

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 849

H. P. 674

House of Representatives, February 27, 1975

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

EDWIN H. PERT, Clerk

Presented by Mrs. Bachrach of Brunswick.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

**AN ACT to Amend the Charter of the Brunswick and Topsham
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 Brunswick and Topsham Water District proposes to issue not in excess of \$1,800,000 principal amount of its bonds in the year 1975 to provide funds for extensions, additions and improvements to its plant and properties and to refund an outstanding issue of its bonds; 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 stand-by taxing power; and

Whereas, in the judgment of the Legislature, 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 said 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:

P&SL 1903, c. 158, § 9, as amended by P&SL 1907, c. 252, is further amended to read:

Section 9. May issue bonds. For accomplishing the purposes of this Act said water district, through its trustees, is authorized to issue its bonds to an amount sufficient to procure funds to pay the expenses incurred in the acquisition of the property of said Maine Water Company, and the purchase thereof, and for further extensions, additions and improvements of said plant, and to secure a new source of supply, **and for the refunding of any indebtedness so created.** Said bonds shall be a legal obligation of said water district, which is hereby declared to be a quasi-municipal corporation within the meaning ~~of section fifty five, chapter forty six~~ of the Revised Statutes of 1964, **Title 30, section 5053,** and all the provisions of said section shall be applicable thereto. The said bonds shall be a legal investment for savings banks. Said district, through its trustees, may also issue its notes for the purposes aforesaid and to procure funds for current expenses of operation in anticipation of the receipt of water rates.

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 Brunswick and the assessors of the Town of Topsham, requiring that each assess the proportion of the default allocated to their respective municipality upon the taxable estates within said municipality, and commit their assessment to the constable or collector of said municipality, who shall have all authority, power and duty to collect said taxes as is vested by law to collect state, county and municipal taxes. The total amount of any such default in principal or interest shall be allocated by the trustees of said district between the Town of Brunswick and the Town of Topsham on the basis of the proportion of the gross operating revenues of said district for the calendar year preceding the year in which said warrant is issued derived from services rendered to customers within said municipalities. Within 30 days after the date fixed by their respective municipality for the payment of such tax, the treasurer of said Town of Brunswick and the treasurer of said Town of Topsham shall pay the amount of the tax so assessed within their respective municipality to the treasurer of said district, who shall apply the same to cure such default.

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

STATEMENT OF FACT

The Brunswick and Topsham Water District contemplates an issue of not in excess of \$1,800,000 principal amount of bonds in the year 1975 to provide funds for extensions, additions and improvements to its plant and properties, and to refund an outstanding issue of bonds.

The purpose of this bill is to enable the district in this financing to secure a more advantageous interest rate for its bonds 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 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, and would also clarify the power of the district to borrow money to refund outstanding obligations.