

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1822

H.P. 1330

House of Representatives, March 5, 1996

An Act to Authorize a Bond Issue to Encourage and Support Economic Development.

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker GWADOSKY of Fairfield. (GOVERNOR'S BILL)
Cosponsored by Representative SPEAR of Nobleboro and
Representatives: BERRY of Livermore, BIGL of Bucksport, BUNKER of Kossuth Township,
CAMERON of Rumford, CARR of Hermon, CLOUTIER of South Portland, CLUKEY of
Houlton, DAMREN of Belgrade, DAVIDSON of Brunswick, DESMOND of Mapleton,
DEXTER of Kingfield, DONNELLY of Presque Isle, FARNUM of South Berwick, GATES
of Rockport, GOOLEY of Farmington, HEINO of Boothbay, JACQUES of Waterville,
JOSEPH of Waterville, JOYNER of Hollis, KEANE of Old Town, KILKELLY of Wiscasset,
KNEELAND of Easton, KONTOS of Windham, LaFOUNTAIN of Biddeford, LABRECQUE
of Gorham, LEMONT of Kittery, LIBBY of Buxton, LOOK of Jonesboro, MADORE of
Augusta, MARTIN of Eagle Lake, MITCHELL of Vassalboro, MITCHELL of Portland,
MORRISON of Bangor, O'NEAL of Limestone, POULIOT of Lewiston, RICHARD of
Madison, ROBICHAUD of Caribou, ROSEBUSH of East Millinocket, SAMSON of Jay,
SAXL of Bangor, SAXL of Portland, SIMONEAU of Thomaston, SIROIS of Caribou,
STEVENS of Orono, STROUT of Corinth, TAYLOR of Cumberland, THOMPSON of
Naples, TREAT of Gardiner, TRUE of Fryeburg, TUFTS of Stockton Springs, WHEELER of
Bridgewater, WINGLASS of Auburn, Senators: ABROMSON of Cumberland, CARPENTER
of York, CLEVELAND of Androscoggin, GOLDTHWAIT of Hancock, MICHAUD of
Penobscot, O'DEA of Penobscot, PARADIS of Aroostook, RAND of Cumberland, RUHLIN
of Penobscot.

2 **Preamble.** Two thirds of both Houses of the Legislature
4 deeming it necessary in accordance with the Constitution of
6 Maine, Article IX, Section 14, to authorize the issuance of bonds
 on behalf of the State of Maine to provide funds for the
 capitalization of the Small Enterprise Growth Fund and the
 Agricultural Marketing Loan Fund.

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

10 **Sec. 1. Authorization of bonds to provide for the capitalization of the**
12 **Small Enterprise Growth Fund and the Agricultural Marketing Loan**
14 **Fund.** The Treasurer of State is authorized, under the direction
16 of the Governor, to issue bonds in the name and on behalf of the
18 State in an amount not exceeding \$11,000,000 to raise funds for
20 the capitalization of the Small Enterprise Growth Fund and the
22 Agricultural Marketing Loan Fund to provide disbursements to
24 enterprises in critical stages of growth, as authorized by
26 section 7. The bonds are a pledge of the full faith and credit
 of the State. The bonds may not run for a period longer than 15
 years from the date of the original issue of the bonds. At the
 discretion of the Treasurer of State, with the approval of the
 Governor, any issuance of bonds may contain a call feature. The
 bonds, when paid at maturity or otherwise retired, may not be
 reissued, but may be refunded on terms more favorable to the
 State than those in the original issue.

28 **Sec. 2. Records of bonds issued to be kept by the State Auditor and**
30 **Treasurer of State.** The State Auditor shall keep an account of the
32 bonds, showing the number and amount of each, the date when
34 payable and the date of delivery of the bonds to the Treasurer of
 State. 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 sold, the amount received for the bond, the date of sale
 and the date when payable.

36 **Sec. 3. Sale; how negotiated; proceeds appropriated.** The
38 Treasurer of State may negotiate the sale of the bonds by
40 direction of the Governor, but no bond may be loaned, pledged or
42 hypothecated on behalf of the State. The proceeds of the sale of
44 the bonds, which must be held by the Treasurer of State and paid
46 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 at the completion
 of the project in section 7 lapse to the debt service account
 established for the retirement of these bonds.

