

MAINE STATE LEGISLATURE

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New Draft of H. P. 1829, L. D. 1994
(New Title)
FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2295

H. P. 2171

House of Representatives, March 9, 1976

Reported by Mr. Jalbert from Committee on Appropriations and Financial Affairs and printed under Joint Rules No. 18.

EDWARD H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

RESOLUTION, Proposing an Amendment to the Constitution to Increase the Bonding Limit on Maine Veterans' Mortgage Loans from \$2,000,000 to \$4,000,000 and to Decrease the Bonding Limit of the Maine School Building Authority from \$25,000,000 to \$10,000,000.

Constitutional amendments. RESOLVED: Two-thirds of each branch of the Legislature concurring, that the following amendments to the Constitution of this State be proposed:

Constitution, Art. IX, § 14-C is amended to read:

Section 14-C. Authority to insure, appropriate moneys and issue bonds for the payment of revenue bonds of the Maine School Building Authority. In order to encourage and assist in the provision and construction of public school buildings in the State, the Legislature by proper enactment may insure the payment of revenue bonds of the Maine School Building Authority on school projects within the State not exceeding in the aggregate ~~twenty-five~~ **ten** million dollars in amount at any one time and may also appropriate moneys and authorize the issuance of bonds on behalf of the State at such times and in such amounts as it may determine to make payments insured as aforesaid.

Constitution, Art. IX, § 14-E is amended to read:

Section 14-E. Authority to insure Maine veterans' mortgage loans up to 80%, and to appropriate moneys and issue bonds for the payment of same. For the purposes of recognizing the services and sacrifices of Maine's men and

women who have served their state and country through honorable service in the Armed Forces of the United States in time of war or national emergency; enlarging the opportunities for employment of Maine's veterans; insuring the preservation and betterment of the economy of the State of Maine; and stimulating the flow of private investment funds to Maine's veterans, the Legislature by proper enactment may insure the payment of up to eighty percent of any mortgage loan to resident Maine veterans of the Armed Forces of the United States, when such loans are made in connection with such legitimate purposes and under such terms and conditions as the Legislature may determine, not exceeding in the aggregate ~~two~~ four million dollars in amount at any one time and may also appropriate moneys and authorize the issuance of bonds on behalf of the State at such times and in such amounts as it may determine to make payments insured as aforesaid.

Form of question and date when amendments shall be voted upon. Resolved: That 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 the next general election in the month of November or special state-wide election on the Tuesday following the first Monday of November following the passage of this resolution to give in their votes upon the amendments proposed in the foregoing resolution, and the question shall be:

"Shall the Constitution be amended as proposed by a resolution of the Legislature to increase the bonding limit on Maine veterans' mortgage loans from \$2,000,000 to \$4,000,000 and to decrease the bonding limit of the Maine School Building Authority from \$25,000,000 to \$10,000,000?"

The inhabitants of said cities, towns and plantations shall vote by ballot on said question, and shall indicate by a cross or check mark placed against the words "Yes" or "No" their opinion of the same. The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns 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 the amendments, the Governor shall forthwith make known the fact by his proclamation, and the amendments shall thereupon, as of the date of said proclamation, become a part of the Constitution.

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

STATEMENT OF FACT

The Maine Veterans Small Business Loan Authority was established by the 106th Legislature to provide an opportunity for veterans to establish their

own small businesses. The guarantee of 80% of loans up to \$15,000 encourages lenders to provide venture capital that would not otherwise be provided. This program, in effect, recognizes in a tangible way the special service and sacrifice made by Maine veterans. The new businesses created under this program have enhanced the overall economy of the State as well as making new job opportunities.

There is now a constitutional limitation of \$2,000,000 on the total loans outstanding. It is projected this ceiling will be reached during the fall of 1976. If the ceiling is not raised, new loans would be drastically curtailed. To date the program is successful. It has enabled 90 veterans to open, expand or purchase businesses.

In order to provide additional loans which would be a benefit for the veterans and to the state's economy, it is recommended that this ceiling be raised to \$4,000,000.

The Maine School Building Authority has not been used for several years and the reduction from \$25,000,000 to \$10,000,000 would not impair school construction programs because other methods of school construction finance have and will continue to offer more advantages.

If this approach is adopted, the veterans' program can be increased without a negative effect on the state's credit rating.