

MAINE STATE LEGISLATURE

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**Maine Citizen's Guide to the
Referendum Election**

Tuesday, July 14, 2020



**In Accordance with
the Act Passed by the 129th Legislature
at the Second 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 in this booklet is intended to help voters learn about the questions that will appear on the July 14, 2020 Referendum Election ballot. Referendum elections are an important part of the heritage of public participation in Maine.

Inside this booklet, you will find:

- ◆ the 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 the bond issues; and
- ◆ an estimate of the fiscal impact of each referendum question on state revenues, appropriations and allocations.

For information about how and 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.

The Department of the Secretary of State, the Attorney General, the State Treasurer and the Office of Fiscal and Program Review have worked together to prepare this booklet of information and we hope you find it helpful.

Sincerely,



Matthew Dunlap
Secretary of State

Treasurer's Statement

The State of Maine borrows money by issuing bonds. General Obligation bonds are backed by the full faith and credit of the State and must be submitted statewide to the voters for approval.

Once approved, the Treasurer issues bonds as needed to fund the approved bond projects and uses a rapid 10-year repayment of principal strategy to retire the debt.

If the bond proposals on the ballot in July 2020 are approved by the voters, general obligation debt service as a percentage of the State's General Fund, Highway Fund and Revenue Sharing appropriations is expected to be 2.81% in FY21 and 2.92% in FY22.

The following is a summary of general obligation bond debt of the State of Maine as of **April 30, 2020**.

Bonds Outstanding (Issued and Maturing through 2029):

| | Principal | Interest | Total |
|--------------|-----------------------|----------------------|-----------------------|
| Highway Fund | \$ 9,820,000 | \$ 305,334 | \$ 10,125,334 |
| General Fund | 533,580,000 | 97,761,769 | 631,341,769 |
| Total | \$ 543,400,000 | \$ 98,067,103 | \$ 641,467,103 |

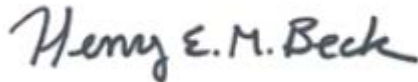
Unissued Bonds Authorized by Voters: **\$ 205,930,000**

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

Total Authorized but Unissued Bonds: **\$ 304,930,000**

The total amount that must be paid in the present fiscal year for bonded debt already outstanding (for FY2020): **\$ 97,969,678**

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 **\$153,000,000.00**, representing **\$120,000,000.00** in principal and **\$33,000,000.00** in interest.



Henry E.M. Beck, Esq.
Treasurer of State

Question 1: Bond Issue

Do you favor a \$15,000,000 bond issue to invest in high-speed internet infrastructure for unserved and underserved areas, to be used to match up to \$30,000,000 in federal, private, local or other funds?

**STATE OF MAINE
Chapter 673
Public Laws of 2019
Approved March 18, 2020**

An Act To Authorize a General Fund Bond Issue for Infrastructure To Improve Transportation and Internet Connections

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 \$15,000,000 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.

Sec. B-2. Records of bonds issued; Treasurer of State. The Treasurer of State shall ensure that an account of each bond is kept 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 Office of the Treasurer of State to be used for the retirement of general obligation 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 ConnectME Authority, in consultation with the Department of Economic and Community Development, shall oversee the disbursement of bond proceeds and matching funds authorized pursuant to this Part.

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.

CONNECTME AUTHORITY

Provides funds to the ConnectME Authority, as established in the Maine Revised Statutes, Title 5, section 12004-G, subsection 33-F, for investments in high-speed internet infrastructure in unserved and underserved areas.

| | |
|-------|--------------|
| Total | \$15,000,000 |
|-------|--------------|

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 the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

Sec. B-9. Bonds authorized but not issued. Any bonds authorized but 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 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 June 2020. 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 \$15,000,000 bond issue to invest in high-speed internet infrastructure for unserved and underserved areas, to be used to match up to \$30,000,000 in federal, private, local or 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.

Intent and Content
Prepared by the Office of the Attorney General

This Act would authorize the State to issue general obligation bonds in an amount not to exceed fifteen million dollars (\$15,000,000), to raise funds to invest in high-speed internet infrastructure projects as described below. 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 proceeds from the sale of these bonds would be administered by the **ConnectME Authority** in the form of matching grants for projects that will improve broadband service to areas of the State that are currently unserved or underserved. The grants would be awarded and administered in accordance with rules developed by the ConnectME Authority.

