

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FOURTH LEGISLATURE

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## Legislative Document

No. 1467

H. P. 1143

House of Representatives, April 23, 1969

Referred to Committee on Appropriations and Financial Affairs. Sent up for concurrence and 1,000 ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Sahagian of Belgrade.

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## STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-NINE

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**AN ACT to Authorize Bond Issues in the Amount of \$22,000,000 to Provide Funds for Foundation Program School Subsidies for the Period Beginning January 1, 1970 and Ending June 30, 1970 Under the Revised Statutes, Title 20, Sections 3721 to 3724.**

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**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 funds for Foundation Program School Subsidies for the period beginning January 1, 1970 and ending June 30, 1970.

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

**Sec. 1. Issue of bonds to provide funds for Foundation Program School Subsidies to administrative units for a 6-month period.** The Treasurer of State is authorized, under the direction of the Governor and Council, to issue from time to time serial coupon bonds in the name and behalf of the State to an amount not exceeding \$22,000,000 for the purpose of providing state funds for Foundation Program School Subsidies to administrative units under the Revised Statutes, Title 20, sections 3721 to 3724. Said bonds shall be deemed a pledge of the faith and credit of the State. Said bonds shall not run for a longer period than 20 years from the date of the original issue thereof. Any issuance of bonds for a period in excess of 10 years may contain a call feature at the discretion of the Treasurer of State with the approval of the Governor and Council.

**Sec. 2. Records of bonds issued to be kept by State Auditor and Treasurer of State.** The State Auditor shall keep an account of such bonds, showing the number and amount of each, 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 sale of such bonds only by direction of the State Board of Education subject to the approval of the Governor and Council; but no such bond shall be loaned, pledged or hypothecated in behalf of the State. The proceeds of the sale of such bonds, which shall be held by the Treasurer of State and paid by him upon warrants drawn by the State Controller upon approval of the Commissioner of Education, are appropriated to be used solely for the purposes set forth in this Act. 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 lapse to the debt service account established for the retirement of these bonds.

**Sec. 4. Interest and debt retirement.** Interest due or accruing upon any bonds issued under 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 only for monthly payments of Foundation Program School Subsidy to administrative units in accordance with the Revised Statutes, Title 20, sections 3721 to 3724.

**Sec. 6. 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. 7. 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, on the 2nd Tuesday of October, 1969 at a special state-wide election to give in their votes upon the acceptance or rejection of the foregoing Act, and the question shall be:

"Shall the State convert to monthly payments of general purpose school aid to local school units to assure the state's ability to make such payments and reduce the need for borrowing by municipalities and the State by issuing bonds in the amount of \$22,000,000 in order to provide for the transitional period, January 1970 through June 1970?"

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 review 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 return in conformity with the foregoing Act, accompanied by a copy thereof.

### STATEMENT OF FACTS

Under present law 2/3 of the annual school subsidy is payable in August and exceeds \$24,000,000. This payment becomes due when the State has collected revenue for only one month of its fiscal year, consequently, there is a severe shortage of funds to meet the State's commitment to the various administrative units. The passage of this Act would permit the State to change to a system of monthly payments of school subsidies from incoming revenues without the necessity of the State's borrowing excessive sums to meet the subsidy payments that are required by statute.