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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 214

H.P. 179

House of Representatives, January 21, 2009

An Act To Authorize a General Fund Bond Issue for Economic Recovery

(EMERGENCY)

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

Millicent M. Mac Failand

MILLICENT M. MacFARLAND Clerk

Presented by Representative GILES of Belfast.

Cosponsored by Senator SCHNEIDER of Penobscot and

Representatives: CLEARY of Houlton, COHEN of Portland, DILL of Cape Elizabeth, MacDONALD of Boothbay, PERCY of Phippsburg, SMITH of Monmouth, STRANG BURGESS of Cumberland, Senator: RECTOR of Knox.

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Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

- **Emergency preamble. Whereas,** acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and
- Whereas, this legislation requires a bond issue to go before the voters before adjournment and is associated with the special election in June; and

9 Whereas, in the judgment of the Legislature, these facts create an emergency within 10 the meaning of the Constitution of Maine and require the following legislation as 11 immediately necessary for the preservation of the public peace, health and safety; now, 12 therefore,

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

14 Sec. 1. Authorization of bonds. The Treasurer of State is authorized, under the 15 direction of the Governor, to issue bonds in the name and on behalf of the State in an 16 amount not exceeding \$20,000,000 for the purposes described in section 6 of this Act. 17 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for 18 a period longer than 10 years from the date of the original issue of the bonds. At the 19 discretion of the Treasurer of State, with the approval of the Governor, any issuance of 20 bonds may contain a call feature.

Sec. 2. Records of bonds issued kept by Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. 3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Act. Any unencumbered balances remaining at the completion of the project in this Act lapse to the debt service account established for the retirement of these bonds.

32 Sec. 4. Interest and debt retirement. The Treasurer of State shall pay interest
33 due or accruing on any bonds issued under this Act and all sums coming due for payment
34 of bonds at maturity.

35 Sec. 5. Disbursement of bond proceeds. The proceeds of the bonds must be
as set out in this Act under the direction and supervision of the Finance
Authority of Maine.

Sec. 6. Allocations from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Act must be expended as designated in the following schedule.

FINANCE AUTHORITY OF MAINE

Provides funds to increase the Finance Authority of Maine economic recovery loan program.

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Provides funds to increase the Finance
Authority of Maine loan insurance
program.

\$10,000,000

\$10,000,000

Sec. 7. Contingent upon ratification of bond issue. Sections 1 to 9 do not
become effective unless the people of the State ratify the issuance of the bonds as set
forth in this Act.

16 Sec. 8. Appropriation balances at year-end. At the end of each fiscal year, all 17 unencumbered appropriation balances representing state money carry forward. Bond 18 proceeds that have not been expended within 10 years after the date of the sale of the 19 bonds lapse to General Fund debt service.

Sec. 9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Act, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

Sec. 10. Referendum for ratification; submission at election; form of question; effective date. This Act must be submitted to the legal voters of the State at a statewide election held in the month of June following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

"Do you favor a \$20,000,000 bond issue to increase 2 Finance Authority of Maine business programs, a direct loan program and a loan insurance program, by \$10,000,000 each to assist businesses facing loss of revenues and that require business restructuring?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Act, the Governor shall proclaim the result without delay and this Act becomes effective 30 days after the date of the proclamation.

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The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purposes of this referendum.

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

SUMMARY

9 The funds provided by this bond issue, in the amount of \$20,000,000, will be used to 10 increase 2 Finance Authority of Maine business programs, a direct loan program and a 11 loan insurance program, by \$10,000,000 each to assist businesses facing loss of revenues 12 and that require business restructuring.