

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

STATE OF MAINE  
SENATE  
103rd LEGISLATURE

SENATE AMENDMENT "A" to S. P. 63, L. D. 107, Bill, "An Act to Clarify State Aid for School Construction Purposes and Borrowing in Anticipation Thereof."

Amend said Bill by striking out all of the Title and inserting in place thereof the following: 'An Act Relating to State Aid for School Construction.'

Further amend said Bill by striking out all of the emergency preamble and inserting in place thereof the following:

'Emergency preamble. Whereas, Acts and resolves passed by the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the voters of several School Administrative Districts have authorized new school construction and the borrowing in anticipation of state aid for school construction purposes pursuant to Title 20 of the Revised Statutes, as amended by chapters 475 and 493 of the public laws of 1965; and

Whereas, it is essential that such districts continue to borrow in anticipation of state aid for school construction so that such construction can proceed without further delay; and

Whereas, the Legislature deems it necessary to change the presently authorized method of paying state aid for school construction while honoring commitments made to certain districts pursuant to the present legislation but without extending the authority to incur further obligations or commitments under said legislation; and

Whereas, such change in method must become effective immediately in order to avoid further delay in school construction; and

*(Filing No. S-70)*

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, '

Further amend said Bill by striking out everything after the enacting clause and inserting in place thereof the following:

'Sec. 1. R. S., T. 20, §225, sub-§3, ¶A, amended. The 2nd paragraph of paragraph A of subsection 3 of section 225 of Title 20 of the Revised Statutes, as amended by section 1 of chapter 493 of the public laws of 1965, is further amended to read as follows:

The following question is to be used where a new school is to be constructed:

"Shall the school directors of School Administrative District No. .... be authorized to issue bonds or notes in the name of said district for capital outlay purposes in an amount not to exceed \$.....  
~~and-be-authorized-to-borrow-funds-for-capital-outlay~~  
~~purposes-in-anticipation-of-state-aid-for-school~~  
~~construction-not-to-exceed-\$.....~~ to  
construct a .....to be located  
(primary or secondary school)  
at .....?  
(specifically define lot where school is to be erected)  
Yes No"

Sec. 2. R. S., T. 20, §304, amended. The first paragraph of section 304 of Title 20 of the Revised Statutes, as amended, is further amended to read as follows:

To procure funds for authorized purposes of the district, the school directors of said district are authorized to borrow funds to pay current operating expenses of the district but said loans must be repaid within one year of the date of said borrowing. To procure funds for capital outlay purposes, as defined in section 3457, the school directors of said district are authorized to issue bonds and notes of the district, ~~not-to-exceed-in-the~~  
~~aggregate,-at-any-one-time-outstanding,-the-limit-of-indebtedness~~  
~~of-12-1/2%-of-the-total-of-the-last-preceding-state-valuation-of~~  
~~all-the-participating-towns-including-all-outstanding-school~~  
~~indebtedness-assumed-by-said-district.--The-school-directors-of-a~~  
~~School-Administrative-District-may-be-authorized-to-borrow-funds~~  
~~for-capital-outlay-purposes-in-anticipation-of-state-aid-for~~  
~~school-construction-purposes.--Such-authorization-may-be~~

(MORE)

