

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

D. OF R.

1

L.D. 2126

2

(Filing No. S-423)

3

STATE OF MAINE

4

SENATE

5

112TH LEGISLATURE

6

SECOND REGULAR SESSION

7

COMMITTEE AMENDMENT "A " to S.P. 837, L.D.

8

2126, Bill, "AN ACT Relating to the Issuance of Tax-
able Bonds and the Refunding of Certain Bonds."

9

10

Amend the bill in section 3 in that part desig-
nated "§1054." in the last line (page 4, line 19 in
L.D.) by inserting after the figure and punctuation
"12." the following:

11

12

13

14

'The foregoing grant of power shall not be construed
as limiting the inherent power of the State or its
agencies under any other provision of law to issue
debt, the interest on which is includable in the
gross income of the holders of the interest under the
United States Internal Revenue Code or any subsequent
law.'

15

16

17

18

19

20

21

Further amend the bill in section 7 in that part
designated "§1074." in the last line (page 7, line 2
in L.D.) by inserting after the underlined word and
punctuation "section." the following:

22

23

24

25

'The foregoing grant of power shall not be construed
as limiting the inherent power of municipalities un-
der any other provision of law to issue debt, the in-
terest on which is includable in the gross income of
the holders of the interest under the United States
Internal Revenue Code or any subsequent law.'

26

27

28

29

30

1

STATEMENT OF FACT

2 Although the State and its political subdivisions
3 have the inherent power to issue notes and bonds the
4 interest on which is taxable by the Federal Govern-
5 ment, the provisions of the Maine Revised Statutes,
6 Title 10, section 1054, as enacted by Public Law
7 1985, chapter 344, section 78, which expressly autho-
8 rizes the Finance Authority of Maine ("FAME") to is-
9 sue taxable bonds under Title 10, chapter 110, sub-
10 chapter III, create doubts as to whether municipal
11 bonds issued under Title 10, chapter 110, subchapter
12 IV, could bear interest at taxable rates. According-
13 ly, Title 10, section 1074, is proposed to clearly
14 establish the power of municipalities to issue bonds
15 under Title 10, chapter 110, subchapter IV which bear
16 taxable rates of interest, without in any way de-
17 tracting from the inherent powers of the State and
18 its municipalities to issue taxable debt under any
19 other provision of law.

20

6884031886

Reported by Sen. Kerry for the Committee on State
Government. Reproduced and Distributed Pursuant
to Senate Rule 12.

(Date 3/18/86)

(Filing No. S-423)