

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 481

H.P. 310

House of Representatives, February 11, 2025

**An Act to Allow a Water District Created by Special Act of the
Legislature to Borrow Money and Issue a Warrant Prior to a
Default**

Received by the Clerk of the House on February 6, 2025. Referred to the Committee on Energy, Utilities and Technology pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BECK of South Portland.
Cosponsored by Senator BRENNER of Cumberland and
Representatives: BOYER of Cape Elizabeth, KESSLER of South Portland, OLSEN of
Raymond, WADSWORTH of Hiram, WARREN of Scarborough, Senator: HARRINGTON of
York.

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

2 **Sec. 1. 35-A MRSA §6103, sub-§1-A** is enacted to read:

3 **1-A. Issuance of warrant prior to default; commission review.** A district that makes
4 a determination regarding the district's anticipated revenues under this section may borrow
5 money and issue a warrant in accordance with this subsection.

6 A. Notwithstanding subsection 1, if, prior to a default in the payment of the principal
7 of or interest on a note, bond or other evidence of indebtedness issued by the water
8 district, the district makes a reasonable determination that the district's anticipated
9 revenues from the normal payment of water charges for services rendered for the period
10 beginning on the date of the determination and ending on the last day of the
11 then-current fiscal year will not be sufficient to pay the district's anticipated operating
12 expenses for the same period, the district may borrow money in an amount sufficient
13 to make the payment of principal and interest and other transaction costs related to the
14 borrowing, and the trustees, directors or managing board of the district may issue the
15 district's warrant immediately to those portions of the municipality or municipalities
16 that constitute the district to repay the amount borrowed, plus interest.

17 When making the determination under this paragraph, the district shall include:

18 (1) In its anticipated revenues, all other cash or funds held by or on behalf of the
19 district that are available to pay its anticipated operating expenses and other
20 expected or obligated expenditures; and

21 (2) In its anticipated operating expenses, all other expected or obligated
22 expenditures, including any obligation to replenish a reserve fund established with
23 respect to the note, bond or other evidence of indebtedness.

24 B. Within 30 days of the date the trustees, directors or managing board of the district
25 issues the district's warrant pursuant to paragraph A, the district shall prepare and
26 submit a financial management plan to the commission and each municipality that
27 constitutes the district. The commission shall provide an opportunity for affected
28 municipalities to provide input on the financial management plan, and the commission
29 may in its discretion commence a proceeding to examine the financial management
30 plan.

31 C. This subsection applies to a district when the municipality or municipalities that
32 constitute the district have previously approved this section or former Title 35, section
33 3211. For any other district, this subsection applies when approval pursuant to
34 subsection 6 is obtained.

35 **SUMMARY**

36 This bill provides that if a water district, prior to a default in the payment of the
37 principal of or interest on a note, bond or other evidence of indebtedness, makes a
38 determination that the district's anticipated revenues from the normal payment of water
39 charges will not be sufficient to pay the district's anticipated operating expenses, the water
40 district may borrow money to pay the principal and interest and other transaction costs
41 related to the borrowing and may issue the district's warrant immediately to those portions

1 of the municipality or municipalities that constitute the district to repay the amount
2 borrowed, plus interest.