*(Filing No. S-70)*

~~granted-by-the-voters,-voting-upon-an-appropriate-article under-section-225,-and-any-money-so-borrowed-shall-not-be considered-a-part-of-the-12-1/2%-debt-limitation-of-the district.~~ The issuing of bonds or notes for capital outlay purposes shall first be approved by a majority of those qualified voters of the district voting at an election called by the school directors and held as provided in section 225, except as is otherwise provided in this section. ~~Contracts,-leases-or-agreements with-the-Maine-School-Building-Authority-shall-not-be-debts-or-liabilities-within-this-section.~~ Each bond or note shall have inscribed upon its face the official name of the School Administrative District and shall be dated at such time or times, shall be in such denomination, shall bear such rate of interest, not exceeding 6% per year, payable semiannually, be in such form subject to this chapter, and be sold in such manner, at public or private sale as the school directors shall determine, provided that in no event shall bonds be sold for less than par. Each issue of said bonds shall mature in substantially equal annual installments, so that the first installment shall be payable not later than 2 years after the date of issue and the last installment not later than 25 years from the date thereof. When an issue of capital outlay bonds or notes has been properly authorized, the board of school directors prior to the issuance of said bonds or notes may borrow 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 capital outlay bonds or notes. If the proceeds of an issue of bonds are used in whole or in part to fund temporary notes of the district or renewals thereof, the period during which such issue of bonds shall be outstanding, plus the period of the loan represented by such temporary notes or renewals thereof, shall not exceed 25 years. All notes or bonds issued by said school directors on behalf of an administrative district shall be signed by the treasurer and countersigned by the chairman of said board of school directors, and if coupons be issued, each coupon shall be attested by a facsimile signature of the treasurer printed thereon. Any bonds or notes issued on behalf of a School Administrative District may be made subject to call for redemption, with or without premium, at the election of the board of school directors of such district before the date fixed for final payment of such bonds or notes, provided the bonds or notes, when issued, contain provisions setting forth the method by which the option to call may be exercised, the

(MORE)

(Filing No. \$-70)

procedure for payment in the event of call and the legal effect of making the call. Said notes and bonds, and loans to pay current operating expenses, contracts, leases and agreements with the Maine School Building Authority shall be legal obligations of said district, which is declared to be a quasi-municipal corporation within the meaning of Title 30, section 5053, and all the provisions of said section shall be applicable thereto.

Sec. 3. R. S., T. 20, §304, amended. Section 304 of Title 20 of the Revised Statutes, as amended, is further amended by adding after the first paragraph the following new paragraph:

The aggregate principal amount of bonds or notes issued by a School Administrative District for capital outlay purposes shall not exceed, at any one time outstanding, the limit of indebtedness of the sum of 12 1/2% of the total of the last preceding state valuation of all the participating towns and an additional percentage of said total state valuation determined by multiplying 12 1/2% by the applicable percentage for said district as set forth in the third column of Table II of section 3457. All outstanding school indebtedness assumed by the district shall be included in its limit of indebtedness but contracts, leases or agreements with the Maine School Building Authority shall be excluded. The limit of indebtedness for bonds or notes for capital outlay purposes authorized after the effective date of this Act shall be fixed as of the time of authorization by the voters or, if no district meeting is held to authorize such bonds or notes, upon the expiration of 35 days following passage of a resolution of the board of school directors as described in the last two paragraphs of this section, provided, that if the issuance of such bonds or notes together with all outstanding indebtedness included within the district's limit of indebtedness would cause the district's indebtedness included within such limit to exceed 12 1/2% of the total of the last preceding state valuation of all the participating towns, the board of school directors shall not issue any of such bonds or notes unless they shall first have received a certificate of approval pursuant to section 3458.

Sec. 4. R. S., T. 20, §3457, amended. The 2nd sentence of the first paragraph of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, is amended to read as follows:

(MORE)

*(Filing No. S-70)*

The state obligation on assumed debts and Maine School Building Authority leases shall not extend beyond 25 years from the original date of the unit's obligation and shall not apply to obligations made school construction projects approved by the commissioner prior to August 28, 1957.

Sec. 5. R. S., T. 20, §3457, amended. The last sentence of the first paragraph of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, is repealed as follows:

~~The above described methods of subsidizing school construction shall apply to all eligible projects approved and completed prior to July 1, 1967.~~

Sec. 6. R. S., T. 20, §3457, amended. The 4th paragraph of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, is repealed as follows:

~~Subsequent to July 1, 1967 school construction aid shall be disbursed on all eligible projects under the following rules:~~

Sec. 7. R. S., T. 20, §3457, subsections 1, 2 & 3, repealed. Subsections 1, 2 and 3 of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, are repealed as follows:

~~1.--Approval prior to July 1, 1967.--On any eligible project approved prior to July 1, 1967, and completed subsequent to the same date, the administrative unit shall be reimbursed the eligible amount of its capital outlay expenditure upon filing the necessary reports with the commissioner and submitting proof that the project has been completed in accordance with approved plans.~~

