

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

DATE: 6-7-01

(Filing No. H-699)

MINORITY
APPROPRIATIONS AND FINANCIAL AFFAIRS

Reproduced and distributed under the direction of the Clerk of the House.

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

COMMITTEE AMENDMENT "B" 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 by striking out the title and
substituting the following:

'RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Require a 2/3 Vote for Certain Financing Agreements Entered
Into by the State'

Further 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 and 14-E. 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 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 whenever 2/3 of both
2 Houses shall deem it necessary, by proper enactment ratified by a
majority of the electors voting thereon at a general or special
4 election, the Legislature may authorize the issuance of bonds on
behalf of the State at such times and in such amounts and for
6 such purposes as approved by such action; but this shall not be
construed to refer to any money that has been, or may be
8 deposited with this State by the Government of the United States,
or to any fund which the State shall hold in trust for any Indian
10 tribe. Whenever ratification by the electors is essential to the
validity of bonds to be issued on behalf of the State, the
12 question submitted to the electors shall be accompanied by a
statement setting forth the total amount of bonds of the State
14 outstanding and unpaid, the total amount of bonds of the State
authorized and unissued, and the total amount of bonds of the
16 State contemplated to be issued if the enactment submitted to the
electors be ratified. For any bond authorization requiring
18 ratification of the electors pursuant to this section, if any
bonds have not been issued within 5 years of the date of
20 ratification, then those bonds may not be issued after that
date. Within 2 years after expiration of that 5-year period, the
22 Legislature may extend, by a majority vote, the 5-year period for
an additional 5 years or may deauthorize the bonds. If the
24 Legislature fails to take action within those 2 years, the bond
issue shall be considered to be deauthorized and no further bonds
26 may be issued. For any bond authorization in existence on
November 6, 1984, and for which the 5-year period following
28 ratification has expired, no further bonds may be issued unless
the Legislature, by November 6, 1986, reauthorizes those bonds by
30 a majority vote, for an additional 5-year period, failing which
all bonds unissued under those authorizations shall be considered
32 to be deauthorized. Temporary loans to be paid out of moneys
raised by taxation during any fiscal year shall not exceed in the
34 aggregate during the fiscal year in question an amount greater
than 10% of all the moneys appropriated, authorized and allocated
36 by the Legislature from undedicated revenues to the General Fund
and dedicated revenues to the Highway Fund for that fiscal year,
38 exclusive of proceeds or expenditures from the sale of bonds, or
greater than 1% of the total valuation of the State of Maine,
40 whichever is the lesser.

42 **Constitution, Art. IX, §14-E is enacted to read:**

44 Section 14-E. Debt or debt-like instruments. The State,
46 either directly or indirectly through the use of a 3rd party, may
not enter into any financing agreement that pledges a future
48 stream of revenue, pledges a security interest using a mechanism
such as a lease appropriation bond or secures a lease purchase
50 agreement without a 2/3 vote of approval of each House of the
Legislature. This provision applies to financing agreements

2 authorized by the Legislature on or after the effective date of
3 this section.'

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

8 ' "Do you favor amending the Constitution of Maine to
9 require a 2/3 vote of approval of each House of the
10 Legislature prior to the State entering into a financing
11 agreement that pledges a future stream of revenue, pledges a
12 security interest using a mechanism such as a lease
13 appropriation bond or secures a lease purchase agreement?" '

14
15 Further amend the resolution by inserting at the end before
16 the summary the following:

18
19
20 **FISCAL NOTE**

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

28
29
30 **SUMMARY**

31 This amendment is the minority report of the committee. The
32 amendment proposes amending the Constitution of Maine to require
33 a 2/3 vote of approval of each House of the Legislature prior to
34 the incurring of certain financial obligations directly or
35 indirectly by the State. This amendment requires such approval
36 prior to the State entering into a financing agreement that
37 pledges a future stream of revenue, pledges a security interest
38 using a mechanism such as a lease appropriation bond or secures a
39 lease purchase agreement. This amendment also adds a fiscal note.
40