of low-cost loans by the student
9 loan corporation to qualified students will
10 assist the students in attending their institu-
11 tion for higher education and will lower the cost
12 to the students or their parents of financing the
13 students' educations;

14 B. Adequate provision has been or will be made
15 for the payment of the principal of, or interest
16 on, any obligations issued by the authority to
17 finance these loan programs;

18 C. Adequate provision has been made for the pay-
19 ment of the reasonable expenses of the authority
20 related to administration of the student loan
21 corporations as are necessitated by their pro-
22 grams; and

23 D. The proposed procedures for redistribution of
24 the bond proceeds, collection of student pay-
25 ments, interest charges and any other matters
26 concerning the administration of the student loan
27 corporations are in conformance with the law.

28 3. Powers of the authority. The authority, to
29 further its student loan corporation programs, may:

30 A. Determine the nature of student loan corpora-
31 tion programs for which it will issue its bonds;

32 B. Enter into contracts for any or all student
33 loan corporation program purposes;

34 C. Enter into contracts for the administration
35 or servicing of student loan corporation issued
36 loans;

1 D. Designate a particular institution or insti-
2 tutions for higher education or student loan cor-
3 poration or corporations as its agent for accom-
4 plishing its purposes;

5 E. Make loans with proceeds of the sale of its
6 bonds to any student loan corporation in accor-
7 dance with an agreement between the authority and
8 the student loan corporation; provided that the
9 proceeds of the loan shall be used by the student
10 loan corporation to purchase, originate or make
11 loans to eligible students or to the parents of
12 those students;

13 F. Receive and accept, from any public agency or
14 any other source, loans, grants, guarantees or
15 insurance with respect to student loans and the
16 student loan corporation programs;

17 G. Establish guidelines governing the actions of
18 student loan corporations and institutions for
19 higher education in participating in the authori-
20 ty's student loan corporation program; and

21 H. Exercise all powers incidental and necessary
22 for the performance of the powers listed in this
23 subsection.

24 §11507. Rights of the authority and student loan
25 corporations

26 In issuing bonds for a student loan corporation
27 program, the authority and any student loan corpora-
28 tion created under this chapter have all the power
29 and authority and are subject to all of the rights,
30 liabilities and responsibilities as set out in Title
31 22, section 2055, which do not conflict with this
32 chapter. Nothing in this chapter otherwise limits
33 any other bond issuance or other powers of the
34 authority set forth in Title 22, section 2055.

35 §11508. Bonds of the authority

36 1. Authorization; bond anticipation notes. The
37 authority may, from time to time, issue its nego-
38 tiabile bonds for the purposes specified in this chap-
39 ter. In anticipation of the sale of these bonds, the

1 authority may issue negotiable bond anticipation
2 notes and may renew the notes from time to time. The
3 notes shall be paid from revenues derived from loans
4 to student loan corporations, or from the proceeds of
5 sale of the bonds of the authority in anticipation of
6 which they were issued. The notes shall be issued in
7 the same manner as the bonds. The notes and the
8 resolution or resolutions authorizing the notes may
9 contain any provisions, conditions or limitations
10 which a bond resolution of the authority may contain.

11 2. Bonds not a debt or liability of the State.
12 Revenue bonds issued under this chapter do not con-
13 stitute a debt or liability of the State, of any
14 municipality or political subdivision of the State or
15 a pledge of the faith and credit of the State or of
16 any municipality or political subdivision.

17 3. Payments. These revenue bonds are payable
18 solely from the revenues or other funds derived from
19 student loan corporation issued loans, either
20 directly or indirectly provided by this chapter for
21 their payments. All these revenue bonds shall con-
22 tain on the face of the bond a statement to the
23 effect that neither the State nor the authority is
24 obligated to pay the bond or the interest on the
25 bond, except from revenues or other funds derived
26 from student loan corporation issued loans, either
27 directly or indirectly provided by this chapter, and
28 that neither the faith and credit nor the taxing
29 power of the State or of any municipality or polit-
30 ical subdivision of the State is pledged to the pay-
31 ment of the principal of or the interest on the
32 bonds. The issuance of revenue bonds under this
33 chapter shall not directly or indirectly or contin-
34 gently obligate the State or any municipality or
35 political subdivision of the State to levy or to
36 pledge any form of taxation whatever for the bonds or
37 to make any appropriation for their payment.

38 4. Provisions of bonds. The bonds may be issued
39 as serial bonds or as term bonds, or the authority,
40 in its discretion, may issue bonds of both types.
41 The bonds shall be authorized by resolution of the
42 members of the authority and shall bear the date or
43 dates, mature at the time or times, be in the denomi-
44 nations, be in the form, either coupon or regis-

1 tered, carry the registration privileges, be executed
2 in the manner, be payable in lawful money of the
3 United States at the place or places and be subject
4 to the terms of redemption as the resolution or reso-
5 lutions may provide. The bonds or notes may be sold
6 at public or private sale for the price or prices as
7 the authority determines. The power to fix the date
8 of sale of bonds and to take all other necessary ac-
9 tion to sell and deliver bonds may be delegated to
10 the executive director of the authority by resolution
11 of the authority. Pending preparation of the definit-
12 ive bonds, the authority may issue interim receipts
13 or certificates which shall be exchanged for those
14 definitive bonds.

