An Act To Allow the Maine Turnpike Authority To Benefit from Advantageous Interest Rates

(EMERGENCY)

Submitted by the Maine Turnpike Authority pursuant to Joint Rule 204. Reference to the Committee on Transportation suggested and ordered printed.
Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Maine Turnpike Authority plans to take advantage of currently low interest rates and issue revenue bonds in the spring of 2003 to finance certain capital improvements; and

Whereas, the Maine Turnpike Authority believes that because of currently low interest rates it may be advantageous in 2003 to refinance a portion of its existing debt;

Whereas, the Maine Turnpike Authority believes that because of currently low interest rates it may be cost-effective in the spring of 2003 to enter into agreements that may provide subsequent advantages based on future interest rates;

Whereas, legislative action is immediately necessary if the Maine Turnpike Authority is to take advantage of the currently low prevailing interest rates in its spring 2003 financing activities;

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 23 MRSA §1968. sub-§1-A is enacted to read:

1-A. Bonds for refinancing. In addition to bonds outstanding pursuant to any other provision of this chapter, the authority may provide by resolution at any time during calendar year 2003 for the issuance of turnpike revenue bonds, including notes or other evidences of indebtedness or obligations defined to be bonds under this chapter, but not exceeding $10,000,000 in principal amount at any one time outstanding exclusive of refundings, for the purpose of refunding outstanding turnpike revenue bonds issued pursuant to this chapter.

Sec. 2. 23 MRSA §1983 is enacted to read:

§1983. Interest rate agreements

The authority is authorized to enter from time to time into agreements with another party, on terms and conditions that the authority determines are necessary or convenient, in which the authority agrees to make a payment to, or to receive a payment
from, the other party based on a comparison at a future date between an interest rate specified on the date of the agreement and a rate derived on or about that future date from an interest rate index. The authority is authorized to enter into any credit enhancement or liquidity agreement on terms and conditions that the authority determines are necessary or convenient for carrying out this section.

**Emergency clause.** In view of the emergency cited in the preamble, this Act takes effect when approved.

**SUMMARY**

The bill authorizes the Maine Turnpike Authority to enter into agreements at one time that may provide a subsequent advantage to the authority based on future interest rates. The bill also provides a temporary extension of the authority's bonding capacity for the year 2003 that will enable it to perform refinancing.