

# MAINE STATE LEGISLATURE

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AUGUSTA, MAINE 04333

March 30, 1978

Honorable Philip F. Peterson  
Box M  
Caribou, Maine 04736

Dear Representative Peterson:

I am responding to your request for advice concerning a question of municipal finance. The question arises from facts set forth in the emergency preamble of L.D. 2208, "An Act Authorizing the Issuance of Bonds by the Town of Houlton to Acquire Certain Assets of Ricker College," which has been passed by the Legislature and is awaiting action by the Governor. The preamble sets forth the severe financial problems faced by the college and the need for financial relief from the Town of Houlton. If the Governor signs this act or it becomes law without his signature, the Town of Houlton would be authorized to issue general obligation bonds and use the revenues to purchase the property of Ricker College, if approved at local referendum.

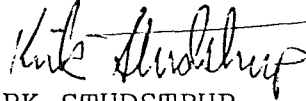
In light of the background stated above, you have asked whether there is statutory authority, independent of the provisions of L.D. 2208, which would allow the Town of Houlton to accomplish the same purpose through the issuance of revenue bonds, as opposed to general obligation bonds. Since this is essentially a local, municipal question, I think it would be more appropriate for the town officials to ask town counsel for his opinion. However, I am including the following remarks for your own personal information.

There are presently two major provisions in the Maine statutes authorizing municipalities to issue revenue obligation securities (revenue bonds). The first is the "Revenue Producing Municipal Facilities Act," set forth in 30 M.R.S.A. c. 235. This Act permits municipalities to issue such securities but only for "revenue producing municipal facilities," which are interpreted by statute as meaning an airport, parking facility, water system, or sewage disposal system. 30 M.R.S.A. § 1901, sub-§ 11. Therefore, this Act does not contain the authorization in question.

The second provision is the "Municipal Industrial and Recreational Obligations Act," set forth in 30 M.R.S.A. c. 242. Under this Act, a municipality is authorized, after approval by the Maine Guarantee Authority, to issue revenue obligation securities for the purposes authorized in the Act. 30 M.R.S.A. §§ 5328 and 5331. However, those purposes would not appear to include the purpose set forth in L.D. 2208. The general authority is, "To acquire, construct, reconstruct, renew and replace industrial-commercial pollution-control, health care, recreational and combined projects, and multi-level private parking facilities within or partly within the corporate limits of the municipality. . . ." 30 M.R.S.A. § 5323, sub-§ 1. Although Ricker College may constitute a considerable portion of the general economy of the Town of Houlton, a municipal attempt to relieve the financial problems of the institution would not come within any of the purposes authorized by this Act, as those purposes are defined in 30 M.R.S.A. § 5326. Therefore, this Act does not appear to provide the Town with the authority in question.

I hope the foregoing is useful to you.

Sincerely,



S. KIRK STUDSTRUP  
Assistant Attorney General

SKS:mfe