

MAINE STATE LEGISLATURE

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**MAINE CITIZEN'S GUIDE TO THE
SPECIAL REFERENDUM ELECTION**

Tuesday, June 12, 2007

STATE OF MAINE

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**In Accordance with the
Act Passed by the 123rd Legislature
at the First Regular Session**

**Matthew Dunlap
Secretary of State**

Appropriation 010-29A-4213-012

State of Maine
Office of the Secretary of State
Augusta, Maine 04333

Dear Fellow Citizen,

The information this booklet contains has been compiled to help voters learn about the questions appearing on the June 12, 2007 Special Referendum Election ballot. Referendum elections are an important part of the heritage of public participation in Maine. I hope you will do your part to help keep our democracy strong. Review this information. Learn and understand the issues being decided. Most importantly, cast a ballot! Your vote helps to shape the future of our State.

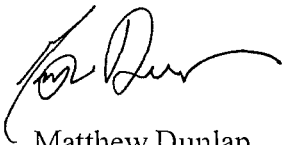
For information about how or where to vote, please contact your local municipal clerk or call Maine's Division of Elections at 624-7650. Information is also available online at www.maine.gov/sos.

Inside this booklet, you will find:

- ♦ each of the two referendum questions;
- ♦ the legislation each question represents;
- ♦ a summary of the intent and content of the legislation;
- ♦ an explanation of the significance of a "yes" or "no" vote;
- ♦ an analysis of the debt service on each bond issue; and
- ♦ an estimate of the fiscal impact of each referendum question on state revenues, appropriations and allocations.

This booklet is a collaborative effort by the Department of the Secretary of State, the State Treasurer, the Attorney General and the Office of Fiscal and Program Review. We hope you find it helpful and we encourage you to exercise your right to vote.

Sincerely,



Matthew Dunlap
Secretary of State

Features in this Guide

Chapter 316 of the Public Laws of 2005, passed by the First Special Session of the 122nd Legislature, added several features to the Guide.

In addition to the Intent and Content summaries prepared by the Office of the Attorney General, and the Treasurer's Statement and analysis of the debt service on each bond issue, this Guide also includes an estimate of the fiscal impact of each statewide referendum on state revenues, appropriations and allocations. The fiscal impact estimate must summarize the aggregate impact that the ballot measure will have on the General Fund, the Highway Fund, Other Special Revenue Funds and the amounts distributed by the state to local units of government.

In addition the Guide may also include public comments in support for or in opposition to each ballot measure. As required by this law, a person filing a public comment for publication must pay a fee of \$500 to the Secretary of State. Fees filed with public comments will be deposited in the Public Comment Publication Fund. The money in this fund must be used for the purpose of publishing the Secretary of State's Guide to the Referendum Election.

Pursuant to Chapter 316 of the Public Laws of 2005, the Secretary of State adopted rules regarding the publication of public comment by proponents and opponents of ballot measures. Chapter 520, Rules Regarding Publication of Public Comments on Statewide Referenda, are available on the Secretary of State's web site at:
<http://www.maine.gov/sos/cec/elec/2006elec.html>.

No public comments were filed for either question on the June 12, 2007 ballot.

STATE OF MAINE
Special Referendum Election, June 12, 2007
LISTING OF REFERENDUM QUESTIONS

Question 1: Bond Issue

Do you favor a \$112,975,000 bond issue for improvements to highways and bridges, airports, public transit facilities, ferry and port facilities including port and harbor structures and bicycle and pedestrian trails that makes the State eligible for over \$260,525,000 in federal and other matching funds?

Question 2: Bond Issue

Do you favor an \$18,300,000 bond issue to support drinking water programs and to support the construction of wastewater treatment facilities that will leverage \$49,500,000 in other funds?

