

MAINE STATE LEGISLATURE

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R/S

L.D. 1767

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MINORITY
APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1298, L.D. 1767,
"RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Require a 2/3 Vote for the Maine Government Facilities
Authority to Issue Securities"

Amend the resolution on page 1 by striking out all of lines
5 to 13 and inserting in their place the following:

'Constitution, Art. IX, §14 is amended to read:

Section 14. Authority and procedure for issuance of bonds.
The credit of the State shall not be directly or indirectly
loaned in any case, except as provided in sections 14-A, 14-B,
14-C and 14-D. The Legislature shall not create any debt or
debts, liability or liabilities, on behalf of the State, which
shall singly, or in the aggregate, with previous debts and
liabilities hereafter incurred at any one time, exceed
\$2,000,000, ~~except during a fiscal year an amount greater than~~
10% of all the money appropriated, authorized and allocated by
the Legislature from undedicated revenues to the General Fund and
dedicated revenues to the Highway Fund for that fiscal year. A
debt or liability that depends on a future appropriation from
taxation may not be created or authorized by the Legislature in
excess of this limitation, either directly or through any
authority created by the Legislature. Any debt or liability
within this limitation requires approval by 2/3 of all members
elected to each House. This limitation does not apply to debts
incurred to suppress insurrection, to repel invasion, or for
purposes of war, and except for temporary loans to be paid out of
money raised by taxation during the fiscal year in which they are
made, and excepting also that. Notwithstanding this limitation,
whenever 2/3 of both Houses shall deem it necessary, by proper

COMMITTEE AMENDMENT

enactment ratified by a majority of the electors voting thereon
2 at a general or special election, the Legislature may authorize
the issuance of bonds on behalf of the State at such times and in
4 such amounts and for such purposes as approved by such action;
but this shall not be construed to refer to any money that has
6 been, or may be deposited with this State by the Government of
the United States, or to any fund which the State shall hold in
8 trust for any Indian tribe. Whenever ratification by the
electors is essential to the validity of bonds to be issued on
10 behalf of the State, the question submitted to the electors shall
be accompanied by a statement setting forth the total amount of
12 bonds of the State outstanding and unpaid, the total amount of
bonds of the State authorized and unissued, and the total amount
14 of bonds of the State contemplated to be issued if the enactment
submitted to the electors be ratified. For any bond
16 authorization requiring ratification of the electors pursuant to
this section, if any bonds have not been issued within 5 years of
18 the date of ratification, then those bonds may not be issued
after that date. Within 2 years after expiration of that 5-year
20 period, the Legislature may extend, by a majority vote, the
5-year period for an additional 5 years or may deauthorize the
22 bonds. If the Legislature fails to take action within those 2
years, the bond issue shall be considered to be deauthorized and
24 no further bonds may be issued. For any bond authorization in
existence on November 6, 1984, and for which the 5-year period
26 following ratification has expired, no further bonds may be
issued unless the Legislature, by November 6, 1986, reauthorizes
28 those bonds by a majority vote, for an additional 5-year period,
failing which all bonds unissued under those authorizations shall
30 be considered to be deauthorized. Temporary loans to be paid out
of moneys raised by taxation during any fiscal year shall not
32 exceed in the aggregate during the fiscal year in question an
amount greater than 10% of all the moneys appropriated,
34 authorized and allocated by the Legislature from undedicated
revenues to the General Fund and dedicated revenues to the
36 Highway Fund for that fiscal year, exclusive of proceeds or
expenditures from the sale of bonds, or greater than 1% of the
38 total valuation of the State of Maine, whichever is the lesser.'

40 Further amend the resolution by striking out all of the
question (page 1, lines 27 to 34 in L.D.) and inserting in its
42 place the following:

44 ' "Do you favor amending the Constitution of Maine to change
the process by which the State borrows money and to change
46 the limitations on this borrowing?" '

48 Further amend the resolution by inserting at the end before
the summary the following:

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R.O.S.

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FISCAL NOTE

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The estimated cost of sending this constitutional amendment out to referendum will vary according to the total number of referenda enacted during the First Regular Session of the 120th Legislature to be submitted to the voters in November. The estimated cost to the Secretary of State if one to 6 referenda are enacted is \$121,392. Each additional referendum costs an additional \$8,000.

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If approved by the voters, this constitutional amendment on the issuance of tax-supported debt may prevent certain borrowings by the State by limiting the issuance of certain debt liabilities to 10% of all money appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that year. The probability that this limit will be reached can not be determined.'

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SUMMARY

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This amendment is a minority report. It changes the proposed amendment to the Constitution of Maine. It expands the number of debt-related instruments that would require a 2/3 vote of all members elected to each House. Under this amendment, all Maine Governmental Facilities Authority bond authorizations, all certificates of participation and all lease-purchase arrangements would be subject to a 2/3 vote. This amendment would also establish a constitutional limit on the amount of these tax-supported debt instruments such that the aggregate amount outstanding may not exceed 10% of the total General Fund appropriations and Highway Fund allocations in that year. It also adds a fiscal note to the resolution.

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