

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

No. 1293

H.P. 927

House of Representatives, April 24, 1989

Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in cursive script, reading "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative MOHOLLAND of Princeton.

Cosponsored by Representative McGOWAN of Canaan, Speaker MARTIN of Eagle Lake and Senator BOST of Penobscot.

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STATE OF MAINE

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

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An Act to Amend the Municipal Limit for School Debt.

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(EMERGENCY)



1       **Emergency preamble.** Whereas, Acts of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted  
3 as emergencies; and

5       **Whereas,** the definition of the state reimbursable portion  
6 of school debt under the municipal debt limit law has not been  
7 updated to reflect the current provisions for state subsidy for  
8 school construction under the Maine Revised Statutes, Title 20-A;  
9 and

11       **Whereas,** this situation may preclude school construction  
12 projects in low valuation communities which are eligible for high  
13 percentages of state subsidy and are most in need of new school  
14 facilities; and

15       **Whereas,** in the judgment of the Legislature, these facts  
16 create an emergency within the meaning of the Constitution of  
17 Maine and require the following legislation as immediately  
18 necessary for the preservation of the public peace, health and  
19 safety; now, therefore,

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

23       **30-A MRSA §5703,** as enacted by PL 1987, c. 737, Pt. A, §2  
24 and Pt. C, §106 and amended by PL 1989, cc. 6, 9, is repealed  
25 and the following enacted in its place:

27       **§5703. Exclusion**

29       **1. Limitations on municipal debt.** The limitations on  
30 municipal debt in section 5702 shall not be construed as applying  
31 to any funds received in trust by any municipality, any loan  
32 which has been funded or refunded, notes issued in anticipation  
33 of federal or state aid or revenue sharing money, tax  
34 anticipation loans, notes maturing in the current municipal year,  
35 indebtedness of entities other than municipalities, indebtedness  
36 of any municipality to the Maine School Building Authority, debt  
37 issued under chapter 235 and Title 10, chapter 110, subchapter  
38 IV, obligations payable from revenues of the current municipal  
39 year or from other revenues previously appropriated by or  
40 committed to the municipality, and the state reimbursable portion  
41 of school debt. The limitations on municipal debt set forth in  
42 section 5702 do not apply to obligations incurred by one or more  
43 municipalities pursuant to Title 38, section 1304-B, with respect  
44 to solid waste facilities, which obligations are regulated in the  
45 manner set forth in Title 38, section 1304-B.

47       **2. State reimbursement.** For the purpose of this section,  
48 the state reimbursable portion of school debt with respect to any  
49 municipality shall be the sum of the amounts determined by:

1       A. Multiplying the outstanding amount of each issue of debt  
3       incurred for school purposes by the municipality in  
5       connection with a project which qualifies for state school  
7       construction aid and the percentage of the capital outlay  
9       costs of such project which was applicable to determine the  
11       amount of state school construction aid; or

13       B. For school construction projects approved by the State  
15       Board of Education after July 1, 1985, by multiplying the  
17       outstanding amount of each issue of debt incurred for school  
19       purposes by the municipality in connection with a project  
21       which qualifies for state school construction subsidy under  
23       Title 20-A and the state share percentage of operating costs  
25       for that municipality as defined in Title 20-A, section  
27       15609, paragraph A, subparagraph (1), for the year in which  
29       the project received concept approval from the State Board  
31       of Education.

33       The certificate of the Commissioner of Educational and Cultural  
35       Services that a project qualifies for state school construction  
37       aid and as to the state share percentage of operating costs for  
39       that municipality as defined in Title 20-A, section 15609,  
41       subsection 1, paragraph A, subparagraph (1), for the year in  
43       which the project received concept approval shall be conclusive  
45       evidence of the facts stated therein.

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

## STATEMENT OF FACT

This bill amends the definition of the "state reimbursable portion of school debt" in the municipal debt limit law to reflect the fact that under the school finance laws most municipalities are eligible for some state subsidy for school construction. The bill exempts from the municipal debt limit the percentage of indebtedness for a school construction project eligible for state subsidy which corresponds to the state share percentage of operating costs in that municipality in the year in which the project receives concept approval. Under the Maine Revised Statutes, Title 20-A, section 15611 and the formula in the School Finance Act, the state share percentage of allocation for debt service in a given year is equal to or greater than the state share percentage of operating costs in that year.