

MAINE STATE LEGISLATURE

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in
R. of S.

L.D. 1767

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DATE: 5/31/01

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

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

20 Amend the resolution by striking out the title and
substituting the following:

22
24 '**RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Require a 2/3 Vote for Certain Financing Agreements Entered
Into by the State**'

26
28 Further amend the resolution on page 1 by striking out all
of lines 5 to 13 and inserting in their place the following:

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

32 **Section 14. Authority and procedure for issuance of bonds.**
34 The credit of the State shall not be directly or indirectly
36 loaned in any case, except as provided in sections 14-A, 14-B,
38 14-C and, 14-D and 14-E. The Legislature shall not create any
40 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

R. O. S.

HOUSE AMENDMENT "A" to H.P. 1298, L.D. 1767

2 they are made; and excepting also that whenever 2/3 of both
 4 Houses shall deem it necessary, by proper enactment ratified by a
 6 majority of the electors voting thereon at a general or special
 8 election, the Legislature may authorize the issuance of bonds on
 10 behalf of the State at such times and in such amounts and for
 12 such purposes as approved by such action; but this shall not be
 14 construed to refer to any money that has been, or may be
 16 deposited with this State by the Government of the United States,
 18 or to any fund which the State shall hold in trust for any Indian
 20 tribe. Whenever ratification by the electors is essential to the
 22 validity of bonds to be issued on behalf of the State, the
 24 question submitted to the electors shall be accompanied by a
 26 statement setting forth the total amount of bonds of the State
 28 outstanding and unpaid, the total amount of bonds of the State
 30 authorized and unissued, and the total amount of bonds of the
 32 State contemplated to be issued if the enactment submitted to the
 34 electors be ratified. For any bond authorization requiring
 36 ratification of the electors pursuant to this section, if any
 38 bonds have not been issued within 5 years of the date of
 40 ratification, then those bonds may not be issued after that
 date. Within 2 years after expiration of that 5-year period, the
 Legislature may extend, by a majority vote, the 5-year period for
 an additional 5 years or may deauthorize the bonds. If the
 Legislature fails to take action within those 2 years, the bond
 issue shall be considered to be deauthorized and no further bonds
 may be issued. For any bond authorization in existence on
 November 6, 1984, and for which the 5-year period following
 ratification has expired, no further bonds may be issued unless
 the Legislature, by November 6, 1986, reauthorizes those bonds by
 a majority vote, for an additional 5-year period, failing which
 all bonds unissued under those authorizations shall be considered
 to be deauthorized. Temporary loans to be paid out of moneys
 raised by taxation during any fiscal year shall not exceed in the
 aggregate during the fiscal year in question an amount greater
 than 10% of all the moneys 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,
 exclusive of proceeds or expenditures from the sale of bonds, or
 greater than 1% of the total valuation of the State of Maine,
 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
 48 not enter into any financing agreement that pledges a future
 50 stream of revenue, pledges a security interest using a mechanism
such as a lease appropriation bond or secures a lease purchase
agreement without a 2/3 vote of approval of each House of the
Legislature. This provision applies to financing agreements

HOUSE AMENDMENT

R. d. S.

HOUSE AMENDMENT "A" to H.P. 1298, L.D. 1767

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
16 **FISCAL NOTE**

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

26
28 **SUMMARY**

30 Like the bill, this amendment proposes amending the
31 Constitution of Maine to require a 2/3 vote of approval of each
32 House of the Legislature prior to the incurring of certain
33 financial obligations directly or indirectly by the State. This
34 amendment requires such approval prior to the State entering into
35 a financing agreement that pledges a future stream of revenue,
36 pledges a security interest using a mechanism such as a lease
37 appropriation bond or secures a lease purchase agreement.

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39
40 SPONSORED BY: 
41 (Representative WATERHOUSE)

42 TOWN: Bridgton
43
44