~~2.--Approval by commissioner.--On any eligible project approved by the commissioner on or after July 1, 1967 the following shall apply.--One-half of the financial assistance due the unit, based upon the total estimated capital outlay expenditures of the project approved by the commissioner, shall be paid when evidence is submitted that the appropriate local officials have contracted or arranged for the construction of the facility or facilities. When the project is completed and a full report of the capital outlay expenditures of said project is made to the commissioner~~

(MORE)

*(Filing No. §-70)*

~~and proof has been submitted showing that the project was completed in accordance with approved plans, the eligible unit shall be reimbursed the difference between the total amount of state aid for which the project can qualify and the amount of construction subsidy paid the administrative unit at the start of the project.~~

~~3. -- Reimbursement. -- The principal amount of indebtedness incurred for school construction and assumed by a School Administrative District which school construction project was completed subsequent to July 1, 1967 shall be reimbursed to the School Administrative District, as though contracted by the School Administrative District. -- Payment shall be made upon receipt of the necessary reports filed with the commissioner and proof that the debt has been so assumed -- together with proof that the project was completed in accordance with approved plans, and subsequent to --- July 1, 1967.~~

Sec. 8. R. S., T. 20, §3457, amended. The last sentence of the 7th paragraph of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, is repealed as follows:

~~Financing charges shall not be considered as a part of the cost, for construction subsidy purposes, on projects which are completed on or after July 1, 1967.~~

Sec. 9. R. S., T. 20, §3457, amended. The 11th paragraph of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965, is amended to read as follows:

The several administrative units, cities, towns, plantations and School Administrative Districts shall be divided into 21 classifications according to their valuations per resident school child being educated at public expense. The valuation shall be as determined by the Board of Equalization in the statement filed by it, as provided in Title 36, section 381, and the number of children shall be the average of the last 2 enrollment reports of resident pupils being educated at public expense on April 1st annually. ~~Such computation shall be subject to correction in accordance with the final statement filed by the Board of Equalization on December 1st.~~ The commissioner shall establish the applicable percentage for each eligible unit on January 1st of the year in which the Legislature convenes in

(MORE)

*(Filing No. S-70)*

in regular session. The percentage determined from Table II shall be applicable for the next 2 fiscal years of the State, July 1st to June 30th.

Sec. 10. R. S., T. 20, §3458, additional. Title 20 of the Revised Statutes is amended by adding a new section 3458 to read as follows:

§3458. Approval of projects for school construction aid. Any eligible administrative unit qualifying for school construction aid under section 3457 which, after the effective date of this Act, has authorized a school construction project and the financing thereof may apply to the State Board of Education for such aid. Such application shall be accompanied by an attested copy of the vote or resolution authorizing such project and financing and by such additional information, drawings, preliminary plans and estimates of cost as the state board may require.

Forthwith upon receipt of such application, the board shall examine the application and any other information required by it relative thereto and shall approve or disapprove the proposed project for such state aid. Before approving the project of any administrative unit for school construction aid, the board shall make the following findings:

1. Eligibility. That the administrative unit and the proposed project are eligible for school construction aid under section 3457;
2. Interest. That the proposed project and the authorized method of financing it are in the best interest of the administrative unit;
3. Estimated cost. The total estimated capital outlay expenditures of the proposed project as approved by the board;
4. Percentage of state aid. The percentage of the total capital outlay expenditures which the administrative unit was qualified to receive in school construction aid for the proposed project at the time when the proposed project and its financing were authorized, as computed from Table II in section 3457.

If the board approves the proposed project for school construction aid, it shall issue a certificate of approval, which

(MORE)

*(Filing no. S-70)*



certificate shall set forth the findings required by this section and otherwise shall be in such form as the board shall determine. No state aid shall be paid to any administrative unit on any project to which this section is applicable until such certificate of approval shall have been issued by the board.

Nothing in this section shall affect any state aid payable with respect to school construction projects authorized prior to the effective date of this Act.

