

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1990

Legislative Document

No. 13

H.P. 10

House of Representatives, December 5, 1990

Submitted by the Department of Finance pursuant to Joint Rule 24.
Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

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

EDWIN H. PERT, Clerk

Presented by Representative FOSS of Yarmouth.
Cosponsored by Senator WEBSTER of Franklin.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

**An Act to Increase the Amount the State may Borrow in Anticipation of
Tax Revenues.**

(EMERGENCY)

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

4
Whereas, the 90-day period will be after the period during
6 which temporary funds will be required; and

8
Whereas, legislative action is immediately necessary to
ensure that sufficient cash is available for payment of
10 obligations authorized by the Legislature; and

12
Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
14 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
16 safety; now, therefore,

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

20 **Sec. 1. 5 MRSA §150, 2nd ¶,** as amended by PL 1981, c. 705, Pt.
P, is further amended to read:

22
The Treasurer of State, with the approval of the Governor
24 may negotiate a temporary loan or loans in anticipation of taxes
levied for that fiscal year, but not exceeding a total of that
26 amount of taxes estimated by the Treasurer of State to be
collected in the fiscal year in which such temporary loan or
28 loans, or renewal thereof, is made, provided that such temporary
loans or renewals thereof shall not exceed any limitation set
30 forth in the Constitution of Maine, Article IX, Section 14. Such
loans may be renewed from time to time as the Treasurer of State,
32 with the approval of the Governor, may determine, provided that
each loan or renewal thereof shall be retired not later than the
34 close of the fiscal year in which such loan was originally made
and for which was levied the taxes in anticipation of the
36 collection of which such loan was originally made; and that each
such loan or renewal thereof shall comply with the provisions of
38 this section and the Constitution of Maine, Article IX, Section
14. The Treasurer of State is directed to pay such loan or loans
40 in anticipation of taxes during such year and there is
appropriated for any year in which the Treasurer of State and the
42 Governor deem it necessary to borrow in anticipation of taxes the
sum of \$30,000,000; except that for fiscal year 1990-91, the sum
44 may not exceed \$120,000,000.

46 **Sec. 2. Tax Anticipation Note Debt Service Account established.**
The Tax Anticipation Note Debt Service Account is established for
48 the purpose of meeting the State's obligation as a result of any
tax anticipation notes that may be issued to meet expenditures
50 already incurred by State Government during fiscal year 1990-91.
Any earnings in excess of those needed to service

2 this debt must be transferred to the General Fund no later than
June 30, 1991.

4 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

6

8

FISCAL NOTE

10 This bill increases the statutory limit on the Treasurer of
12 State's borrowing in anticipation of taxes in fiscal year 1990-91
only from \$30,000,000 to \$120,000,000. The increase is needed
14 because the amount of General Fund cash is currently insufficient
to meet General Fund expenditures already incurred.

16 This bill also establishes an account to service the
principal and interest payments associated with the fiscal year
18 1990-91 tax anticipation notes. Any funds remaining in this
account, after all principal and interest payments have been
20 made, are to be transferred to the General Fund.

22 The exact amount of the debt service requirements and any
net earnings to the General Fund can not be determined at this
24 time.

26

STATEMENT OF FACT

28

30 This bill increases the maximum amount the Treasurer of
State is authorized to borrow in anticipation of taxes for fiscal
year 1990-91 only from \$30,000,000 to \$120,000,000 and
32 establishes a Tax Anticipation Note Debt Service Account.

34 Tax anticipation notes are necessary to meet an existing
cash flow shortfall in fiscal year 1990-91.