

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1069

S.P. 392

Received by the Secretary, March 8, 1991

Referred to the Committee on Appropriations and Financial Affairs and 1400 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

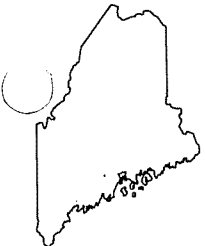
Presented by Senator CONLEY of Cumberland
Cosponsored by Senator BUSTIN of Kennebec and Representative ERWIN of Rumford.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

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.

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2 Preamble. Two thirds of both Houses of the Legislature
deeming it necessary in accordance with the Constitution of
4 Maine, Article IX, Section 14, to authorize the issuance of bonds
on behalf of the State of Maine to provide funds for the initial
6 capitalization and administrative expenses of a public mutual
insurance company to provide workers' compensation insurance to
the employers in this State.

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

12 **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.**
14 The Treasurer of State is authorized, under the direction of the
Governor, to issue bonds in the name and behalf of the State in
16 an amount not exceeding \$10,000,000 to raise funds for the
initial capitalization and administrative expenses of a public
18 mutual insurance company to provide workers' compensation
insurance to employers in this State as authorized by section 6.
20 The bonds are a pledge of the full faith and credit of the
State. The bonds may not run for a period longer than 20 years
22 from the date of the original issue of the bonds. At the
discretion of the Treasurer of State, with the approval of the
24 Governor, any issuance of bonds may contain a call feature.

26 **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
28 bonds, showing the number and amount of each, the date when
payable and the date of delivery of the bonds to the Treasurer of
30 State. The Treasurer of State shall keep an account of each bond
showing the number of the bond, the name of the successful bidder
32 to whom sold, the amount received for the bond, the date of sale
and the date when payable.

34 **Sec. 3. Sale; how negotiated; proceeds appropriated.** The
36 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 must be held by the Treasurer of State and paid
40 by the Treasurer of State upon warrants drawn by the State
Controller, are appropriated solely for the purposes set forth in
42 this Act. Any unencumbered balances not accepted by the public
mutual insurance company within 2 years after the funds are made
44 available to it lapse to the debt service account established for
the retirement of these bonds.

46 **Sec. 4. Interest and debt retirement.** The Treasurer of State
48 shall pay interest due or accruing on any bonds issued under this
Act and all sums coming due for payment of bonds at maturity.
50

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

4
6 **Sec. 6. Allocations from General Fund bond issue; Maine State
Insurance Fund.** The proceeds of the sale of bonds must be
expended as designated in the following schedule.

8
10 Initial capitalization and administrative
expenses of a public mutual insurance
12 company to provide workers' compensation
insurance to employers in this State \$10,000,000

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

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

24 **Sec. 9. Bonds authorized but not issued.** Any bonds authorized
but not issued, or for which bond anticipation notes are not
issued within 5 years of ratification of this Act, are
deauthorized and may not be issued; except 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.

32
34 **Sec. 10. Referendum for ratification; submission at statewide
election; form of question; effective date.** This Act must be submitted
to the legal voters of the State of Maine at a statewide election
held on the Tuesday following the first Monday of November
following passage of this Act. The municipal officers 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 statewide election, to vote on the acceptance or
rejection of this Act by voting on the following question:

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

48 The legal voters of each city, town and plantation shall
vote by ballot on this question and designate their choice by a

2 cross or check mark placed within a corresponding square below
the word "Yes" or "No." The ballots must be received, sorted,
4 counted and declared in open ward, town and plantation meetings
and returns made to the Secretary of State in the same manner as
6 votes for members of the Legislature. The Governor shall review
the returns and, if a majority of the legal votes are cast in
8 favor of the Act, the Governor shall proclaim the result without
delay, and the Act becomes effective 30 days after the date of
the proclamation.

10
12 The Secretary of State shall prepare and furnish to each
city, town and plantation all ballots, returns and copies of this
14 Act necessary to carry out the purpose of this referendum.

16 STATEMENT OF FACT

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