Treasurer's Statement

The State of Maine borrows money by issuing bonds. Bonds spread the payments for projects over their useful lives so that all benefiting from the projects pay for them. Bonding is a multi-step process which can generally be described as follows: 1. The Legislature decides which projects it believes should be funded from bond proceeds (money acquired from the sale of bonds) and puts the projects out for voter approval as required by the State Constitution. 2. The voters, at a statewide election, approve or reject each bond proposal. 3. The State Treasurer issues bonds to pay for those projects approved by the voters or otherwise authorized by the Constitution. A person or institution purchasing the bonds is, in effect, loaning the State of Maine money in return for interest payments during the term of the bond. 4. The Treasurer distributes the money acquired from the sale of bonds in accordance with the legislation authorizing bonds for approved projects. 5. The Treasurer pays interest twice yearly to bond purchasers until the maturity date when the Treasurer pays them principal as well.

The following is a summary of the general obligation bond debt of the State of Maine as of **March 31, 2007**.

Bonds Outstanding (Issued and Maturing Through 2016):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Highway Fund	\$ 30,570,000	\$ 2,963,714	\$ 33,533,714
General Fund	<u>\$401,485,000</u>	<u>\$58,898,519</u>	<u>\$460,383,519</u>
Total	<u>\$432,055,000</u>	<u>\$61,862,233</u>	<u>\$493,917,233</u>

Unissued Bonds Authorized by Voters: **\$ 97,138,101**

Unissued Bonds Authorized by the Constitution and Laws: **\$ 99,000,000**

Total Unissued Bonds: **\$196,138,101**

Less Bond Anticipation Notes issued this fiscal year: **\$(56,111,429)**

Total Available from Authorized but Unissued: **\$140,026,672**

If the bonds submitted here are approved by voters and issued for the full statutory period authorized, an estimate of the total interest and principal that may reasonably be expected to be paid is **\$170,985,687.50** representing **\$131,275,000.00** in principal and **\$39,710,687.50** in interest.



David Lemoine,
Treasurer of State

The bond issues denoted in Questions 1 and 2 are contained within one single Legislative Act. The applicable sections are printed below. However, each bond issue will be listed on the ballot as individual questions to be accepted or rejected separately. Question 1 is described in Part A of the legislation, Question 2 is described in Part B.

STATE OF MAINE

Chapter 39

**Public Laws of 2007
Approved April 10, 2007**

An Act To Authorize Bond Issues for Ratification by the Voters for the June and November 2007 Elections and the June 2008 Election and To Transfer Certain Funds

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation requires the transfer of funds to be used for expenses associated with the special election in June; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

PART A

Sec. A-1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$112,975,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

Sec. A-2. Records of bonds issued kept by Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. A-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State

Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

Sec. A-4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

Sec. A-5. Disbursement of bond proceeds. The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Transportation.

Sec. A-6. Allocations from Highway Fund and General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

DEPARTMENT OF TRANSPORTATION

Highway Fund

Highway and Bridge Improvements	\$100,000,000
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General Fund

Ferry and Port Improvements	\$1,775,000
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Airports	\$3,200,000
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Transit and Bus Improvements	\$3,650,000
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Pedestrian and Bicycle Trails	\$500,000
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Passenger and Freight Rail Improvements	\$3,850,000
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Sec. A-7. Contingent upon ratification of bond issue. Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

Sec. A-8. Appropriation balances at year-end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to Highway Fund or General Fund debt service.

Sec. A-9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or

bond anticipation notes for an additional amount of time not to exceed 5 years.

Sec. A-10. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in the month of June following the passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

”Do you favor a \$112,975,000 bond issue for improvements to highways and bridges, airports, public transit facilities, ferry and port facilities including port and harbor structures and bicycle and pedestrian trails that makes the State eligible for over \$260,525,000 in federal and other matching funds?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word “Yes” or “No.” The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

PART B

Sec. B-1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$18,300,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

Sec. B-2. Records of bonds issued kept by Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. B-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

Sec. B-4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at

maturity.

Sec. B-5. Disbursement of bond proceeds. The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Health and Human Services and the Department of Environmental Protection.

