

# MAINE STATE LEGISLATURE

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# FIFTY-FIFTH LEGISLATURE.

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HOUSE.

No. 43.

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## STATE OF MAINE.

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IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND SEVENTY-SIX.

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AN ACT to regulate and limit municipal indebtedness.

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*Be it enacted by the Senate and House of Representatives in Legislature assembled, as follows :*

SECTION 1. The assessors of cities and towns shall  
2 each year assess taxes to an amount not less than the  
3 aggregate of all sums appropriated, granted or law-  
4 fully expended by their respective cities or towns since  
5 the last preceding annual assessment, and not provided  
6 therein ; and of all sums which are required by law  
7 to be raised by taxation by said cities or towns during  
8 said year ; and of all sums which are necessary to  
9 satisfy final judgments recovered against the said  
10 cities or towns ; but such assessments shall not include  
11 sums for the payment of which cities or towns have  
12 voted to contract debts according to the provisions of

13 the third section of this act ; and the assessors may  
14 deduct from the amount required to be assessed the  
15 amount of all the estimated receipts of their respective  
16 cities or towns (except from loans or taxes) which  
17 are lawfully applicable to the payment of the expendi-  
18 ture of the year, but such deduction shall not exceed  
19 the amount of such receipts during the preceding year ;  
20 and such assessments shall be made in the manner  
21 provided by law for the assessment of taxes ; and any  
22 assessor wilfully neglecting to make an assessment  
23 required by this act shall be subject to the penalties  
24 provided by law for neglecting to assess taxes.

SECT. 2. No debts shall hereafter be incurred by  
2 any city or town except debts for temporary loans in  
3 anticipation of the taxes of the year in which such  
4 debts are incurred, and of the year next ensuing, and  
5 expressly made payable therefrom by vote of the said  
6 city or town, and except as hereinafter provided.

SECT. 3. Debts, other than those authorized by the  
2 second section of this act, shall hereafter be incurred  
3 by a town, only by a vote of two-thirds of the legal  
4 voters present and voting at a legal meeting, and by  
5 a city, only by a vote of two-thirds of all the members  
6 of each branch of the city council, taken by yeas and  
7 nays, and in any city where the mayor has the veto  
8 power, approved by the mayor ; or, if he disapprove

9 said vote, by another like vote taken after notice of  
10 such disapproval, which notice shall be given within  
11 ten days from the time in which the vote of the city  
12 council shall have been laid before the mayor; and if  
13 the mayor shall fail to give such notice to the board  
14 of the city council in which said vote was first taken,  
15 he shall be deemed to have approved said vote of the  
16 city council.

SECT. 4. Any debt contracted by a city or town, as  
2 provided by the third section of this act, shall be pay-  
3 able within a period not exceeding ten years from the  
4 time of contracting the same; and said city or town  
5 shall annually raise by taxation an amount sufficient to  
6 pay the interest thereon as it accrues, and shall annu-  
7 ally raise by taxation a sum not less than eight per  
8 centum of the principal thereof, until a sum is raised  
9 sufficient, with its accumulations, to extinguish the  
10 debt at maturity, which sum shall be set apart for that  
11 purpose, and shall be used for no other purpose; and  
12 any balance required to extinguish said debt shall be  
13 raised by taxation at the annual assessment next pre-  
14 ceding its maturity; *provided, however,* that debts in-  
15 curred in constructing general sewers may be made  
16 payable at a period not exceeding twenty years from  
17 the time of contracting the same, and that debts in-  
18 curred in supplying the inhabitants with pure water

19 may be made payable at a period not exceeding thirty  
20 years from the time of contracting the same ; and  
21 *provided, also*, that when the debt is, under the au-  
22 thority of this act, made payable at a period exceeding  
23 ten years from the time of contracting the same, said  
24 town or city shall, and when it is made payable at a  
25 period not exceeding ten years, said town or city may,  
26 besides paying the interest, as it accrues, from taxes  
27 assessed for the purpose, establish, at the time of con-  
28 tracting the debt, a sinking fund, and contribute thereto  
29 from year to year an amount raised annually by taxa-  
30 tion, sufficient, with its accumulations, to extinguish  
31 the debt at maturity ; and said sinking fund shall re-  
32 main sacred and inviolate and pledged to the payment  
33 and redemption of said debt, and shall be used for no  
34 other purpose.

