

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1341

H.P. 952

House of Representatives, April 18, 1995

An Act to Limit the Use of Certificates of Participation.

Received by the Clerk of the House on April 13, 1995. Referred to the Committee on Appropriations and Financial Affairs and ordered printed pursuant to Joint Rule 14.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative LEMKE of Westbrook.
Cosponsored by Representatives: GWADOSKY of Fairfield, HATCH of Skowhegan,
JACQUES of Waterville, KEANE of Old Town, MITCHELL of Vassalboro, SAMSON of
Jay, SIROIS of Caribou, Senator: LAWRENCE of York.

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

4 **Sec. 1. 5 MRSA §1588-A is enacted to read:**

6 **§1588-A. Limitations on certificates of participation**

8 **1. Definition.** For purposes of this section, a
10 **"certificate of participation"** is a document evidencing debt or
12 **liability to the holder for repayment of a lease, lease-purchase**
or other similar agreement or pool of such agreements for the use
or acquisition of property.

14 **2. Issuance and liability restricted.** Notwithstanding any
16 **other law to the contrary, the State or a state department may**
not issue certificates of participation without first receiving
the approval of the Treasurer of State, the Legislature and the
Governor. Such approval must include a determination that the
certificates of participation are not being issued to circumvent
the referendum process. Certificates of participation may not
pledge the full faith and credit of the State. Each certificate
of participation must contain a statement to the effect that the
issuer is obligated to pay the principal, interest, redemption
premium, if any, and other amounts payable solely from the
sources pledged for the purpose by the issuer and that neither
the faith and credit nor the taxing power of the State is pledged
to the payment of the amount or any related fee or charge of the
certificate of participation.

30 **STATEMENT OF FACT**

32 This bill limits the issuance of and the state liability for
34 certificates of participation to ensure that they are not used to
circumvent the referendum process and makes the Treasurer of
State's approval a part of the process.