

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

SECOND REGULAR SESSION-2018

Legislative Document

No. 1883

H.P. 1316

House of Representatives, March 27, 2018

An Act To Authorize a General Fund Bond Issue To Strengthen School Security

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative COREY of Windham.
Cosponsored by Senator DIAMOND of Cumberland and
Representatives: ESPLING of New Gloucester, FREDETTE of Newport, GOLDEN of
Lewiston, HERBIG of Belfast, Senators: JACKSON of Aroostook, LIBBY of Androscoggin,
MASON of Androscoggin, President THIBODEAU of Waldo.

1 **Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in
 2 accordance with the Constitution of Maine, Article IX, Section 14 to authorize the
 3 issuance of bonds on behalf of the State of Maine to provide funds as described in this
 4 Act,

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

6 **PART A**

7 **Sec. A-1. Authorization of bonds.** The Treasurer of State is authorized, under
 8 the direction of the Governor, to issue bonds in the name and on behalf of the State in an
 9 amount not exceeding \$20,000,000 for the purposes described in section 5 of this Part.
 10 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for
 11 a period longer than 10 years from the date of the original issue of the bonds.

12 **Sec. A-2. Records of bonds issued; Treasurer of State.** The Treasurer of
 13 State shall ensure that an account of each bond is kept showing the number of the bond,
 14 the name of the successful bidder to whom sold, the amount received for the bond, the
 15 date of sale and the date when payable.

16 **Sec. A-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of
 17 State may negotiate the sale of the bonds by direction of the Governor, but no bond may
 18 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the
 19 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State
 20 upon warrants drawn by the State Controller, are appropriated solely for the purposes set
 21 forth in this Part. Any unencumbered balances remaining at the completion of the project
 22 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of
 23 general obligation bonds.

24 **Sec. A-4. Interest and debt retirement.** The Treasurer of State shall pay
 25 interest due or accruing on any bonds issued under this Part and all sums coming due for
 26 payment of bonds at maturity.

27 **Sec. A-5. Disbursement of bond proceeds from General Fund bond issue.**
 28 The proceeds of the sale of the bonds authorized under this Part must be expended as
 29 designated in the following schedule under the direction and supervision of the agencies
 30 and entities set forth in this section.

31 **MAINE MUNICIPAL BOND BANK**
 32
 33 **Maine School Security Enhancement**
 34 **Fund**

35 Provides funds for loans to school administrative units to enhance security in schools.

36 Total \$19,500,000

1 **EDUCATION, DEPARTMENT OF**

2
3 **School Safety Center**

4 Provides funds for the creation of a school safety center within the Department of
5 Education.

6 Total \$500,000

7 **Sec. A-6. Contingent upon ratification of bond issue.** Sections 1 to 5 do not
8 become effective unless the people of the State ratify the issuance of the bonds as set
9 forth in this Part.

10 **Sec. A-7. Appropriation balances at year-end.** At the end of each fiscal year,
11 all unencumbered appropriation balances representing state money carry forward. Bond
12 proceeds that have not been expended within 10 years after the date of the sale of the
13 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general
14 obligation bonds.

15 **Sec. A-8. Bonds authorized but not issued.** Any bonds authorized but not
16 issued within 5 years of ratification of this Part are deauthorized and may not be issued,
17 except that the Legislature may, within one year after the expiration of that 5-year period,
18 extend the period for issuing any remaining unissued bonds for an additional amount of
19 time not to exceed 5 years.

20 **Sec. A-9. Referendum for ratification; submission at election; form of**
21 **question; effective date.** This Part must be submitted to the legal voters of the State at
22 a statewide election held in the month of November following passage of this Act. The
23 municipal officers of this State shall notify the inhabitants of their respective cities, towns
24 and plantations to meet, in the manner prescribed by law for holding a statewide election,
25 to vote on the acceptance or rejection of this Part by voting on the following question:

26 "Do you favor a \$20,000,000 bond issue to establish the Maine School
27 Security Enhancement Fund to provide funds for loans to schools to
28 enhance security and to create a school safety center?"