SECT. 5. Any town establishing a sinking fund under  
2 the provisions of this act, shall, at the time of estab-  
3 lishing the same, elect in the manner which selectmen  
4 are by law required to be elected, three or six suitable  
5 persons as commissioners of its sinking funds; and any  
6 city establishing such a fund shall elect such commis-  
7 sioners by a concurrent vote of both branches of the  
8 city council. One-third of the number shall be elected  
9 for one, two and three years respectively. And annu-  
10 ally thereafter, there shall be elected for a term of

11 three years, a number equal to the number whose term  
12 of service then expires. Vacancies occurring in the  
13 board of commissioners shall, in towns be filled by the  
14 remaining member or members and the selectmen, by  
15 a majority of ballots of the officers so entitled to vote,  
16 at a meeting called for the purpose by the selectmen,  
17 and in cities such vacancies shall be filled by the city  
18 council in the manner above provided for the election  
19 of the commissioners. The remaining member or  
20 members shall, in case of a vacancy, exercise the  
21 powers of the board till the vacancy is filled. The  
22 city or town treasurer shall not be eligible as a com-  
23 missioner of sinking funds, and the acceptance of the  
24 office of treasurer by a commissioner already elected  
25 shall work a resignation of the office of commissioner.  
26 But the foregoing provisions as to the mode of electing  
27 commissioners and filling vacancies shall not apply to  
28 boards of sinking fund commissioners already estab-  
29 lished. The commissioners shall choose a treasurer,  
30 who may be the city or town treasurer, and if the city  
31 or town treasurer shall be chosen, his bond shall apply  
32 to and include duties performed under this act. If any  
33 other person shall be chosen as treasurer, he shall give  
34 a bond, with sureties, to the satisfaction of the com-  
35 missioners, for the proper discharge of the duties of his  
36 office. The commissioners shall receive all sums con-

37 tributed to a sinking fund and invest and re-invest the  
38 same; and the income thereof as it shall accrue, in the  
39 name of the board, in the particular scrip, notes or  
40 bonds for the redemption of which such sinking fund  
41 was established, or in other bonds of said town and  
42 city, which are secured by sinking funds, or in the  
43 securities in which by law the funds of savings banks  
44 may be invested, except personal securities, although  
45 guaranteed by sureties; but no portion of the same  
46 shall be loaned to the city or town except as herein  
47 provided; and the commissioners may sell and re-  
48 invest such securities when required in their judgment  
49 for the good management of the fund. They shall  
50 keep a record of their proceedings, and shall annually,  
51 at the time when other municipal officers are required  
52 to make an annual report, make a written report to  
53 the city or town of the amount and condition of said  
54 funds and the income thereof, for the then preceding  
55 financial year. The record, and the securities belong-  
56 ing to said funds, shall at all times be open to the in-  
57 spection of the selectmen, mayor and aldermen, or any  
58 committee of said city or town duly authorized for the  
59 purpose. The necessary expenses of the board shall  
60 be paid by said city or town; and the treasurer and  
61 secretary thereof shall receive such compensation as  
62 shall be fixed by the city or town, but no commissioner

63 shall receive compensation for his services. When any  
64 securities issued by the city or town become a part of  
65 a sinking fund, the commissioners shall cause to be  
66 stamped or written on the face thereof a notice that  
67 they are a part of such sinking fund, and are not  
68 negotiable; and the coupons thereof, as they become  
69 due and are paid, shall be cancelled.

SECT. 6. No city or town, except as hereinafter  
2 provided, shall become indebted to an amount (includ-  
3 ing existing indebtedness) exceeding in the aggregate  
4 three per centum on the valuation of the taxable prop-  
5 erty therein, to be ascertained by the last preceding  
6 city or town valuation for the assessment of taxes. In  
7 determining the amount of indebtedness under this act,  
8 the amount of the sinking funds shall be deducted from  
9 the gross indebtedness.

