

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 1878

H.P. 1361

House of Representatives, December 11, 1989

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

Received by the Clerk of the House on December 11, 1989. Referred to the Committee on Appropriations and Financial Affairs and 1600 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative MICHAUD of East Millinocket.
Cosponsored by Representative COLES of Harpswell.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

**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.**



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

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

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

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

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

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

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

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

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

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

18 **1990-91**

20 **ECONOMIC AND COMMUNITY
22 DEVELOPMENT, DEPARTMENT OF
24 Municipal Growth Management and
Capital Investment Fund**

26 All Other \$10,000,000

28 These funds will be used to create a fund
30 which will provide grants to municipalities
32 experiencing high-growth rates for the
development of necessary public service
34 infrastructure.

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

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

46 **Sec. 10. Bonds authorized but not issued.** Any bonds authorized
but not issued, or for which bond anticipation notes have not
48 been issued within 5 years of ratification of this Act, shall be
deauthorized and may not be issued, provided that the Legislature
50 may, within 2 years after the expiration of that 5-year period,
extend the

2 period for issuing any remaining unissued bonds or bond
3 anticipation notes for an additional amount of time not to exceed
4 5 years.

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

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

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

30 The Secretary of State shall prepare and furnish to each
31 city, town and plantation all ballots, returns and copies of this
32 Act necessary to carry out the purpose of this referendum.

33 STATEMENT OF FACT

34 The funds provided by this bond issue, in the amount of
35 \$10,000,000 will be used to assist towns and cities to build the
36 public facilities, including roads, water supply and other items,
37 needed to accommodate growth and economic development.

38 The fund will be administered by the Department of Economic
39 and Community Development. The department will coordinate this
40 grants program with the other local and regional assistance
41 programs it currently administers.