29 The legal voters of each city, town and plantation shall vote by ballot on this question
30 and designate their choice by a cross or check mark placed within a corresponding square
31 below the word "Yes" or "No." The ballots must be received, sorted, counted and
32 declared in open ward, town and plantation meetings and returns made to the Secretary of
33 State in the same manner as votes for members of the Legislature. The Governor shall
34 review the returns. If a majority of the legal votes are cast in favor of this Part, the
35 Governor shall proclaim the result without delay and this Part becomes effective 30 days
36 after the date of the proclamation.

1 The Secretary of State shall prepare and furnish to each city, town and plantation all
2 ballots, returns and copies of this Part necessary to carry out the purposes of this
3 referendum.

4 **PART B**

5 **Sec. B-1. 30-A MRSA §6006-I** is enacted to read:

6 **§6006-I. Maine School Security Enhancement Fund**

7 **1. Fund established.** The Maine School Security Enhancement Fund, referred to in
8 this section as "the fund," is established in the custody of the bank.

9 **2. Administration.** The bank shall administer and invest the fund. The fund must
10 be established and held separate and apart from any other funds or money of the State or
11 the bank and must be used and administered exclusively for the purposes authorized in
12 this section. The fund consists of:

13 A. Sums that may be appropriated by the Legislature or transferred to the fund by the
14 Treasurer of State;

15 B. Principal and interest received from the repayment of loans made from the fund;

16 C. Capitalization grants and awards made to the State or an instrumentality of the
17 State by the United States for any of the purposes for which the fund has been
18 established. These amounts may be paid directly into the fund without appropriation
19 by the State and the bank is designated as the recipient for the State of any such
20 funds;

21 D. Interest earned from the investment of fund balances;

22 E. The proceeds of any bonds or notes issued by the State or the bank sold for the
23 purpose of deposit in the fund;

24 F. Funds from school security enhancement audit recoveries; and

25 G. Other funds and gifts in kind or cash from any public or private source received
26 for use for any of the purposes for which the fund has been established and that the
27 bank and the Department of Education may solicit from any 3rd parties such as
28 foundations or corporations, including the use of tax credits as available to support
29 activities authorized for the fund.

30 **3. Purposes.** The fund may be used:

31 A. To make loans to school administrative units for school security enhancements.
32 The Department of Education shall determine priorities for school security
33 enhancements by rule;

34 B. To guarantee or insure, directly or indirectly, the payment of notes or bonds
35 issued or to be issued by a school administrative unit for the purpose of financing any
36 school security enhancement authorized under paragraph A;

1 C. To guarantee or insure, directly or indirectly, funds established by a school
2 administrative unit for the purpose of financing any school security enhancement
3 authorized under paragraph A;

4 D. To deposit with a lending institution or with a trustee bank available fund
5 balances to offset loan balances for school administrative units undertaking projects
6 authorized by paragraph A;

7 E. To invest available fund balances and credit the net interest income on those
8 balances to the fund;

9 F. To invest as a source of revenue or security for the payment of principal and
10 interest on general or special obligations of the bank if the proceeds of the sale of the
11 obligations have been deposited in the fund, or if the proceeds of the sale of the
12 obligations are used for the purposes authorized in paragraph A, or as a source of
13 revenue to subsidize the school administrative unit loan payment obligations; and

14 G. To pay the costs of the bank and the Department of Education associated with the
15 administration of the fund and projects financed by the fund, except that no more than
16 the lesser of 2% of the aggregate of the highest fund balances in any fiscal year and
17 4% of the combined value of any capitalization grants provided by the United States
18 for deposit in the fund may be used for these purposes. The Commissioner of
19 Education is authorized to receive revenue from the fund administered by the bank.
20 Funds provided to the Department of Education from the fund must be deposited in a
21 nonlapsing dedicated account to be used to carry out the purposes of this section.

