

MAINE STATE LEGISLATURE

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L.D. 1637

DATE: May 23, 1997

(Filing No. S-328)

EDUCATION AND CULTURAL AFFAIRS

Reported by: Senator Pendleton

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STATE OF MAINE SENATE 118TH LEGISLATURE FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 532, L.D. 1637, Bill, "An Act to Authorize the Appleton, Camden, Hope, Lincolnville and Rockport Community School District to Construct School Facilities"

Amend the bill by striking out the title and substituting the following:

'An Act to Authorize Interest-only Interim Financing in the School Construction Funding Process'

Further amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

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

Sec. 1. 20-A MRSA §15905, sub-§7 is enacted to read:

7. Interest-only interim local financing. Notwithstanding any provision of law or rule to the contrary, the state board may accelerate the dates on which it grants concept approval and funding approval for a school construction project that has been placed on the special priority list of the state board on the condition that the school administrative unit provide interest-only interim local financing for the project in accordance with this subsection. The period of interest-only interim local financing must be determined by the state board at the time concept approval is granted for a project and must be based on the time difference between the date that final funding approval is expected to be granted on an accelerated basis and the date that final funding approval would have been expected to be granted in the normal course. The period of interim local financing for a project may not exceed 5 years.

COMMITTEE AMENDMENT

Notwithstanding any provision of law or rule to the contrary, a school administrative unit, including a school administrative unit established by private and special law, authorized to issue securities for school construction purposes may issue its securities for school construction purposes on an interest-only basis during a period of interest-only interim local financing approved by the state board in accordance with this subsection. The period of interest-only interim local financing must precede, and be in addition to, the periods for interest payments and principal payments otherwise established pursuant to the school construction rules of the state board. The length of the period of interest-only interim local financing and the length of the debt service schedule otherwise established must be clearly stated on the face of the securities.

The interest-only payments made by a school administrative unit during the period of interim financing must be paid from local funds without state participation and may not be included in the unit's debt service costs for state subsidy purposes under section 15603, subsection 8. Such interest-only payments during the period of interim local financing may not be considered debt service costs as defined in section 15603, subsection 8, paragraph A for purposes of calculating amounts subject to the debt service limit established by section 15905, subsection 1, paragraph A.

The referendum question that is submitted to the voters for a project subject to interest-only interim local financing under this subsection must include, in addition to the information required by section 15904, an informational statement that sets forth the length of the period of interest-only interim financing established by the state board, an estimate of the annual interest cost during the period of interest-only interim local financing and a statement that the interest-only payments during the period of interim local financing is not eligible for inclusion in the debt service allocation of the school administrative unit for purposes of calculating state school construction subsidy to the unit.

The maximum period that securities for a school construction project may be outstanding under any applicable statute or rule must be extended by the length of the period of interest-only interim local financing approved by the state board under this subsection.

If the voters of a school administrative unit do not vote to approve a school construction project subject to interest-only interim local financing under this subsection, the unit's school construction project remains eligible for concept and funding

approval from the state board at the time that the project would be eligible for such approval without interest-only interim location funding.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

The bill authorizes the State Board of Education to give concept and funding approval to certain school construction projects on the special priority list sooner than is currently possible by allowing school administrative units to enter into interest-only interim financing for the projects. The locally paid interest-only financing may not be included as an expense for school subsidy purposes and these approvals will not result in increased requests for General Fund appropriations for debt service.'

SUMMARY

This amendment replaces the bill and changes the title. This amendment authorizes the State Board of Education to establish an interest-only interim financing provision in law so that this school construction financing mechanism would be available to all school administrative units in the State rather than just the Appleton, Camden, Hope, Lincolnville and Rockport Community School District. This amendment also contains the following provisions.

1. The State Board of Education may accelerate the dates on which its grants concept approval and funding approval for a school construction project which has been placed on the special priority list on the condition that the school administrative units provide interest-only interim local financing project.

2. The school administrative unit must submit a referendum question to the voters and must receive voter approval for the project which is subject to interest-only interim local financing. Should voters not approve the interim-only school construction project, the project remains eligible for state board concept and funding approval at the time it would have received such approval under normal funding circumstances.

3. The interest-only payments made by a school administrative unit during the period of interim financing must be paid from local funds without state participation and may not

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2 be included in the unit's debt service costs for state subsidy
purposes.

4 The amendment also adds a fiscal note to the bill.

COMMITTEE AMENDMENT