

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2139

S. P. 727

In Senate, January 2, 1974

Referred to the Committee on Legal Affairs. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Cox of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FOUR

AN ACT to Regulate Municipal Debt.

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

R. S., T. 30, c. 241, sub-c. II, Art. 1-A, additional. Subchapter II of chapter 241 of Title 30 of the Revised Statutes, as amended, is further amended by adding a new article 1-A, to read as follows:

ARTICLE 1-A. MUNICIPAL DEBT

§ 5061. Limitation

1. Limitation.

A. The total debt of any municipality shall not exceed 15% of the last state valuation at 100%, except that said limitation shall be reduced as follows.

(1) Municipalities which belong to a school administrative district shall have their debt limitation reduced by 6 $\frac{3}{4}$ % of state valuation at 100%.

(2) Municipalities which belong to a sewage district shall have their debt limitation reduced by 3% of state valuation at 100%.

(3) Municipalities which belong to a water district shall have their debt limitation reduced by 2% of state valuation at 100%.

(4) Municipalities which belong to any special districts other than those enumerated above shall have their municipal debt limitation reduced by 1% of state valuation at 100% for each special district to which they belong.

B. —districts. The reductions in debt limitation specified in this Article shall be added together in those municipalities which belong to several special districts.

§ 5062. Exclusion

The limitations on municipal debt in this Article shall not be construed as applying to any funds received in trust by any municipality, any loan for the purpose of renewing existing loans or for war, temporary loans, loans taken in anticipation of federal or state aid or revenue sharing payments, tax anticipation loans, indebtedness of special districts and indebtedness of any municipality to the Maine School Building Authority.

STATEMENT OF FACT

This is legislation implementing the recently adopted constitutional debt limit that provides that the Legislature shall regulate municipal debt. This legislation will provide a more effective control on municipal debt by reducing the amount of debt a municipality may incur based upon the type and number of special districts a municipality participates in. One effort of the legislation should be to encourage municipalities not to create special districts solely for the purposes of circumventing debt limitations.