22 **4. Emergency and crisis plans.** In order to be eligible for a loan from the fund, a
23 school administrative unit must demonstrate that a proposed school security enhancement
24 is consistent with the unit's emergency and crisis plans.

25 **5. Limit.** A loan from the fund to a school administrative unit is limited to \$500,000
26 per priority per school building in a 5-year period.

27 **6. Training.** The Department of Education shall require a school administrative unit
28 to dedicate a portion of the proceeds of each loan from the fund, not exceeding 10% and
29 determined by the Department of Education for each loan, to training for school
30 employees related to the school security enhancement funded by the loan in order to
31 ensure the appropriate use of the school security enhancement. This training may include
32 but is not limited to planning, development of protocols for the school security
33 enhancement and coordination with local, county and state emergency responders.

34 **7. Priorities.** Periodically, and at least annually, the Department of Education shall
35 prepare and certify to the bank a project priority list of those school administrative units
36 whose projects are eligible for loans under this section. The Department of Education
37 shall submit with the list the factors considered when determining the priorities.

38 **8. Eligibility terms.** The bank and the Department of Education shall develop by
39 rule the terms of repayment of loans. A loan made pursuant to this section may not carry
40 an interest rate higher than 0%. A loan may be made only if a project is certified by the
41 Department of Education as eligible for financing under this section and is on the priority
42 list prepared under subsection 7. The repayment period may vary depending upon the

1 financial condition of a school administrative unit as identified by the Department of
2 Education.

3 **9. Forgiveness of principal payments.** The fund must provide direct grants by
4 forgiving the principal payments of a loan for an eligible school administrative unit. The
5 amount of the forgiveness of principal payments must be determined by the school
6 administrative unit's state share percentage as defined in Title 20-A, section 15672,
7 subsection 31, not to exceed 70% and not less than 30%.

8 **10. Additional funds.** A school administrative unit may raise additional funds from
9 private, local or federal sources to support a school security enhancement financed by a
10 loan from the fund.

11 **11. Report.** The bank and the Department of Education shall report to the joint
12 standing committee of the Legislature having jurisdiction over education matters and the
13 joint standing committee of the Legislature having jurisdiction over public safety matters
14 on the operation of the fund each year no later than February 1st.

15 **12. Establishment of accounts.** The bank may establish accounts and subaccounts
16 within the fund as it determines desirable to effectuate the purposes of this section,
17 including, but not limited to, accounts to segregate a portion or portions of the fund as
18 security for bonds issued by the bank for deposit in the fund and to be invested for the
19 benefit of specified projects receiving financial assistance from the fund.

20 **13. Rules.** The Department of Education and the bank shall adopt rules necessary to
21 implement this section. Except as provided in this subsection, rules adopted by the
22 Department of Education and the bank to implement this section are routine technical
23 rules pursuant to Title 5, chapter 375, subchapter 2-A. The Department of Education and
24 the bank shall adopt rules, which are major substantive rules pursuant to Title 5, chapter
25 375, subsection 2-A, governing which records related to the fund, including, but not
26 limited to, records related to an application for a loan from the fund or to the award of a
27 loan from the fund, are confidential and not subject to disclosure under the Freedom of
28 Access Act. The Department of Education shall adopt rules, which are major substantive
29 rules pursuant to Title 5, chapter 375, subchapter 2-A, governing which meetings relating
30 to the fund and school security are not public proceedings, notwithstanding the Freedom
31 of Access Act.

32 **Sec. B-2. Contingent effective date.** This Part takes effect only if the General
33 Fund bond issue proposed in Part A is approved by the voters of this State.

34 SUMMARY

35 The funds provided by this bond issue, in the amount of \$20,000,000, will be used to
36 strengthen school security. The bill establishes the Maine School Security Enhancement
37 Fund to provide loans to school administrative units to enhance security in schools and
38 provides \$19,500,000 to the fund for this purpose. The bill also creates a school safety
39 center within the Department of Education and provides \$500,000 for this purpose.