48 **Sec. 4. Taxable bond option.** The Treasurer of State, at the
 direction of the Governor, shall covenant and consent that the
 interest on the bonds is includable, under the United States

2 Internal Revenue Code, in the gross income of the holders of the
3 bonds to the same extent and in the same manner that the interest
4 on bills, bonds, notes or other obligations of the United States
5 is includable in the gross income of the holders under the United
6 States Internal Revenue Code or any subsequent law. The powers
7 conferred by this section are subject to any limitations or
8 restrictions of any law that may limit the power to covenant and
9 consent.

10 **Sec. 5. Interest and debt retirement.** The Treasurer of State
11 shall pay interest due or accruing on any bonds issued under this
12 Act and all sums coming due for payment of bonds at maturity.

13 **Sec. 6. Disbursement of bond proceeds.** The proceeds of the
14 bonds must be expended as set out in section 7.

15 **Sec. 7. Allocations from General Fund bond issue.** The proceeds
16 of the sale of bonds must be expended as designated in the
17 following schedule.

18
19
20 1996-97

21
22 **SMALL ENTERPRISE GROWTH FUND**

23
24 Small Enterprise Growth Fund \$5,000,000

25
26 **AGRICULTURAL MARKETING LOAN FUND**

27
28 Agricultural Marketing Loan Fund \$6,000,000

29
30 **TOTAL** \$11,000,000

31
32 **Sec. 8. Contingent upon ratification of bond issue.** Sections 1 to
33 7 do not become effective unless the people of the State have
34 ratified the issuance of bonds as set forth in this Act.

35
36 **Sec. 9. Appropriation balances at year-end.** At the end of each
37 fiscal year, all unencumbered appropriation balances representing
38 state money carry forward. Bond proceeds that have not been
39 expended within 10 years after the date of the sale of the bonds
40 lapse to General Fund debt service.

41
42 **Sec. 10. Bonds authorized but not issued.** Any bonds authorized
43 but not issued, or for which bond anticipation notes are not
44 issued within 5 years of ratification of this Act, are
45 deauthorized and may not be issued; except that the Legislature
46 may, within 2 years after the expiration of that 5-year period,
47 extend the period for issuing any remaining unissued bonds or
48

2 bond anticipation notes for an additional amount of time not to
3 exceed 5 years.

4 **Sec. 11. Referendum for ratification; submission at general election;
5 form of question; effective date.** This Act must be submitted to the
6 legal voters of the State of Maine at the next general election
7 in the month of November following passage of this Act. The
8 municipal officers of this State shall notify the inhabitants of
9 their respective cities, towns and plantations to meet, in the
10 manner prescribed by law for holding a general election, to vote
11 on the acceptance or rejection of this Act by voting on the
12 following question:

14 "Do you favor a \$11,000,000 bond issue to encourage job
15 growth and economic vitality by providing access to capital
16 for agricultural enterprises and small businesses with a
17 significant potential for growth and job creation?"

18
19 The legal voters of each city, town and plantation shall
20 vote by ballot on this question and designate their choice by a
21 cross or check mark placed within a corresponding square below
22 the word "Yes" or "No." The ballots must be received, sorted,
23 counted and declared in open ward, town and plantation meetings
24 and returns made to the Secretary of State in the same manner as
25 votes for members of the Legislature. The Governor shall review
26 the returns and, if a majority of the legal votes are cast in
27 favor of the Act, the Governor shall proclaim the result without
28 delay, and the Act becomes effective 30 days after the date of
29 the proclamation.

30
31 The Secretary of State shall prepare and furnish to each
32 city, town and plantation all ballots, returns and copies of this
33 Act necessary to carry out the purpose of this referendum.

34 **STATEMENT OF FACT**

36
37 The funds provided by this bond issue, in the amount of
38 \$11,000,000, will be used to capitalize the Small Enterprise
39 Growth Fund, which will provide access to capital for small
40 businesses with a significant potential for growth and job
41 creation, and the Agricultural Marketing Loan Fund, which will
42 encourage public and private investment in agricultural
enterprises.