

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

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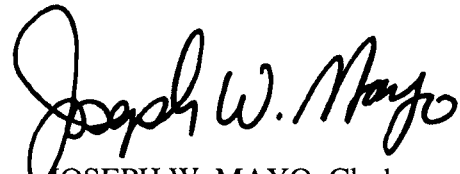
H.P. 488

House of Representatives, February 28, 1995

**An Act Authorizing a Bond Issue in the Amount of \$10,000,000 to  
Capitalize the Competitive Workers' Compensation Fund.**

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

  
JOSEPH W. MAYO, Clerk

Presented by Representative TUTTLE of Sanford.

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 on behalf of the State  
16           in 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 Treasurer of State.**

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

32           **Sec. 3. Sale; how negotiated; proceeds appropriated.**

34           The Treasurer of State may negotiate the sale of the bonds by  
direction of the Governor, but no bond may be loaned, pledged or  
36           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  
38           by the Treasurer of State upon warrants drawn by the State  
Controller, are appropriated solely for the purposes set forth in  
this Act. Any unencumbered balances remaining 2 years after the  
40           funds are first made available to the public mutual insurance  
company lapse to the debt service account established for the  
42           retirement of these bonds.

44           **Sec. 4. Interest and debt retirement.**

46           The Treasurer of State shall pay interest due or accruing on any bonds issued under this  
Act and all sums coming due for payment of bonds at maturity.

2           **Sec. 5. Disbursement of bond proceeds.** The proceeds of the  
3 bonds must be expended as set out in section 6 and as provided by  
4 law governing a public mutual insurance company.

5           **Sec. 6. Allocations from General Fund bond issue; funding for public**  
6 **mutual insurance company.** The proceeds of the sale of bonds must  
7 be expended as designated in the following schedule.

8           **Competitive Workers' Compensation Fund**

9  
10           Initial capitalization and   \$10,000,000  
11           administrative expenses of a  
12           public mutual insurance company  
13           to provide workers' compensation  
14           insurance to employers in this State  
15

16           **Sec. 7. Contingent upon ratification of bond issue.** Sections 1 to  
17 6 do not become effective unless the people of the State have  
18 ratified the issuance of bonds as set forth in this Act.  
19

20           **Sec. 8. Appropriation balances at year end.** At the end of each  
21 fiscal year, all unencumbered appropriation balances representing  
22 state money carry forward. Bond proceeds that have not been  
23 expended within 10 years after the date of the sale of the bonds  
24 lapse to General Fund debt service.  
25

26           **Sec. 9. Bonds authorized but not issued.** Any bonds authorized  
27 but not issued, or for which bond anticipation notes are not  
28 issued within 5 years of ratification of this Act, are  
29 deauthorized and may not be issued; except that the Legislature  
30 may, within 2 years after the expiration of that 5-year period,  
31 extend the period for issuing any remaining unissued bonds or  
32 bond anticipation notes for an additional amount of time not to  
33 exceed 5 years.  
34

35           **Sec. 10. Referendum for ratification; submission at statewide**  
36 **election; form of question; effective date.** This Act must be submitted  
37 to the legal voters of the State of Maine at a statewide election  
38 held on the Tuesday following the first Monday of November  
39 following passage of this Act. The municipal officers of this  
40 State shall notify the inhabitants of their respective cities,  
41 towns and plantations to meet, in the manner prescribed by law  
42 for holding a statewide election, to vote on the acceptance or  
43 rejection of this Act by voting on the following question:  
44

45                         "Do you favor a \$10,000,000 bond issue to loan money for the  
46                         initial capitalization and administrative expenses of a  
47                         public mutual insurance company to write workers'  
48                         compensation insurance coverage for employers in this State?"  
49  
50

2 The legal voters of each city, town and plantation shall  
vote by ballot on this question and designate their choice by a  
4 cross or check mark placed within a corresponding square below  
the word "Yes" or "No." The ballots must be received, sorted,  
6 counted and declared in open ward, town and plantation meetings  
and returns made to the Secretary of State in the same manner as  
8 votes for members of the Legislature. The Governor shall review  
the returns and, if a majority of the legal votes are cast in  
10 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.

12

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

16

18

### STATEMENT OF FACT

20

The funds provided by this bond issue, in the amount of  
\$10,000,000, will be used for the initial capitalization and  
22 administrative expenses of the proposed Competitive Workers'  
Compensation Fund. This bill is part of a package to create a  
24 Competitive Workers' Compensation Fund for workers' compensation  
that includes a bill to establish the fund and a resolution  
26 proposing an amendment to the Constitution of Maine to safeguard  
the assets of the fund. The funds raised through this bond issue  
28 will be used to capitalize the Competitive Workers' Compensation  
Fund and will be repaid to the State as provided in the bill  
30 establishing the fund.