

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2505

H.P. 1829 House of Representatives, March 11, 1988

Approved for introduction by a majority of the
Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Appropriations and
Financial Affairs suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative MICHAUD of East Millinocket.

Cosponsored by Representatives CARTER of Winslow, DEXTER
of Kingfield, and Senator PEARSON of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

1 **AN ACT to Authorize a Bond Issue in the Amount**
2 **of \$10,000,000 for a Grants Program for**
3 **Municipal Capital Investments.**
4

5 **Preamble.** Two thirds of both Houses of the
6 Legislature deeming it necessary in accordance with
7 the Constitution of Maine, Article IX, Section 14, to
8 authorize the issuance of bonds on behalf of the State
9 of Maine to provide funds for grants to municipalities
10 which have adopted comprehensive plans for the purpose

1 of capital investment in municipal public service
2 infrastructure.

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

5 Sec. 1. 5 MRSA §12004, sub-§10, ¶A, sub-¶(5-B)
6 is enacted to read:

7	(5-B)	<u>Economic</u>	<u>Municipal Capital</u>	<u>Expenses</u>	5 MRSA
8		<u>Development</u>	<u>Investment</u>	<u>Only</u>	<u>\$13086</u>
9			<u>Advisory</u>		
10			<u>Commission</u>		

11 Sec. 2. 5 MRSA c. 383, sub-c. III, article III
12 is enacted to read:

13 ARTICLE III

14 MUNICIPAL GROWTH MANAGEMENT AND CAPITAL INVESTMENT

15 §13084. Municipal Growth Management and Capital
16 Investment Fund

17 1. Creation. The Municipal Growth Management and
18 Capital Investment Fund is created as a nonlapsing
19 fund to be used by the Department of Economic and
20 Community Development for the purposes of this article
21 only.

22 2. Deposited funds. Money in the fund not
23 currently needed to meet the obligations of the
24 department under this article shall be deposited with
25 the Treasurer of State to the credit of the fund with
26 all interest earned by the deposit credited to the
27 fund.

28 §13085. Assistance to municipalities

29 The department may make grants to eligible
30 municipalities in support of capital investments in
31 public service infrastructure as provided in this
32 article.

33 1. Definitions. As used in this article, unless

1 the context otherwise indicates, the following terms
2 have the following meanings.

3 A. "Public service infrastructure" means those
4 facilities which are essential for public health,
5 welfare and safety. These facilities include,
6 without limitation, sewage treatment facilities,
7 municipal water facilities, solid waste
8 facilities, fire protection facilities, roads and
9 traffic control devices, parks and other open
10 space or recreational areas and any other public
11 facility which benefits the public.

12 2. Eligibility. Any municipality is eligible to
13 apply for grants under this article when it has
14 adopted a comprehensive plan pursuant to the
15 requirements of Title 30, chapter 239, subchapter VI.
16 Such a comprehensive plan shall include a capital
17 investment plan comprised of the following elements:

18 A. An assessment of all public facilities and
19 services, including, but not limited to, roads,
20 sewers, schools, parks and open space, fire and
21 police;

22 B. A 10-year plan for the replacement and
23 expansion of existing public facilities or the
24 construction of such new facilities as are
25 required to meet expected growth and economic
26 development. The capital investment plan shall
27 include projections of when and where such
28 facilities will be required; and

29 C. An assessment of the anticipated costs for
30 replacement, expansion or construction of public
31 facilities, an identification of revenue sources
32 available to meet these costs and recommendations
33 for meeting costs required to implement the plan.

34 3. Grants criteria. The department shall develop
35 criteria and conditions for the award of grants to
36 eligible municipalities after consultation with the
37 Municipal Capital Investment Advisory Commission and
38 subject to the requirements of this article.

1 A. The department shall give priority to those
2 municipalities which are experiencing rapid growth
3 and which possess a public service infrastructure
4 inadequate to accommodate that growth.

