

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 445

H. P. 352

House of Representatives, January 29, 1975

Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Nadeau of Sanford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Amend the Charter of the Sanford Water District.

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

Whereas, the Sanford Water District must issue its bonds and notes from time to time to provide funds for extensions, additions and improvements to its plant and properties and to refund its outstanding obligations; and

Whereas, the bonds and notes of the district are not supported by the power of taxation and by reason thereof the district is not able to sell its bonds and notes with as favorable a rate of interest as it would if the obligation of the district to pay its bonds and notes was supported by standby taxing power; and

Whereas, it is desirable that the district be able to secure as favorable an interest rate as possible for its bonds and notes in order to benefit all of the ratepayers of the district; and

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,

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

Sec. 1. P & SL 1929, c. 50, § 9, 2nd sentence, is amended to read:

Said bonds shall be legal obligation of said water district, which is hereby declared to be a quasi-municipal corporation within the meaning of ~~section~~

~~one hundred and five of chapter fifty one~~ of the Revised Statutes of 1964, Title 30, section 5053, ~~of nineteen hundred and sixteen~~ and all the provisions of said section and acts amendatory thereof shall be applicable thereto.

Sec. 2. P & SL 1929, c. 50, § 9, is amended by inserting after the first paragraph the following:

In the event that there should be a default in the payment of principal of, or interest on, any note or bond of said district, the trustees of said district shall, unless such default shall be cured, issue their warrant in substantially the same form as the warrant of the Treasurer of State for real estate taxes, to the assessors of the Town of Sanford, requiring that they assess the total amount of such default upon the taxable estates within said town and commit their assessment to the constable or collector of said town, who shall have all authority, power and duty to collect said taxes as is vested by law to collect state, county and municipal taxes. Within 30 days after the date fixed by the Town of Sanford for the payment of such tax, the treasurer thereof shall pay the amount of the tax so assessed to the treasurer of said district.

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

STATEMENT OF FACT

The Sanford Water District issues its bonds and notes from time to time to provide funds for extensions, additions and improvements to its plant and properties and to refund outstanding indebtedness.

The purpose of this bill is to enable the district to secure a more advantageous interest rate for its bonds and notes than would be possible under the present charter. Investors in municipal and quasi-municipal obligations will generally pay a better price and thus afford the municipal or quasi-municipal corporation a lower interest rate, if the bonds and notes are supported or backed up by the taxing power.

The rates charged by the district for water, which must be approved by the Public Utilities Commission, are designed to provide the district with adequate funds to meet principal and interest on its obligations as they mature and so it is extremely unlikely that this standby taxing power would ever be used. The proposed bill would permit the use of the taxing power in the event, but only in the event, of a default.