The bond proceeds for these projects are expected to be matched by thirty million dollars (\$30,000,000) of funding from other public and private sources.

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

A "Yes" vote approves the issuance of up to fifteen million dollars (\$15,000,000) in general obligation bonds to finance high-speed internet infrastructure.

A "No" vote opposes the bond issue in its entirety.

Debt Service
Prepared by the Office of the Treasurer

Total estimated life time cost is **\$19,125,000**, representing **\$15,000,000** in principal and **\$4,125,000** in interest (assuming interest at 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 of or in opposition to Question 1.

Question 2: Bond Issue

Do you favor a \$105,000,000 bond issue for improvement of highways and bridges statewide and for multimodal facilities or equipment related to transit, freight and passenger railroads, aviation, ports, harbors, marine transportation and active transportation projects, to be used to match an estimated \$275,000,000 in federal and other funds?

**STATE OF MAINE
Chapter 673
Public Laws of 2019
Approved March 18, 2020**

An Act To Authorize a General Fund Bond Issue for Infrastructure To Improve Transportation and Internet Connections

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 \$105,000,000 for the purposes described in section 5 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.

Sec. A-2. Records of bonds issued; Treasurer of State. The Treasurer of State shall ensure that an account of each bond is kept 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 Office of the Treasurer of State to be used for the retirement of general obligation 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 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 under the direction and supervision of the agencies and entities set forth in this section.

TRANSPORTATION, DEPARTMENT OF

Provides funds to improve highways and bridges statewide, including the Madawaska International Bridge replacement project and associated utility relocation costs, and for the department's municipal partnership initiative and associated activities.

Total \$90,000,000

Provides funds for multimodal facilities or equipment related to transit, freight and passenger railroads, aviation, ports, harbors, marine transportation and active transportation projects and associated activities.

Total \$15,000,000

Sec. A-6. Contingent upon ratification of bond issue. Sections 1 to 5 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

Sec. A-7. 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 the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

Sec. A-8. Bonds authorized but not issued. Any bonds authorized but 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 for an additional amount of time not to exceed 5 years.

Sec. A-9. 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 June 2020. 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 \$105,000,000 bond issue for improvement of highways and bridges statewide and for multimodal facilities or equipment related to transit, freight and passenger railroads, aviation, ports, harbors, marine transportation and active transportation projects, to be used to match an estimated \$275,000,000 in federal and 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.

Intent and Content
Prepared by the Office of the Attorney General

This Act would authorize the State to issue general obligation bonds in an amount not to exceed one hundred and five million dollars (\$105,000,000), to raise funds for transportation projects as described below. 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 proceeds from the sale of these bonds would be administered by the **Department of Transportation** for the following purposes:

Highways, bridges, and secondary roads – ninety million dollars (\$90,000,000) would be expended to improve highways and bridges statewide, including replacement of the Madawaska International Bridge and associated costs of relocating utilities, as well as to repair secondary roads in partnership with municipalities pursuant to the existing Municipal Partnership Initiative program, and associated activities.

Municipalities are required to contribute 50% or more of the project costs under the Municipal Partnership Initiative program, which is described on the Department’s web site at <http://maine.gov/mdot/planning/>. Highway and bridge projects are matched with federal funds on a ratio of approximately 2.8 to 1 (federal to state) dollars.

Multi-modal projects – Fifteen million dollars (\$15,000,000) would be expended on multi-modal facilities and equipment related to passenger rail and public transit (public transportation), freight rail, aviation, ports, harbors, marine transportation, bicycle and pedestrian projects (referred to as “active transportation projects”) and associated activities.

The bond proceeds for the above categories of projects are expected to be matched by at least two hundred and seventy-five million dollars (\$275,000,000) in federal and local matching funds.

If approved, the authorization of these bonds would take effect 30 days after the Governor’s proclamation of the vote.

A “YES” vote approves the issuance of up to one hundred and five million dollars (\$105,000,000) in general obligation bonds to finance transportation-related activities.

A “NO” vote opposes the bond issue in its entirety.

Debt Service
Prepared by the Office of the Treasurer

Total estimated life time cost is **\$133,875,000**, representing **\$105,000,000** in principal and **\$28,875,000** in interest (assuming interest at 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 of or in opposition to Question 2.