

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1819

H.P. 1362

House of Representatives, May 31, 2001

**An Act to Give the Maine Technical College System Limited Revenue
Bonding Authority.**

Reported by Representative BERRY for the Joint Standing Committee on Appropriations and Financial Affairs pursuant to Joint Order 2001, H.P. 1347.

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

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

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4 **Sec. 1. 20-A MRSA §12706, sub-§18**, as enacted by PL 1985, c. 695, §11, is amended to read:

6 **18. Delegation; other powers.** To delegate duties and responsibilities as necessary for the efficient operation of this chapter and to do any other acts or things necessary or convenient to carry out the powers expressly granted or reasonably implied in this chapter; and

12 **Sec. 2. 20-A MRSA §12706, sub-§19**, as amended by PL 1989, c. 443, §39, is further amended to read:

14 **19. Advisory committees.** To appoint or identify advisory committees to advise the board of trustees with respect to vocational and technical education and training policies and programs, to procedures for modifying the programs of the colleges to meet the needs of the State's economy and the changing job market and to the efficient operation of the colleges and the Maine Technical College System Office. These committees may include, but need not be limited to, the Maine Council on Vocational Education, authorized under the United States Carl D. Perkins Vocational Education Act, Section 112, Public Law 98-524, or its successor+; and

26 **Sec. 3. 20-A MRSA §12706, sub-§20** is enacted to read:

28 **20. Debt.** To borrow funds, issue bonds and negotiate notes and other evidences of indebtedness or obligations of the system for renovation, public improvements, land acquisition and construction purposes to pay for costs as defined in Title 22, section 2053, subsection 3. The board of trustees may issue temporary notes and renewal notes to pay for those costs. Bonds, notes or other evidences of indebtedness or obligations of the system are legal obligations of the system on behalf of the State and are payable solely from the system's revenues and other sources of funds, including funds obtained pursuant to Title 22, section 2053, subsection 4-B, paragraph A. These borrowings by the system do not constitute debts or liabilities of, and are not includable in, any debt obligation of the State. The board of trustees has the discretion to fix the date, maturities, denomination, interest rate, place of payment, form and other details of the bonds or notes of the system. Unless otherwise provided in the vote authorizing their issuance, bonds or notes of the system must be signed by the president of the system and countersigned by the chair of the board of trustees. The aggregate principal amount of outstanding bonds, notes or other evidences of indebtedness of the system may not exceed \$35,000,000 at any one time, excluding temporary notes and

2 renewal notes. The bonds may be issued through the Maine Health
3 and Higher Education Facilities Authority. The board of trustees
4 may pledge or assign its revenues, including any funds that have
5 been or may be appropriated to the system, and the proceeds of
6 those revenues and its other property as security toward its
7 bonds, notes, other evidences of indebtedness or other
8 obligations of the system. The proceeds of bonds, notes or other
9 evidences of indebtedness may be invested in accordance with
10 subsection 8. Bonds, notes and other evidences of indebtedness
11 issued under this subsection are not debts of the State, nor a
12 pledge of the credit of the State, but are payable solely from
13 the funds of the system. Indebtedness incurred and evidences of
14 indebtedness issued under this chapter constitute a proper public
15 purpose, and all income derived is exempt from taxation in the
16 State. The net earnings of the system may not inure to the
17 benefit of any private person, and no borrowing may be effected
18 pursuant to this chapter unless the amount of the borrowing and
19 the project or projects are submitted to the Office of Fiscal and
20 Program Review for review by the joint standing committee of the
21 Legislature having jurisdiction over appropriations and financial
22 affairs at least 60 days before closing on such borrowing for the
23 project or projects is to be initiated.

24 **Sec. 4. 22 MRSA §2053, sub-§4-B, ¶A,** as enacted by PL 1993, c.
25 706, Pt. A, §5, is amended to read:

26
27 A. Any private, nonprofit or charitable institution or
28 organization engaged in the operation of, or formed for the
29 purpose of operating, an educational institution within this
30 State, including the Maine Technical College System, that,
31 by virtue of law or charter, is an educational institution
32 empowered to provide a program of education beyond the high
33 school level; and
34

35 **FISCAL NOTE**

36
37 This bill gives the Maine Technical College System ongoing
38 authority to issue up to \$35,000,000 in bonds and notes. These
39 borrowings do not constitute debts or liabilities of the State
40 and do not pledge the credit of the State. Debt service payments
41 are to be made solely from the funds of the Maine Technical
42 College System. Any future requests for funding made to the
43 State by the Maine Technical College System may include debt
44 service payments. However, no special obligation is imposed on
45 the State to fund such requests.
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SUMMARY

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4 Under current law, the University of Maine System has the
6 authority to issue revenue bonds up to \$100,000,000 and the Maine
8 Maritime Academy has the authority to incur debt up to
10 \$4,000,000. These statutes enable the university and academy to
improve their facilities without pledging the credit of the
State. This bill authorizes the Maine Technical College System
to issue up to \$35,000,000 in revenue bonds and to issue bonds
through the Maine Health and Higher Education Facilities
Authority.