

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1620

H.P. 1166

House of Representatives, May 10, 1989

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

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative MICHAUD of East Millinocket.

STATE OF MAINE

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

**An Act to Authorize a General Fund Bond Issue in the Amount of
\$10,000,000 to Provide Funds for the Municipal Capital Investment
Fund.**



1 **Preamble.** Two thirds of both Houses of the Legislature
2 deeming it necessary in accordance with the Constitution of
3 Maine, Article IX, Section 14, to authorize the issuance of bonds
4 on behalf of the State of Maine to provide funds for grants to
5 municipalities which have adopted comprehensive plans for the
6 purpose of capital investment in municipal public service
7 infrastructure.

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

9 **Sec. 1. Authorization of bonds to provide for grants for public service
10 infrastructure.** The Treasurer of State is authorized, under the
11 direction of the Governor, to issue from time to time registered
12 bonds in the name and behalf of the State to an amount not
13 exceeding \$10,000,000 for the purpose of raising funds to provide
14 a grants program for municipal capital investments as authorized
15 by section 7. The bonds shall be deemed a pledge of the full
16 faith and credit of the State. The bonds shall not run for a
17 longer period than 20 years from the date of the original issue
18 of the bonds. Any issuance of bonds may contain a call feature
19 at the discretion of the Treasurer of State with the approval of
20 the Governor.

21 **Sec. 2. Records of bonds issued to be kept by the State Auditor and
22 Treasurer of State.** The State Auditor shall keep an account of the
23 bonds showing the number and amount of each, the date when
24 payable and the date of delivery of the bonds to the Treasurer of
25 State who shall keep an account of each bond showing the number
26 of the bond, the name of the successful bidder to whom sold, the
27 amount received for the same, the date of sale and the date when
28 payable.

29 **Sec. 3. Sale; how negotiated; proceeds appropriated.** The
30 Treasurer of State may negotiate the sale of the bonds by
31 direction of the Governor, but no such bond may be loaned,
32 pledged or hypothecated on behalf of the State. The proceeds of
33 the sale of the bonds, which shall be held by the Treasurer of
34 State and paid by the Treasurer of State upon warrants drawn by
35 the State Controller, are appropriated to be used solely for the
36 purposes set forth in this Act. Any unencumbered balances
37 remaining at the completion of the project in section 7 shall
38 lapse to the debt service account established for the retirement
39 of these bonds.

40 **Sec. 4. Taxable bond option.** The Treasurer of State, at the
41 direction of the Governor, shall covenant and consent that the
42 interest on the bonds shall be includable, under the United
43 States Internal Revenue Code, in the gross income of the holders
44 of the bonds to the same extent and in the same manner that the
45 interest on bills, bonds, notes or other obligations of the
46 United States is includable in the gross income of the holders
47 under the United States Internal Revenue Code or any subsequent

1 law. The powers conferred by this section shall not be subject
2 to any limitations or restrictions of any law which may limit the
3 power to so covenant and consent.

5 **Sec. 5. Interest and debt retirement.** Interest due or accruing
6 upon any bonds issued under this Act and all sums coming due for
7 payment of bonds at maturity shall be paid by the Treasurer of
8 State.

9 **Sec. 6. Disbursement of bond proceeds.** The proceeds of the
10 bonds set out in section 7 shall be expended under the direction
11 and supervision of the Department of Economic and Community
12 Development.

13 **Sec. 7. Allocations from General Fund bond issue; public service
14 infrastructure.** The proceeds of the sale of bonds shall be
15 expended as follows.

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17 **ECONOMIC AND COMMUNITY DEVELOPMENT,
18 DEPARTMENT OF**

19 **Municipal Growth Management and
20 Capital Investment Fund**

21 All Other \$10,000,000

22 These funds will be used to
23 create a fund which will
24 provide grants to
25 municipalities experiencing
26 high-growth rates for the
27 development of necessary
28 public service infrastructure.

29 **Sec. 8. Contingent upon ratification of bond issue.** Sections 1 to 7
30 shall not become effective unless and until the people of the
31 State have ratified the issuance of bonds as set forth in this
32 Act.

33 **Sec. 9. Appropriation balances at year end.** At the end of each
34 fiscal year, all unencumbered appropriation balances representing
35 state money shall carry forward from year to year. Bond proceeds
36 which have not been expended within 10 years after the date of
37 the sale of the bonds shall lapse to General Fund debt service.

38 **Sec. 10. Bonds authorized but not issued.** Any bonds authorized
39 but not issued, or for which bond anticipation notes have not
40 been issued within 5 years of ratification of this Act, shall be
41 deauthorized

1 and may not be issued, provided that the Legislature may, within
2 years after the expiration of that 5-year period, extend the
3 period for issuing any remaining unissued bonds or bond
4 anticipation notes for an additional amount of time not to exceed
5 5 years.

7 **Sec. 11. Referendum for ratification; submission at statewide election;
8 form of question; effective date.** This Act shall be submitted to the
9 legal voters of the State of Maine at a statewide election to be
10 held on the Tuesday following the first Monday of November
11 following passage of this Act. The city aldermen, town selectmen
12 and plantation assessors of this State shall notify the
13 inhabitants of their respective cities, towns and plantations to
14 meet, in the manner prescribed by law for holding a statewide
15 election, to vote on the acceptance or rejection of this Act by
16 voting on the following question:

17
18 "Do you favor a \$10,000,000 bond issue to provide money for
19 a Municipal Growth Management and Capital Investment Fund to
20 assist municipalities in the building of public facilities
21 necessary to accommodate growth and economic development?

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

34
35 The Secretary of State shall prepare and furnish to each
36 city, town and plantation all ballots, returns and copies of this
37 Act necessary to carry out the purpose of this referendum.

38
39 **STATEMENT OF FACT**

40
41 The funds provided by this bond issue, in the amount of
42 \$10,000,000, will be used to assist towns and cities to build the
43 public facilities, including roads, water supply and other items,
44 needed to accommodate growth and economic development.

45
46 The fund would be administered by the Department of Economic
47 and Community Development. The department would coordinate this
48 grants program with the other local and regional assistance
49 programs it currently administers.