

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1373

S. P. 459

In Senate, March 23, 1979

Referred to the Committee on State Government. Sent down for concurrence and ordered printed.

Presented by Senator Devoe of Penobscot.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Allow Direct Purchase by Citizens of Certain Bonds.

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

5 MRSA § 145-A is enacted to read:

§ 145-A. Minibonds

Notwithstanding any other provisions of the laws of this State, whenever the Treasurer of State is authorized to issue and sell bonds for the State, and he determines to issue and sell all or a portion of these bonds in denominations of less than \$5,000, minibonds, he may issue and sell these minibonds at public or private sale, maturing in such amounts and upon such dates, at such interest rate or rates, payable at such time and in such manner, at discount, with or without disclosure, in bearer or registered form, and upon such other terms and conditions, all as he shall determine to be in the best interests of the State; provided that: Not more than \$1,000,000 principal amount of minibonds shall be sold by the Treasurer of State in any one fiscal year; no minibond shall mature more than 5 years after its date; no one sale to a purchaser of minibonds shall be in an aggregate principal amount equal to or greater than \$5,000; and each minibond shall provide that it shall be redeemed by the State upon due presentation by an appropriate person on any business day after one year from its date of sale by the Treasurer of State at

such price as the Treasurer of State shall determine according to a schedule established with respect to each issue of minibonds prior to the sale thereof. Section 137 shall not apply to the issuance of minibonds.

The minibonds shall bear the facsimile of the signature of the Governor and shall be signed by the Treasurer of State, or his deputy, and attested by the Commissioner of Finance and Administration, or such agent as he may designate.

STATEMENT OF FACT

The purpose of this bill is to authorize the Treasurer of State to issue bonds in denominations of less than \$5,000.

Under this bill private citizens will be able to invest in state tax exempt minibonds, in possible denominations of \$100, \$500 or \$1,000 and to purchase them at a discount. Minibonds will accrue interest monthly and will reach full maturity in 5 years. The treasurer will be limited to the issuance of no more than 1,000,000 principal amount of minibonds in any fiscal year.

The bill will give all citizens the opportunity to invest in the State of Maine and to gain the benefit of receiving tax exempt interest as is presently enjoyed by those able to make large purchases of state tax exempt bonds.

To the extent minibonds are issued, it is expected that bond underwriting fees paid by the State will be reduced.