

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1094

S.P. 406

In Senate, March 30, 1995

**An Act to Authorize a General Fund Bond Issue in the Amount of
\$10,000,000 to Fund Municipal Infrastructure Improvements.**

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

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator MICHAUD of Penobscot.

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 loans and
6 grants to municipalities that have adopted certified growth
7 management programs for the purpose of capital investment in
8 municipal public service infrastructure.

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

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

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

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

36 **Sec. 4. Taxable bond option.** The Treasurer of State, at the
37 direction of the Governor, shall covenant and consent that the
38 interest on the bonds is includable, under the United States
39 Internal Revenue Code, in the gross income of the holders of the
40 bonds to the same extent and in the same manner that the interest
41 on bills, bonds, notes or other obligations of the United States
42 is includable in the gross income of the holders under the United
43 States Internal Revenue Code or any subsequent law. The powers

2 conferred by this section are not subject to any limitations or
restrictions of any law that may limit the power to so covenant
and consent.

4
6 **Sec. 5. Interest and debt retirement.** 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.

8
10 **Sec. 6. Disbursement of bond proceeds.** The proceeds of the
bonds must be expended as set out in section 7 under the
direction and supervision of the Department of Economic and
12 Community Development.

14 **Sec. 7. Allocations from General Fund bond issue; loans and grants
program for municipal capital investments.** The proceeds of the sale
16 of bonds must be expended as designated in the following schedule.

18 **1994-95**

20 **ECONOMIC AND COMMUNITY DEVELOPMENT,
DEPARTMENT OF**

22 **Municipal Growth Management and
24 Capital Investment Trust Fund**

26 All Other \$10,000,000

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

36 **Sec. 8. Contingent upon ratification of bond issue.** Sections 1 to
7 do not become effective unless the people of the State have
38 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 carry forward. Bond proceeds that have not been
expended within 10 years after the date of the sale of the bonds
44 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

