

MAINE STATE LEGISLATURE

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April 22, 1948

The Honorable Belmont Smith
Treasurer of State
Augusta, Maine

Dear Sir:

In Re: \$700,000
STATE OF MAINE
SERIAL COUPON
HIGHWAY AND BRIDGE BONDS
DATED APRIL 1, 1948
DUE APRIL 1, 1947 to 1953
INCLUSIVE

In answer to your recent inquiry as to the legality of the recent issue and sale of State Highway and Bridge Bonds, this department makes the following reply:

"The qualified voters of the State of Maine at an election held on the ninth day of September, A. D. 1912, adopted an amendment to article nine of the Constitution of the State of Maine empowering the Legislature to authorize the issuing of bonds not exceeding two million dollars in amount outstanding at any one time, nor more than five hundred thousand dollars to be issued in any one year, payable within forty-one years at a rate of interest not exceeding four per centum per annum, payable semi-annually; which bonds, or their proceeds, shall be devoted solely to the building and maintaining of State Highways",

and

"The qualified voters of the State of Maine at an election held on the eighth day of September, 1919, adopted an amendment to Article nine, section seventeen of the Constitution of the State of Maine empowering the Legislature to authorize the issuing of bonds not exceeding ten million dollars in amount at any one time, payable within forty-one years, at a rate of interest not exceeding five per centum per annum, payable semi-annually, which bonds, or

their proceeds, shall be devoted solely to the building of State Highways, and intra-state, interstate, and international bridges:"

and by virtue of the power given by the aforesaid amendment, the Ninetieth Legislature of the State of Maine, by Chapter 68 of the Private and Special Laws of 1941, as amended by the Ninetieth Legislature at the Special Session January, 1942, passed an Act entitled:

"An Act to Provide for Reissuance of State Highway Bonds".

"Sec. 1. State highway and bridge bonds issued under authority of the legislature under the provisions of the constitution which have matured and have been retired, which were issued before September 28, 1926 shall be reissued according to the provisions of this act.

"Sec. 2. The treasurer of state is hereby authorized under the direction of the governor and council to reissue from time to time during the fiscal year ending June 30, 1942 the said bonds in the following manner to an amount of not exceeding \$700,000, for the purpose of raising funds to match regular federal aid funds for the construction of state highways and bridges, and to a further and additional amount of \$600,000 to raise funds to match federal aid funds for the construction of strategic highways or strategic bridges, so-called, in case such funds become available; and to reissue said bonds from time to time during the fiscal year ending June 30, 1943 not exceeding the amount of \$500,000 for the purpose of raising funds to match regular federal aid funds for the construction of state highways and bridges."

P. L. 1941, Ch. 68

"An Act Authorizing the Facsimile of the Signature of the Governor to be Used on Bonds Issued by the State."

"Sec. 1. The bonds issued under the provisions of section 2 hereof shall be payable at the state treasury within 25 years from the date of issue at a rate of interest not exceeding $2\frac{1}{2}\%$ per year, interest payable semiannually. Said bonds shall bear the

The Hon. Belmont Smith, Page 3, April 22, 1942.

facsimile of the signature of the governor, and shall be signed by the treasurer of state, and attested by the state auditor, with the seal of the state affixed. None of these bonds shall mature before July 1, 1946. The coupons attached to said bonds shall bear the facsimile of the signature of the treasurer of state; and such bonds and coupons shall be of such denominations and form and upon such terms and conditions not inconsistent herewith as the governor and council shall direct. Said bonds, together with the proceeds thereof, shall be designated as highway and bridge bonds, and shall be deemed a pledge of the faith and credit of the state."

P. L. 1941, Ch. 99
Approved Jan. 24, 1942

The records of the Treasurer of State show that Highway and Bridge Bonds issued under authority of the aforesaid amendment before September 28, 1925 which have matured and been retired amount to \$4,989,000.

Under the Council Order of April 3, 1942, Numbered 235:

"STATE OF MAINE

235

In Council, APR 3 1942

ORDERED,

STATE TREASURY DEPARTMENT

That the Treasurer of State be and hereby is authorized and empowered to issue in the name of the State of Maine and sell to the highest bidder, (bidder to name coupon rate in multiples of 1/8% or 1/4%) Serial Coupon State of Maine Highway and Bridge Bonds in the aggregate principal amount of Seven hundred thousand dollars (700,000) bearing date of April 1, 1942 and payable at the office of the State Treasury at Augusta, Maine, as follows:

\$100,000. on April 1, in each of the years 1947 to 1953 inclusive.

The above authorization is provided by Chapter 68 of the Private and Special Laws of the Ninetieth Legislature, approved April 16, 1941, as amended by Chapter 99 of the Private and Special Laws of 1941 as passed by the Ninetieth Legislature at the Special Session January, 1942.

The Hon. Belmont Smith, Page 4, April 22, 1942.

ORDERED FURTHER:

That the Treasurer of State advertise for sealed bids for the above issue, to be received up to ten o'clock, Eastern Standard Time, Thursday, April 16, 1942. No bids accepted less than par.

ORDERED FURTHER:

That the Treasurer of State shall insert in his Notice of Offer of Sale the following clause:

'In the event that prior to the delivery of the bonds the income received by private holders from bonds of the same general type and character shall be taxable by the terms of any Federal income tax law, the successful bidder may, at his election, be relieved of his obligation under the contract to purchase the bonds.'

ORDERED FURTHER:

That the Treasurer of State prepare and submit the form of bond and coupon to the Governor and Council for approval.

S/ Belmont Smith
Treasurer of State

In Council, APR 3 1942

Read and passed by the Council, and by the Governor approved.

Frederick Robie Secretary of State."

The Hon. Belmont Smith, Page 5, April 22, 1942.

"STATE OF MAINE

252

In Council, APR 16 1942

STATE TREASURY DEPARTMENT

ORDERED,

That Whereas, the Treasurer of State has made a sale of \$700,000 State of Maine Highway and Fridge Coupon Bond Issue bearing date of April 1, 1942 at a bid price in denominations of \$1,000 each of 100,155 and accrued interest to date of delivery for 1 $\frac{1}{2}$ coupon to

The First National Bank of Chicago, Illinois
being the lowest bidder,

NOW THEREFORE IT IS ORDERED:

That the said sale shall stand approved.

S/ Belmont Smith
Treasurer of State

In Council, APR 16 1942

Read and passed by the Council, and by the Governor approved,

Frederick Robie Secretary of State."

The Hon. Belmont Smith, Page 6, April 22, 1942.

This issue and sale of said Highway and Bridge Bonds to the amount of \$700,000, sold as aforesaid, being authorized by Chapter 68 of the Private and Special Laws of 1941, as amended by Section 1 of the Public Laws of 1941, Chapter 99, approved January 24, 1942, and the Orders of the Governor and Council of April 3 and April 16, 1942, being pursuant to said Constitutional Amendment and Special Act, in due form and properly passed and recorded, and all other proceedings in connection with the same being regular, these bonds in my opinion were legally issued and sold and are a pledge of the faith and credit and a lawful debt of the State of Maine, payable from unlimited ad valorem taxes to be levied on all the taxable property therein.

Respectfully submitted,

Sanford L. Fogg
Deputy Attorney General

SLP:3H