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STATE OF MAINE
DEPARTMENT OF THE ATTORNEY GENERAL
AUGUSTA, MAINE 04333

May 9, 1978

To: John P. O'Sullivan, Commissioner, Finance and Administration
From: Donald G. Alexander, Deputy Attorney General
Re: Maine Veterans Home Bond Issue

This responds to your request for an opinion as to whether the Board of Trustees of the Maine Veterans Home may use a portion of the proceeds of the bond issue to construct the Maine Veterans Home (in the form of bond anticipation notes) to cover the Board's expenditures incurred prior to commencement of operation of the Home. You indicate that the majority of such expenditures which are contemplated would relate to Board meetings, the establishment and operation of a small staff, architectural costs and the like.


We answer that proceeds of the bond issue may not be used for the regular operational expenses of the Board of Trustees of the Maine Veterans Home, and that such expenses must be met from other revenues which are appropriated or which the Board of Trustees or the Treasurer of the State is authorized to receive in connection with the Maine Veterans Home.

The law authorizing a bond issue for construction of the Maine Veterans Home and enacting 37-A M.R.S.A. c. 28, P. L. 1977, Chapter 562, as amended by P.L. 1977, c. 584, § 1, was approved by referendum on December 5, 1977. Section 2 of Chapter 562 specifies that the proceeds of the bonds shall be used for: "The cost of constructing the Maine Veterans Home, including any expenses incurred in financing thereof." Absent legislative history to the contrary, and we have found none, we must construe this section to impose the normal limitations on use of bond proceeds which are associated with capital construction bonds; that is, that the bond proceeds may be used for actual construction costs, architectural plans and expenses directly associated

with the offering and sale of the bonds. We do not believe that this limitation can be construed to include the possibility of financing the regular expenses of the Board of Trustees of the Maine Veterans Home from the proceeds of the Capital Construction Bond.

We must note that two separate provisions of Chapter 562 contemplate that the Board of Trustees or the State Treasurer may receive funds from other sources. We believe that such funds, if received, could be applied to meeting the regular expenses of the Board of Trustees. Thus, 37- A M.R.S.A. § 1407, as enacted by Chapter 562, empowers the Board of Trustees to receive, on behalf of the State for the benefit of the Maine Veterans Home, bequests and donations. Further, § 7 of Chapter 562 authorizes either the Board of Trustees or the State Treasurer to receive funds from the federal government or other nonstate sources for a wide range of purposes. These funding sources or a separate appropriation from the General Fund would have to be the source of support for expenses incurred in the normal operation of the Board of Trustees of the Maine Veterans Home. Once the Veterans Home becomes operational, such expenses could be paid from charges authorized by 37-A M.R.S.A. § 1406 once the bond obligations have been met.

I hope this information is helpful.


DONALD G. ALEXANDER
Deputy Attorney General

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