Sec. B-6. Allocations from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Provides funds for a drinking water revolving loan fund in the department to be matched by \$17,000,000 in other funds.	\$3,400,000
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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Provides funds for a wastewater treatment facility state revolving loan fund to be matched by \$14,500,000 in other funds.	\$2,900,000
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Provides funds for wastewater treatment facility construction grants to be matched by \$18,000,000 in other funds.	\$12,000,000
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Sec. B-7. Contingent upon ratification of bond issue. Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

Sec. B-8. Appropriation balances at year-end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

Sec. B-9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

Sec. B-10. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in the month of June following the passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

”Do you favor an \$18,300,000 bond issue to support drinking water programs and to support the construction of wastewater treatment facilities that will leverage \$49,500,000 in other funds?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

PART C

Part C of this legislation will be voted on in November 2007

PART D

Part D of this legislation will be voted on in November 2007

PART E

Part E of this legislation will be voted on in November 2007

PART F

Part F of this legislation will be voted on in November 2007

PART G

Part G of this legislation will be voted on in June 2008

PART H

Sec. H-1. Transfer of funds. Notwithstanding any other provision of law, the State Budget Officer may transfer by financial order in fiscal year 2006-07 any unexpended balance of Personal Services to All Other in the Department of the Secretary of State, Bureau of Administrative Services and Corporations for expenses associated with the special statewide election to be held in June 2007 pursuant to this Act.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

Question 1: Bond Issue (P.L. 2007, c. 39, Part A)

Intent and Content Prepared by the Office of the Attorney General

This Act would authorize the State to issue bonds in an amount not to exceed \$112,975,000 to raise funds for a variety of transportation projects. The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State.

Proceeds of the sale of the bonds would be expended by the Department of Transportation for projects statewide in the following amounts: \$100,000,000 for highway and bridge improvement projects; \$3,850,000 for passenger and freight rail improvements; \$3,650,000 on transit and bus facilities; \$3,200,000 for public airport improvement projects; \$1,775,000 for statewide small harbor improvements and the Portland International Marine Terminal; and \$500,000 to support local community bicycle and pedestrian trails. Most of these projects would be matched by federal and local funds.

If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A statement of the Treasurer describing the financial considerations of this bond issue is published together with this statement.

A "YES" vote approves authorization of a \$112,975,000 bond issue to finance all of the above activities.

A "NO" vote disapproves the bond issue in its entirety.

Debt Service Prepared by the Office of the Treasurer

Total estimated life time cost is \$147,149,937.50 representing \$112,975,000.00 in principal and \$34,174,937.50 in interest (assuming interest at 5.5% over 10 years).

Fiscal Impact Statement Prepared by the Office of Fiscal and Program Review

This bond issue has no significant fiscal impact other than the debt service costs identified above.

Public Comments

No public comments were filed in support or in opposition to Question 1.

Question 2: Bond Issue (P.L. 2007, c. 39, Part B)

Intent and Content Prepared by the Office of the Attorney General

This Act would authorize the State to issue bonds in an amount not to exceed \$18,300,000 for wastewater treatment and drinking water systems. The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State.

The Department of Environmental Protection would expend \$14,900,000 of the proceeds of the sale of the bonds as follows:

- \$2,900,000 would go into an existing State Revolving Loan Fund, to be matched by \$14,500,000 in federal funds, and distributed as low interest loans to municipalities to repair, improve or upgrade wastewater treatment facilities; and
- \$12,000,000 would be distributed in grants to municipalities to construct, improve or upgrade wastewater treatment facilities.

The Department of Health and Human Services would expend \$3,400,000 of the bond proceeds in grants and low interest loans to eligible public water systems to construct and upgrade public drinking water systems, through the Drinking Water State Revolving Fund. These funds would be matched by \$17,000,000 in federal funds.

If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A statement of the Treasurer describing the financial considerations of this bond issue is published together with this statement.

A "YES" vote approves authorization of an \$18,300,000 bond issue to finance all of the above activities.

A "NO" vote disapproves the bond issue in its entirety.

Debt Service Prepared by the Office of the Treasurer

Total estimated life time cost is \$23,835,750.00 representing \$18,300,000.00 in principal and \$5,535,750.00 in interest (assuming interest at 5.5% over 10 years).

Fiscal Impact Statement Prepared by the Office of Fiscal and Program Review

This bond issue has no significant fiscal impact other than the debt service costs identified above.

Public Comments

No public comments were filed in support or in opposition to Question 2.