

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIRST LEGISLATURE

Legislative Document

No. 1005

S. P. 340

In Senate, January 31, 1963

Referred to Committee on Towns and Counties. Sent down for concurrence and ordered printed.

CHESTER T. WINSLOW, Secretary

Presented by Senator Ferguson of Oxford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-THREE

AN ACT Relating to Municipal Revenue Bonds.

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

R. S., c. 90-A, §§ 15 - 16, repealed and replaced. Sections 15 and 16 of chapter 90-A of the Revised Statutes, as enacted by section 1 of chapter 405 of the public laws of 1957, are repealed and the following enacted in place thereof:

‘Sec. 15. Revenue bonds. A municipality with 2,500 or more population may issue revenue bonds for acquiring, improving, extending or repairing a revenue-producing municipal facility or for funding or refunding outstanding revenue bonds under the following conditions:

I. Approved by voters. When the purpose has been approved by ballot by a majority of the voters and the number of votes cast is at least 10% of the total vote for all candidates for Governor cast in the municipality at the last gubernatorial election.

A. The ballot submitted to the voters to authorize the issue of revenue bonds shall state the following:

1. The purpose for which the bonds are to be issued.
2. The principal amount of the bond issue.

B. Upon approval by the voters the municipal officers may issue revenue bonds in accordance with the following:

1. The municipal officers authorized to issue securities may borrow money in anticipation of their sale by issuing temporary notes and renewal

notes, the total face amount of which does not exceed at any one time outstanding, the authorized amount of the revenue bonds, but the period of such anticipatory borrowing shall not exceed one year and the time within which such revenue bonds are to become due shall not be extended by such anticipatory borrowing beyond the time fixed in the vote authorizing their issue or, if no term is there specified, beyond the term permitted by law.

2. A revenue bond authorized and issued for the purpose of funding or refunding is not invalid because of any invalidity in the original borrowing.

3. Revenue bonds may be in serial form payable in annual installments, which need not be equal, the total amount of which shall extinguish the entire issue at maturity, the first such installment shall be payable not later than 5 years, and the last such installment shall be payable not later than 30 years, after the date of issue of such revenue bonds.

4. In the absence of a contrary provision in the vote authorizing the issuance of revenue bonds, discretion to fix the date, maturities, denomination, interest rate, place of payment, form and other details of the revenue bonds and of providing for the sale thereof shall be deemed to have been delegated to the municipal officers.

5. Revenue bonds may be issued which are subject to call for redemption with or without premium at the election of the municipality before the date fixed for final payment of such revenue bonds, provided specific authority to issue callable revenue bonds is contained in the vote authorizing their issue, and provided the revenue bonds when issued contain provisions setting forth the method by which the option to call may be exercised, the procedure for payment in the event of call and the legal effect of making the call.

6. Revenue bonds issued by a municipality shall, in the absence of a contrary provision in a special act or in the vote authorizing such revenue bonds, be signed by the treasurer and countersigned by a majority at least of the municipal officers.

7. Revenue bonds issued by a municipality and coupons, if any, attached thereto shall be executed in the name of the municipality by the manual or facsimile signatures of such official or officials as may be authorized to execute such revenue bonds but at least one signature on each such bond shall be a manual signature, and such revenue bonds and coupons, if properly executed by the officers of a municipality in office on the date such revenue bonds are actually executed, shall be valid and binding according to their terms notwithstanding that before the delivery of such revenue bonds and payment therefor any or all such officers shall have for any reason ceased to hold office.

Sec. 16. Characteristics of revenue bond. A revenue bond has the following characteristics:

I. Negotiable Instruments Law. It is governed by the Negotiable Instruments Law of the State and may be negotiable or non-negotiable.

II. Lien. It creates a lien upon and is payable from money received for the use or services of a revenue-producing municipal facility. It does not pledge the credit of nor create a lien against any other property of the municipality.

III. Application of money. All money received from the sale of revenue bonds shall be applied to the revenue-producing municipal facility, its outstanding capital obligations or be placed in the capital reserve fund herein authorized.

IV. Tax moneys for installment. A municipality may appropriate tax moneys to the payment of any annual installment and interest in order to prevent a default, provided that no municipality shall pledge such appropriations as part of the bond indenture nor shall any civil action lie to require such payment. The intent of this provision is to make such appropriation solely dependent on the discretion of the municipality.

V. Receiver. If there is any default in the payment of interest or amortization of principal, any court having jurisdiction may, in a proper action, appoint a receiver to do the following under its direction:

A. Operate the facility for the municipality.

B. Fix rates and collect money sufficient to provide for the payment of operating expenses and outstanding obligations of the facility.

C. Apply the money received, after payment of operating expenses, to outstanding obligations with any surplus placed in the reserve fund.

VI. Reserve fund. The municipal officers may establish a reserve fund with a capital improvement account and a sinking fund account for the revenue-producing facility.

A. Total funds in the capital improvement account may not exceed $\frac{1}{2}$ the actual cost of the revenue-producing municipal facility or $\frac{1}{2}$ of the estimated construction or reconstruction cost, whichever is greater.

B. Contributions may not exceed $2\frac{1}{2}\%$ of the actual costs or estimated costs under paragraph A.

C. Sinking fund account balances shall be transferred to the capital improvement account.'