



114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2073

H.P. 1496

House of Representatives, January 4, 1990

Reported by Representative RYDELL from the Joint Standing Committee on Banking and Insurance.

Reference to the Joint Standing Committee on Appropriations and Financial Affairs suggested and printing ordered under Joint Rule 19.

EDWIN H. PERT, Clerk

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 Initial Capitalization of a Public Mutual Insurance Company to Provide Workers' Compensation Insurance to Employers in this State. **Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14, to authorize the issuance of bonds on behalf of the State of Maine to provide funds for the initial capitalization and administrative expenses of a public mutual insurance company to provide workers' compensation insurance to the employers in this State.

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

8

2

4

б

10

12

14

16

18

20

22

24

Sec. 1. Authorization of bonds to provide for the initial capitalization and administrative expenses of a public mutual insurance company to provide workers' compensation insurance to the employers in this State. The Treasurer of State is authorized, under the direction of the Governor, to issue from time to time registered bonds in the name and behalf of the State to an amount not exceeding \$10,000,000 for the purpose of raising funds for the initial capitalization and administrative expenses of a public mutual insurance company to provide workers' compensation insurance to employers in this State as authorized by section 6. The bonds shall be deemed a pledge of the full faith and credit of the State. The bonds shall not run for a longer period than 20 years from the date of the original issue of the bonds. Any issuance of bonds may contain a call feature at the discretion of the Treasurer of State with the approval of the Governor.

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

Sec. 3. Sale; how negotiated; proceeds appropriated. 36 The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or 38 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 40 by the Treasurer of State upon warrants drawn by the State 42 Controller, are appropriated to be used solely for the purposes set forth in this Act. Any unencumbered balances not accepted by the public mutual insurance company within 2 years after the 44 funds are made available to it shall lapse to the debt service account established for the retirement of these bonds. 46

Sec. 4. 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.

2 Sec. 5. Disbursement of bond proceeds. The proceeds of the bonds set out in section 6 shall be expended as provided in the 4 legislation implementing the public mutual insurance company.

6 Sec. 6. Allocations from General Fund bond issue; Maine State Insurance Fund. The proceeds of the sale of bonds shall be 8 expended as designated in the following schedule.

 Initial capitalization and administrative expenses of a public mutual insurance
company to provide workers' compensation insurance to employers in this State. \$10,000,000

Sec. 7. Contingent upon ratification of bond issue. Sections 1 to 6 shall not become effective unless and until the people of the State have ratified the issuance of bonds as set forth in this 18 Act.

Sec. 8. Appropriation balances at year end. At the end of each fiscal year, all unencumbered appropriation balances representing
state money shall carry forward from year to year. Bond proceeds which have not been expended within 10 years after the date of
the sale of the bonds shall lapse to General Fund debt service.

Sec. 9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes have not been issued within 5 years of ratification of this Act, shall be deauthorized and may not be issued, provided that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

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

44

34

14

46 48 "Do you favor a \$10,000,000 bond issue to loan money for the initial capitalization and administrative expenses of a public mutual insurance company to write workers' compensation insurance coverage for employers in this State?"

The legal voters of each city, town and plantation shall 2 . . vote by ballot on this question and shall designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if it appears that a majority of the legal voters are in favor of the Act, the Governor shall proclaim that fact without delay, and the Act shall become effective 30 days after the date of the proclamation.

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

STATEMENT OF FACT

This bond issue is part of the legislation submitted as a 22 result of a study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the 24 Joint Standing Committee on Banking and Insurance. The bond issue provides \$10,000,000 for the initial capitalization and 26 administrative expenses of the proposed Maine State Insurance Fund. These funds would have to be repaid to the State by the 28 proposed Maine State Insurance Fund as provided in other legislation submitted from the study.

30

4

. 6

8

10

12

14

16

18

20