5 B. The department shall establish a preference
6 for those municipalities with higher local
7 property tax burdens. The comparative local
8 property tax burden shall be determined under the
9 provisions of Title 30, section 5055.

10 C. The department shall condition any grants
11 under this article on consistency with the
12 municipality's comprehensive plan, including its
13 capital investment plan.

14 D. The department shall establish a preference
15 for capital investment projects undertaken jointly
16 by 2 or more municipalities or which provide
17 substantial regional benefits.

18 E. The department shall adopt other criteria as
19 it determines necessary to ensure that grants made
20 under this article maximize the ability of
21 municipalities to accommodate planned growth and
22 economic development.

23 4. Coordination. The department shall coordinate
24 the grants made under this article with all other
25 community assistance grants administered by the
26 department and with other state assistance programs
27 designed to accomplish similar objectives, including
28 those administered by the Department of Educational
29 and Cultural Services, the Department of
30 Transportation and the Department of Environmental
31 Protection.

32 §13086. Municipal Capital Investment Advisory
33 Commission

34 There is established a Municipal Capital
35 Investment Advisory Commission to provide expert
36 assistance and information to the department on the
37 development of grants criteria under this article.
38 The commission is composed of 5 members who shall

1 serve staggered 4-year terms, except that the terms of
2 the initial members shall be as follows: One member
3 for 2 years; 2 members for 3 years; and 2 members for
4 4 years. The Governor shall appoint the members who
5 shall each have expertise and experience in municipal
6 government. The commission shall meet at least twice
7 annually and shall review the grants criteria annually.

8 §13087. Report to the Legislature

9 The department shall report to the joint standing
10 committee of the Legislature having jurisdiction over
11 appropriations and financial affairs no later than
12 January 1, 1989, and biennially thereafter on the
13 grants program. The department may make any
14 recommendations it finds necessary to achieve more
15 effectively the purposes of this article, including
16 the appropriation of any necessary additional funds.

17 Sec. 3. Authorization of bonds to provide for
18 grants for public service infrastructure. The
19 Treasurer of State is authorized, under the direction
20 of the Governor, to issue from time to time registered
21 bonds in the name and behalf of the State to an amount
22 not exceeding \$10,000,000 for the purpose of raising
23 funds to provide for a grants program for municipal
24 capital investments as authorized by section 9.. The
25 bonds shall be deemed a pledge of the full faith and
26 credit of the State. The bonds shall not run for a
27 longer period than 20 years from the date of the
28 original issue of the bonds. Any issuance of bonds
29 may contain a call feature at the discretion of the
30 Treasurer of State with the approval of the Governor.

31 Sec. 4. Records of bonds issued to be kept by
32 the State Auditor and Treasurer of State. The State
33 Auditor shall keep an account of the bonds, showing
34 the number and amount of each, the date when payable
35 and the date of delivery of the bonds to the Treasurer
36 of State who shall keep an account of each bond
37 showing the number of the bond, the name of the
38 successful bidder to whom sold, the amount received
39 for the same, the date of sale and the date when
40 payable.

Sec. 5. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no such bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which shall be held by the Treasurer of State and paid by him upon warrants drawn by the State Controller, are appropriated to be used solely for the purposes set forth in this Act. Any unencumbered balances remaining at the completion of the project in section 9 shall lapse to the debt service account established for the retirement of these bonds.

Sec. 6. Taxable bond option. The Treasurer of State, at the direction of the Governor, shall covenant and consent that the interest on the bonds shall be includable, under the United States Internal Revenue Code, in the gross income of the holders of the bonds to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders under the United States Internal Revenue Code or any subsequent law. The powers conferred by this section shall not be subject to any limitations or restrictions of any law which may limit the power to so covenant and consent.

Sec. 7. Interest and debt retirement. Interest due or accruing upon any bonds issued under this Act and all sums coming due for payment of bonds at maturity shall be paid by the Treasurer of State.

