



127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1378

S.P. 508

In Senate, April 29, 2015

An Act To Amend the Laws Governing the Issuance of Bonds and To Effectuate the Issuance of Bonds To Support Maine's Natural Resource-based Economy

Reference to the Committee on State and Local Government suggested and ordered printed.

Yeath & Pruit

HEATHER J.R. PRIEST Secretary of the Senate

Presented by Senator KATZ of Kennebec. Cosponsored by Representative MARTIN of Eagle Lake and Senators: COLLINS of York, GERZOFSKY of Cumberland, LANGLEY of Hancock, SAVIELLO of Franklin, WHITTEMORE of Somerset, Representatives: BLACK of Wilton, MAKER of Calais, MAREAN of Hollis.

| 1 | Be it enacted by the People of the State of Maine as follows: |
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| 2 | Sec. 1. 2 MRSA §11 is enacted to read: |
| 3 | <u>§11. General obligation bonds</u> |
| 4 5 | The Governor shall authorize the issuance of a general obligation bond that has been ratified by the legal voters of the State unless: |
| 6 7 | <u>1. Debt service greater.</u> The Treasurer of State determines that the debt service on the bond would be greater than the amount budgeted; |
| 8 9 | 2. Adverse impact on credit rating. The Treasurer of State determines that the issuance of the bonds will adversely affect the credit rating of the State; |
| 10 11 12 | 3. Advantageous interest rate. The Treasurer of State determines that a delay in the issuance of the bonds will likely result in a more financially advantageous interest rate; |
| 13 14 15 | <u>4. Project not proceeding.</u> The Governor receives notification that a project for which the bond was authorized is not going forward and the funding to be provided by the bond is not required; or |
| 16 17 18 | 5. Alternative funding available. The Governor receives notification that alternative funding sources are available to implement, within a comparable time frame, a project and the purposes for which the bond was authorized and ratified. |
| 19 20 21 22 23 24 | Upon the occurrence of any of the circumstances set out in subsections 1 to 5, the Governor shall immediately notify the President of the Senate and the Speaker of the House of Representatives and the majority and minority leaders of the Senate and the House of Representatives of the specific bond delayed or otherwise not issued, the extent of the delay of the issuance of the bond and the effect of the delay or nonissuance on the project and purposes of the bond. |
| 25 26 | Sec. 2. 5 MRSA §145, as amended by PL 1991, c. 780, Pt. Y, §15, is further amended to read: |
| 27 | §145. Registered bonds |
| 28 29 30 31 32 33 | The Treasurer of State may issue registered bonds, transferable by assignment, in pieces of not less than \$1,000, and of any multiple of 1,000, in exchange for, and in place of, any coupon bonds issued under the laws of this State, bearing the same rate of interest and maturing at the same time as the bonds that the Treasurer of State may receive therefor in exchange. The place of payment prescribed therein must be the State Treasury. Said bonds must bear the facsimile of the signature of the Governor and must |

be signed by the Treasurer of State or the Treasurer of State's deputy and attested by the Commissioner of Administrative and Financial Services, or such agent as the commissioner may designate. Sec. 3. 5 MRSA §145-B, sub-§2, as amended by PL 1991, c. 780, Pt. Y, §17, is
 further amended to read:

2. Signatures. Registered bonds must bear the facsimile signatures of the Governor and signature of the Treasurer of State, or the Treasurer of State's deputy, and must be attested by the facsimile signature of the Commissioner of Administrative and Financial Services or such agents as the commissioner may designate. Whenever signatures on registered bonds of other state officials are required, their facsimile signatures may be used.

9 Sec. 4. Issuance of bonds ratified by voters in accordance with Public Law 2009, chapter 414. Notwithstanding any provision of law to the contrary, the 10 Treasurer of State shall issue bonds in the name and on behalf of the State in an amount 11 not exceeding \$6,400,000 the proceeds of which to be expended by the Land for Maine's 12 Future Board for the purposes described in Public Law 2009, chapter 414, Part E, section 13 6, as amended by Public Law 2009, chapter 645, Part J, section 3, in accordance with the 14 ratification of the legal voters of the State in the statewide election held in November 15 16 2010.

17 Sec. 5. Issuance of bonds ratified by voters in accordance with Public 18 Law 2011, chapter 696. Notwithstanding any provision of law to the contrary, the 19 Treasurer of State shall issue bonds in the name and on behalf of the State in an amount 20 not exceeding \$5,000,000 for the purposes described in Public Law 2011, chapter 696, 21 section 6, in accordance with the ratification of the legal voters of the State in the 22 statewide election held in November 2012.

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24 This bill makes the following changes to the laws governing the issuance of bonds:

SUMMARY

It requires the Governor to issue a general obligation bond that has been ratified
 by the legal voters of the State unless one of 5 specific conditions exist, and it requires the
 Governor to provide certain information upon delaying or forgoing issuance of a bond;

- 28 2. It eliminates the requirement that registered bonds bear the facsimile signature of29 the Governor; and
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 3. It requires the Treasurer of State to issue bonds described in Public Law 2009,
 31 chapter 414, Part E, section 6, as amended by Public Law 2009, chapter 645, Part J,
 32 section 3, and Public Law 2011, chapter 696, section 6 and ratified by the voters of the
 33 State in statewide elections held in November 2010 and November 2012, respectively.