

MAINE STATE LEGISLATURE

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November 14, 1967

Asa Gordon, Exec. Director, School
Administrative Services
George C. West, Deputy

Education
Attorney General

FACTS:

School building projects approved by the voters at the local level between May 11, 1966 and April 27, 1967 are eligible for lump sum school construction aid if funds are available. In accordance with section 3459, when a project is completed and application is made for school construction aid, the Commissioner shall notify the directors if funds are not then available to pay all or any portion of the total amount of state aid to which the district is entitled for the project. The directors may then issue bonds or notes in anticipation of state aid, and the maturity schedule for such bonds or notes shall first be approved by the Commissioner of Education. The district shall be reimbursed each year during which such bonds or notes are outstanding out of monies appropriated for this purpose, an amount equal to its annual payments of principal and interest on such bonds or notes.

Several questions are pertinent as they regard the interpretation of this section. To be specific, District #48 in the Newport area had an authorization from the voters to construct a project totaling \$1,500,000 during the specified time between May 11, 1966 and April 27, 1967. On September 19 of this year the District authorized \$300,000 additional bonding to finish the same project. It is possible that the District will also contribute some money from current appropriations to completely equip the building.

QUESTION NO. 1:

May the Commissioner approve a maturity schedule for bonds and notes that are issued in anticipation of state aid for school construction projects approved by the district voters between May 11, 1966 and April 27, 1967 for any period of years ranging from one year maturity to 25 years maturity?

ANSWER NO. 1:

Yes.

OPINION NO. 1:

20 M.R.S.A. § 3459 as enacted by P.L. 1967, Chapter 224, provides in part:

"The first installment of such bonds or notes shall be payable not later than 2 years after the date of issue and the last installment shall be payable not later than 25 years from such date, provided that the maturity schedule for such bonds or notes shall first be approved by the Commissioner of Education." (Emphasis supplied.)

The bonds or notes referred to here are those issued by the district upon notification by the Commissioner that funds are not currently available for payment of state aid for the construction project. The above-quoted sentence, particularly that part which is underlined, is self-explanatory.

QUESTION NO. 2:

May the Commissioner approve a different maturity schedule for each project that is eligible for state aid?

ANSWER NO. 2:

Yes.

OPINION NO. 2:

The above-quoted portion of § 3459 clearly indicates that a maturity schedule may be of any length from 1 to 25 years. The state is obligated to pay the principal and interest so it may determine the maturity schedule. This can vary from project to project.

QUESTION NO. 3:

On the amount authorized to be added to the project in District #48 is the state's share of this bond issue to be paid at the same rate as the state's share of the original authorization?

ANSWER NO. 3:

Yes.

OPINION NO. 3:

The additional amount authorized by the district voters in September, 1967 is simply a deficit appropriation for the whole project as previously authorized. In order to complete the authorized project it was necessary to raise more money. The original estimate was approximately 20% shy of the amount needed.

There being no new or additional project, the state will reimburse for the full project at one and the same rate.

QUESTION NO. 4:

If the District contributes tax money to complete the project, does the state reimburse at the rate that was in effect at the time of original voter authorization of borrowing or the rate that is in effect at the time of completion of the building?

ANSWER NO. 4:

See Opinion No. 4.

OPINION NO. 4:

The facts indicate that all answers are to be geared to § 3459 as enacted by P.L. 1967, Chapter 224, § 11. The second paragraph has language stating that the state's "reimbursement shall not be less than the percentage . . . applicable . . . at the time the voters of the district authorized the school directors to borrow in anticipation of state aid"

Hence, the reimbursement by the state for nonborrowed money will be at the percentage applicable at the time of completion (§ 3457) or the time of authorization to borrow whichever is the greater. (§ 3459).

QUESTION NO. 5:

Is it possible for the local unit to issue bonds for its share of the project, with a maturity date of 20 years while the state's share of the project may be approved for a different maturity schedule, even as short as five (5) years?

ANSWER NO. 5:

Yes.

Asa Gordon

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OPINION NO. 5:

See Opinions numbered 1 and 2.

GCW:H

George C. West
Deputy Attorney General