15 5. Resolutions. Any resolution or resolutions
16 authorizing any bonds or any issue of bonds may con-
17 tain provisions which shall be a part of the contract
18 with the holders of the bonds to be authorized as to:

19 A. Pledging the revenues to be derived from the
20 student loan corporation or any revenue-producing
21 contract or contracts made by the authority with
22 the student loan corporations to secure the pay-
23 ment of the bonds or of any particular issue of
24 bonds, subject to such agreements with bondhold-
25 ers as may then exist;

26 B. The fees and other charges to be charged, the
27 amounts to be raised in each year and the use and
28 disposition of the revenues;

29 C. The setting aside of reserves or sinking
30 funds and the regulation and disposition thereof;

31 D. Limitations on the purpose to which the pro-
32 ceeds of sale of any issue of bonds then or
33 hereafter to be issued may be applied and pledg-
34 ing these proceeds to secure the payment of the
35 bonds or any issue of the bonds;

36 E. The procedure, if any, by which the terms of
37 any contract with bondholders may be amended or
38 abrogated, the amount of bonds the holders of
39 which must consent thereto and the manner in
40 which this consent may be given;

1 F. Defining the acts or omissions to act which
2 shall constitute a default in the duties of the
3 authority to holders of its obligations and pro-
4 viding the rights and remedies of these holders
5 in the event of a default; and

6 G. Such other additional covenants, agreements
7 and provisions as are judged advisable or neces-
8 sary by the authority for the security of the
9 holders of these bonds.

10 6. No personal liability. Neither the members
11 of the authority nor any person executing the bonds
12 or notes shall be liable personally on the bonds or
13 notes to be subject to any personal liability or ac-
14 countability by reason of the issuance thereof.

15 §11509. Source of payment of expenses

16 All reasonable expenses incurred in carrying out
17 this chapter shall be payable by the respective
18 student loan corporations, and no liability or obli-
19 gation may be incurred by the authority or any other
20 state agency.

21 §11510. Administration of student loan corporation
22 issued loans; no discrimination

23 1. Administration. A student loan corporation
24 shall have full power and authority and be subject to
25 all rights, responsibilities and liabilities for the
26 administration of a student loan corporation program
27 and for the distribution and collection of loans to
28 qualified students, including the determination of
29 who is eligible to receive loans, the amounts of the
30 loans, repayment schedules and interest rates to be
31 charged; provided that the terms are in accordance
32 with law and do not discriminate against any person
33 on account of race, creed, national origin, sex or
34 age.

35 2. Contracts for services. Student loan corpo-
36 rations may contract with other service corporations
37 to provide bookkeeping, data processing and related
38 fiscal services required for the conduct of their
39 business.

1 §11511. Exemption from taxation

2 The exercise of the powers granted by this chap-
3 ter shall be in all respects for the benefit of the
4 people of the State, for the increase of their com-
5 merce, welfare and prosperity, and for the improve-
6 ment of their health and living conditions, and shall
7 constitute the performance of an essential governmen-
8 tal function. Neither the authority nor the student
9 loan corporations may be required to pay any taxes or
10 assessments upon or in respect of loans made by the
11 authority or its agents or under the jurisdiction,
12 control, possession or supervision of the authority
13 or the student loan corporations or upon the activi-
14 ties of the authority or the student loan corpora-
15 tions or their agents in the operation or maintenance
16 of student loan corporation programs pursuant to this
17 chapter, or upon income or other revenues received
18 therefrom, and any bonds, notes and other obligations
19 issued under this chapter, their transfer and the
20 income therefrom, including any profit made on the
21 sale thereof, as well as the income and property of
22 the authority, are at all times exempt from taxation
23 of every kind by the State and by the municipalities
24 and all other political subdivisions of the State.

25 §11512. Bonds declared legal investments

26 Bonds and notes issued by the authority under
27 this chapter are made securities in which all public
28 officers and public bodies of the State and its
29 political subdivisions, all insurance companies and
30 associations and other persons carrying on an insur-
31 ance business, trust companies, banks, bankers, bank-
32 ing associations, savings banks and savings associa-
33 tions, including savings and loan associations,
34 credit unions, building and loan associations,
35 investment companies, executors, administrators,
36 trustees and other fiduciaries, pension, profit-
37 sharing, retirement funds and other persons carrying
38 on a banking business, and all other persons whatso-
39 ever, who are now or may hereafter be authorized to
40 invest in bonds or other obligations of the State,
41 may properly and legally invest funds, including cap-
42 ital in their control or belonging to them. The
43 bonds and notes are made securities which may prop-
44 erly and legally be deposited with and received by

1 any state or municipal or public officer or any
2 agency or political subdivision of the State for any
3 purpose for which the deposit of bonds or other obli-
4 gations of the State is now or may be authorized by
5 law.

