ONE HUNDRED AND THIRD LEGISLATURE

Legislative Document **No. 154**

S. P. 72 In Senate, January 18, 1967

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

JERROLD B. SPEERS, Secretary

Presented by Senator Boisvert of Androscoggin.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED SIXTY-SEVEN

AN ACT to Authorize Bond Issue in the Amount of $500,000 for a Reserve Fund to Guarantee Student Loans under the Higher Education Act of 1965.

Preamble. Two-thirds of both Houses of Legislature deeming it necessary in accordance with Section 14 of Article IX of the Constitution to authorize the issuance of bonds on behalf of the State of Maine to provide a reserve fund to guarantee student loans under the Higher Education Act of 1965.

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

Sec. 1. Issue of Bonds to provide for a reserve fund to guarantee student loans. The Treasurer of State is authorized, under the direction of the Governor and Council, to issue bonds from time to time in the name and behalf of the State to an amount not exceeding $500,000 for the purpose of raising funds for a reserve fund to guarantee student loans under the Higher Education Act of 1965. Said bonds shall be deemed a pledge of the faith and credit of the State.

Such bonds shall be dated, shall mature at such time or times not exceeding 20 years from their date, and may be made redeemable before maturity, at the option of the Treasurer of State, at such price or prices and under such terms and conditions as may be approved by the Governor and Council prior to the issuance of the bonds, and shall bear interest at such rate or rates not exceeding 5% per annum, as may be determined by the Treasurer of State with the approval of the Commissioner of Education.

The Treasurer of State, with the approval of the Governor and Council, shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may include any bank or trust company within or without the State.

The bonds shall be signed by the Treasurer of State and countersigned by the State Auditor and any interest coupons attached thereto shall be executed with the facsimile signature of the Treasurer of State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery. The bonds may be issued in coupon or registered form or both, as the Treasurer of State may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of coupon and registered bonds.

Sec. 2. Records of bonds issued to be kept by State Auditor and Treasurer. The State Auditor shall keep an account of such bonds, showing the number and amount of each, the date of countersigning, the date when payable and the date of delivery thereof to the Treasurer of State, who shall keep an account of each bond, showing the number thereof, the name of the person to whom sold, the amount received for the same, the date of sale and the date when payable.

Sec. 3. Sale, how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sales of such bonds by direction of the Department of Education with the approval of the Governor and Council. The proceeds of the sales of such bonds, which shall be held by the Treasurer of State and paid by him upon warrants drawn by the Commissioner of Education, are appropriated to be used solely for the purposes set forth in the same account to be used only for the purposes set forth herein. The Treasurer of State is authorized to invest the proceeds of the sale of the bonds during the period when the proceeds are not needed for the purposes set forth in this Act and the interest therefrom shall be paid into the General Fund. Any unencumbered balances remaining either at the completion of this program or at the conclusion of financing shall lapse to the debt service account established for the retirement of these bonds, or if these bonds are retired these balances shall lapse to the General Fund.

Sec. 4. Interest and debt retirement. Interest due or accruing upon any bonds issued under the provisions of this Act and all sums coming due for payment of bonds at maturity shall be paid by the Treasurer of State from any money in the treasury not otherwise appropriated.

Sec. 5. Disbursement of bond proceeds. The proceeds of such bonds shall be expended under the direction and supervision of the Commissioner of Education of the State of Maine.

Sec. 6. Other sources of funds. This Act shall not in any manner preclude the State from obtaining funds for the aforementioned purposes of this Act in any other ways or from any other sources; or from accepting from any authorized agency of the Federal Government loans or grants to supplement the reserve fund for guaranteeing student loans under the Higher Education Act of 1965; or from entering into agreements with such agencies representing any such loans or grants.

Sec. 7. Contingent upon ratification of bond issue. This Act shall not become effective unless and until the people of the State of Maine shall have ratified the issuance of bonds as set forth in this Act.

Sec. 8. Referendum for ratification. The aldermen of cities, the selectmen of towns and the assessors of the several plantations of this State are empowered and directed to notify the inhabitants of their respective cities, towns and plantations to meet in the manner prescribed by law for calling and holding biennial meetings of said inhabitants for the election of Senators and Representatives, at a special state-wide election to be held on the Tuesday following the first Monday of November, 1967 to give in their votes upon the acceptance or rejection of the foregoing Act, and the question shall be:

"Shall a bond issue be ratified for the purposes set forth in 'An Act to Authorize Bond Issue in the Amount of $500,000 for a Reserve Fund to Guarantee Student Loans under the Higher Education Act of 1965', passed by the 103rd Legislature?"

The inhabitants of said cities, towns and plantations shall indicate by a cross or check mark placed within a square upon their ballots their opinion of the same, those in favor of ratification voting "Yes" and those opposed to ratification voting "No" and the ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings, and return made to the office of the Secretary of State in the same manner as votes for Governor and Members of the Legislature, and the Governor and Council shall count the same and if it shall appear that a majority of the inhabitants voting on the question are in favor of said Act, the Governor shall forthwith make known the fact by his proclamation, and the Act shall thereupon become effective in 30 days after the date of said proclamation.

Secretary of State shall prepare ballots. The Secretary of State shall prepare and furnish to the several cities, towns and plantations ballots and blank returns in conformity with the foregoing Act, accompanied by a copy thereof.

STATEMENT OF FACTS

This Act proposes to raise funds by a bond issue to provide a reserve fund to guarantee student loans under the Higher Education Act of 1965.

The Treasurer of State may sell bonds by direction of the Commissioner of Education subject to approval of the Governor and Council. The bonds would be payable within 20 years from date of issue.