SECT. 7. Cities or towns indebted when this act  
2 takes effect, to an amount not less than two per centum  
3 on their valuation as aforesaid, may increase such in-  
4 debtedness to the extent of an additional one per  
5 centum on their valuation, but no more; and when  
6 such indebtedness of any city or town exceeds five per  
7 centum on its valuation as aforesaid, such city or town  
8 shall raise annually, by taxation, a sum sufficient to  
9 pay the interest on its whole indebtedness, and to make  
10 the necessary contributions to a sinking fund which



11 shall be established for the redemption of the same, at  
12 a period not exceeding thirty years from the time this  
13 act takes effect, in the manner provided in the fourth  
14 and fifth sections of this act; and any city or town  
15 indebted when this act takes effect, to an amount less  
16 than five per centum and more than one per centum on  
17 its valuation as aforesaid, shall make like provision for  
18 the payment of the interest on its whole indebtedness  
19 and for the extinction of such indebtedness within a  
20 period not exceeding twenty years from the time this  
21 act takes effect, but it shall be sufficient to make such  
22 provision for the extinction of indebtedness contracted  
23 in supplying the inhabitants with pure water within a  
24 period not exceeding thirty years from the time this  
25 act takes effect, and to make like provision for the ex-  
26 tinguishment of any existing funded debts, when the  
27 same mature.

SECT. 8. Nothing contained in this act shall be  
2 construed as prohibiting the inhabitants of towns, or  
3 city councils, from paying or providing for the pay-  
4 ment of any municipal debts at earlier periods than is  
5 herein required, or from renewing the same in securi-  
6 ties payable in the period required for the final pay-  
7 ment of the debt, or from adding to any sinking funds,  
8 or funds for the extinguishment of any debt, the excess  
9 of municipal appropriations over the amounts required

10 for the purpose thereof, or any sums derived from tax-  
11 ation or special assessments, or other sources, which  
12 are not required by law to be otherwise expended ;  
13 and such additions may be made for the purpose of  
14 reducing the entire debt for the redemption of which  
15 the sinking fund was established, or of reducing the  
16 amount to be raised by taxation for such fund.

SECT. 9. The restrictions of this act shall not exempt  
2 any city or town from its liability to pay debts con-  
3 tracted for purposes for which cities or towns may law-  
4 fully expend money ; and the limits of municipal  
5 indebtedness prescribed by this act shall be exclusive  
6 of debts created for supplying the inhabitants with  
7 pure water, and its provisions shall not apply to sub-  
8 scriptions lawfully made to the capital stock or secu-  
9 rities of railroad corporations.

SECT. 10. The supreme judicial court may, upon  
2 the suit or petition of the attorney general, or of one  
3 or more taxable inhabitants of any city or town, or of  
4 any creditor to whom the said city or town appears to  
5 said court indebted in an amount not less than one  
6 thousand dollars compel the said city or town and its  
7 assessors, collectors, treasurers, commissioners of sink-  
8 ing funds, and other proper officers, to enforce the  
9 provisions of this act by mandamus or other appro-

10 priate remedy, and hear and determine any cause of  
11 complaint in equity, where such remedy is appropriate ;  
12 and any justice of said court may in term time or  
13 vacation issue injunctions and make such orders and  
14 decrees as may be necessary or proper to enforce the  
15 provisions of this act, and to restrain or prevent any  
16 violation thereof.

SECT. 11. All acts and parts of acts inconsistent  
2 with this act are hereby repealed.

SECT. 12. This act shall take effect when approved.

STATE OF MAINE.

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IN HOUSE OF REPRESENTATIVES, }  
January 29, 1876. }

Reported from the Committee on the Judiciary, by Mr.  
HAYNES of Augusta, and on his motion ordered printed.

ORAMANDAL SMITH, *Clerk.*