Sec. 11. R. S., T. 20, §3459, additional. Title 20 of the Revised Statutes is amended by adding a new section 3459 to read as follows:

§3459. Limitation

Notwithstanding any inconsistent provisions of sections 225, 304, 3457 and 3458, the school directors of any School Administrative District which, between May 11, 1966 and the effective date of this Act, has authorized its school directors to borrow funds in anticipation of state aid for school construction under section 225 as then in effect, may borrow such funds pursuant to section 304 as heretofore in effect and may issue temporary notes and renewal notes therefor, which temporary notes and renewal notes shall be legal obligations of said district and may be issued notwithstanding any debt limitation of the district, but shall thereafter be considered in computing the borrowing capacity of the district except with respect to bonds or notes issued to finance the same school project or projects.

On any eligible project heretofore or hereafter approved by the Commissioner of Education, a School Administrative District to which this section is applicable shall be reimbursed the eligible amount of its capital outlay expenditure upon filing the necessary reports with the commissioner and submitting proof that the project has been completed in accordance with approved plans, provided that the amount of such reimbursement shall not be less than the percentage of the actual capital outlay expenditure for the project applicable to the district at the time the voters of the district authorized the school directors to borrow in anticipation of state aid for school construction.

(MORE)

*(Filing No. S-70)*

Not later than 90 days following the filing of a full report of capital expenditures of said project with the commissioner and the submission of proof showing that the project has been completed in accordance with approved plans, the commissioner shall notify the school directors if funds are not then available from which to pay all or any specified portion of the total amount of state aid to which the district is entitled for the project. Upon receipt of such notification, the school directors may issue bonds or notes of the district pursuant to this section in order to fund temporary notes or renewal notes issued in anticipation of such state aid or as otherwise may be required to complete the financing of the project not exceeding the total amount of such state aid to which the district is entitled for the project as certified by the commissioner, less the amount of such state aid paid or certified to be available for payment to the district. Any such bonds or notes shall be issued not earlier than simultaneously with the issuance of bonds or notes of the same district required to complete the permanent financing of the same school project or projects. The first installment of such bonds or notes shall be payable not later than two years after the date of issue and the last installment shall be payable not later than 25 years from such date, provided, that the maturity schedule for such bonds or notes shall first be approved by the Commissioner of Education. Said bonds or notes shall be legal obligations of the district and may be issued notwithstanding any debt limitation otherwise applicable to the district, but shall thereafter be considered in computing the borrowing capacity of the district. Except as otherwise provided, said bonds or notes shall be issued in accordance with the applicable provisions of section 304. If bonds or notes of the district are issued pursuant to this paragraph, the district shall be reimbursed in each year during which such bonds or notes are outstanding out of moneys appropriated for this purpose, an amount equal to its annual payments of principal and interest on such bonds or notes, which amounts shall be the only state aid for school construction purposes paid or to be paid to the district for said school project or projects, except for any sums which may be paid or payable pursuant to the last two sentences of section 3457 on account of sums contributed by the district for the project or projects.

If a district to which this section is applicable shall have issued temporary notes or renewal notes in anticipation of state

(MORE)

*(Filing no. S-70)*

aid to an amount in excess of the amount of state aid to which the district is entitled for its project, any unexpended balance of the proceeds of such temporary notes or renewal notes shall be used for the repayment thereof and the outstanding balance, if any, of such temporary notes or renewal notes shall be repaid from sums which shall be included in the next annual budget of the district and shall not be subject to change at the district budget meeting.

Sec. 12. Proceedings validated. All proceedings taken between May 11, 1966 and the effective date of this Act by the voters, school directors or officers of any School Administrative District in connection with the authorization, issuance, sale, execution and delivery of bonds or notes for capital outlay purposes or notes in anticipation of state aid for school construction pursuant to the Revised Statutes then in effect and all such bonds or notes heretofore issued thereunder by School Administrative Districts are hereby validated, confirmed, approved and declared legal in all respects notwithstanding any defect or irregularity therein.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

Proposed by Senator JOHNSON of Somerset.  
Reproduced and distributed pursuant to Senate Rule No. 11A.

(Filing No. S-70)

4/12/67