Sec. 8. Disbursement of bond proceeds. The proceeds of the bonds set out in section 9 shall be expended under the direction and supervision of the Department of Economic and Community Development.

Sec. 9. Allocations from General Fund bond issue. The proceeds of the sale of bonds shall be expended as follows.

1988-89

ECONOMIC AND COMMUNITY DEVELOPMENT,

1 DEPARTMENT OF

2 Municipal Growth Management and
3 Capital Investment Fund

4 All Other \$10,000,000

5 These funds shall be
6 used to create a fund
7 which provides grants
8 to municipalities
9 experiencing high
10 growth rates for the
11 development of
12 necessary public
13 service infrastructure.

14 Sec. 10. Contingent upon ratification of bond
15 issue. Sections 1 to 9 shall not become effective
16 unless and until the people of the State have ratified
17 the issuance of bonds as set forth in this Act.

18 Sec. 11. Appropriation balances at year end.
19 At the end of each fiscal year, all unencumbered
20 appropriation balances representing state money shall
21 carry forward from year to year. Bond proceeds which
22 have not been expended within 10 years after the date
23 of the sale of the bonds shall lapse to General Fund
24 debt service.

25 Sec. 12. Bonds authorized but not issued. Any
26 bonds authorized but not issued, or for which bond
27 anticipation notes have not been issued within 5 years
28 of ratification of this Act, shall be deauthorized and
29 may not be issued, provided that the Legislature may,
30 within 2 years after the expiration of that 5-year
31 period, extend the period for issuing any remaining
32 unissued bonds, or bond anticipation notes for an
33 additional amount of time not to exceed 5 years.

34 Sec. 13. Statutory referendum procedure;
35 submission at general election; form of question;
36 effective date. This Act shall be submitted to the
37 legal voters of the State of Maine at the next general
38 election in the month of November following passage

1 of this Act. The city aldermen, town selectmen and
2 plantation assessors of this State shall notify the
3 inhabitants of their respective cities, towns and
4 plantations to meet, in the manner prescribed by law
5 for holding a statewide election, to vote on the
6 acceptance or rejection of this Act by voting on the
7 following question:

8 "Do you favor a \$10,000,000 bond issue for the
9 establishment of a Municipal Growth Management and
10 Capital Investment Fund to assist municipalities in
11 the building of public facilities necessary to
12 accomodate growth and economic development?"

13 The legal voters of each city, town and plantation
14 shall vote by ballot on this question and shall
15 designate their choice by a cross or check mark placed
16 within a corresponding square below the word "Yes" or
17 "No." The ballots shall be received, sorted, counted
18 and declared in open ward, town and plantation
19 meetings and returns made to the Secretary of State in
20 the same manner as votes for members of the
21 Legislature. The Governor shall review the returns
22 and, if it appears that a majority of the legal voters
23 are in favor of the Act, the Governor shall proclaim
24 that fact without delay, and the Act shall become
25 effective 30 days after the date of the proclamation.

26 The Secretary of State shall prepare and furnish
27 to each city, town and plantation all ballots, returns
28 and copies of this Act necessary to carry out the
29 purpose of this referendum.

30 STATEMENT OF FACT

31 This bill establishes the Municipal Growth
32 Management and Capital Investment Fund to assist towns
33 and cities to build the public facilities, including
34 roads, water supply and other items, needed to
35 accommodate growth and economic development. The fund
36 shall be supported initially with the proceeds of a
37 \$10,000,000 general revenues bond issue if approved by
38 the voters of the State.

39 The fund shall be administered by the Department

1 of Economic and Community Development with the advice
2 of the Municipal Capital Investment Advisory
3 Commission composed of persons with expertise and
4 experience in local government. The department shall
5 coordinate this grants program with the other local
6 and regional assistance programs it currently
7 administers.

8 All municipalities with comprehensive and capital
9 investment plans shall be eligible for grants. Those
10 municipalities with higher than average property tax
11 burdens or which are experiencing rapid growth shall
12 receive priority.

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