6 §11513. Act cumulative; no notice required

7 Neither this chapter nor anything contained in
8 this chapter is or may be construed as a restriction
9 or limitation upon any powers which the authority
10 might otherwise have under any laws of this State,
11 and this chapter is cumulative of any such powers.
12 This chapter does and shall be construed to provide
13 a completed, additional and alternative method for
14 doing of the things authorized thereby and shall be
15 regarded as supplemental and additional to powers
16 otherwise conferred by other laws. Neither the
17 making of contracts nor the issuance of bonds, notes
18 and other obligations pursuant to this chapter need
19 comply with the requirements of any other state law
20 applicable to the making of contracts and the issu-
21 ance of bonds, notes and other obligations. No pro-
22 ceeding, notice or approval may be required for the
23 issuance of any bonds, notes or other obligations, or
24 any instrument or security therefor, except as is
25 provided in this chapter.

26 §11514. University of Maine

27 Notwithstanding any inconsistent provisions of
28 this chapter, and in addition to the option of pro-
29 viding low-cost financial assistance to qualified
30 students enrolled at the university through the Maine
31 Health and Higher Educational Facilities Authority
32 and a student loan corporation, the following provi-
33 sions shall apply to the University of Maine.

34 1. Issuance of bonds. The board of trustees of
35 the University of Maine may provide, by resolution,
36 at one time or from time to time, for the issuance of
37 revenue bonds and other obligations and to loan the
38 proceeds thereof to one or more student loan corpora-
39 tions formed by the board for the purposes of this
40 chapter. Revenue bonds and other obligations issued
41 by the board of trustees shall be issued in the name
42 of the University of Maine, shall be issued in accor-

1 dance with this chapter and shall be subject to the
2 same limitations and have the same exemptions as
3 other bonds or obligations issued under this chapter.

4 2. Powers. In addition to any other powers
5 granted by private and special legislation or general
6 law, the board of trustees shall have the same powers
7 as the Maine Health and Higher Educational Facilities
8 Authority, to the extent those powers are necessary
9 to meet the purposes of this chapter.

10 3. Security. Revenue bonds and other obli-
11 gations issued under this chapter may be secured in
12 such fashion as the board of trustees, in its discre-
13 tion, deems appropriate. Revenue bonds and other
14 obligations issued by the board of trustees under
15 this chapter shall not constitute a debt or liability
16 of the State, of any municipality or political sub-
17 division of the State or a pledge of the faith and
18 credit of the State or of any municipality or polit-
19 ical subdivision, and shall contain on their face a
20 statement to that effect.

21 Sec. 22. 20-A MRSA §11804, sub-§§3 and 4 are
22 enacted to read:

23 3. Forgiveness. Any student who, upon the con-
24 clusion of his professional education, including, if
25 applicable, internship, residency and obligated
26 public health service, elects to serve as a general,
27 family, pediatric or veterinary practitioner in an
28 underserved rural geographic area in the State shall
29 be forgiven 20% of the indebtedness, as determined in
30 subsection 2, for each of the first 5 years of that
31 service.

32 4. Determination. The Commissioner of Human
33 Services shall determine underserved rural areas for
34 general, family or pediatric services. The Commis-
35 sioner of Agriculture, Food and Rural Resources shall
36 determine underserved rural areas for veterinary ser-
37 vices.

38 Sec. 23. 20-A MRSA §15511, sub-§3, ¶A, as
39 enacted by PL 1981, c. 693, §§5 and 8, is repealed
40 and the following enacted in its place:

1 A. The legislative body of an administrative
2 unit may, in addition to the unit's state-local
3 allocation under sections 15508 and 15509,
4 authorize an additional expenditure for either
5 elementary or secondary pupils, or both, not to
6 exceed a local appropriation for each municipal-
7 ity of 1.1 mills on the state valuation in effect
8 on July 1st or \$140 per pupil, whichever is less,
9 for the 1982-83 year of distribution. No unit
10 may participate in local leeway unless it has
11 raised the minimum amount of its local alloca-
12 tion, as computed by the commissioner under sub-
13 section 1, paragraph A or as provided under sub-
14 section 1, paragraph D. For the 1982-83 year of
15 distribution only, administrative units that vote
16 to raise local leeway at 1.1 mills and \$140 per
17 pupil or a specified portion of that levy shall
18 not be required to obtain further voter approval
19 for adjustment of state and local shares for
20 local leeway and any appropriation without state
21 participation within the limits previously
22 approved by the unit's legislative body and the
23 Legislature.

24 Sec. 24. 20-A MRSA §16103, as enacted by PL
25 1981, c. 693, §§5 and 8, is repealed.

26 STATEMENT OF FACT

27 This bill incorporates the Acts passed in the
28 Second Regular Session of the 110th Legislature into
29 Title 20-A.

30 2017033083