

# MAINE STATE LEGISLATURE

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E I G H T Y - N I N T H   L E G I S L A T U R E

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Legislative Document

No. 118

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S. P. 133

In Senate, January 26, 1939.

Referred to Committee on Appropriations and Financial Affairs and sent down for concurrence. 500 copies ordered printed.

ROYDEN V. BROWN, Secretary.

Presented by Senator Wentworth of York.

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S T A T E   O F   M A I N E

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
THIRTY-NINE

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**AN ACT to Repeal Certain Acts and Resolves Relating to Unnegotiable Bonds in the Custody of the Treasurer of State.**

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

**Sec. 1. Certain acts and resolves, repealed.** Chapter 89 of the public laws of 1917; chapter 142, of the resolves of 1919; and chapter 47, of the resolves of 1917, are hereby repealed. Nothing in this act shall be construed to affect the liability of the state to pay interest at the rate named in these various acts and resolves to the beneficiaries of the trusts named in such acts and resolves.

**Sec. 2. Certain state bonds may be destroyed.** The governor and council are authorized, upon the taking effect of this act, to destroy in the presence of the treasurer of state the 3 unnegotiable state bonds cancelled by the passage of this act.

## STATEMENT OF FACTS

At the time the Maine State College of Agriculture and the Mechanic Arts (now University of Maine) was established in 1862 the Federal Government allotted to this State land scrip to the value of \$118,300.00, to constitute the basis of an endowment for the College. The Federal act providing for the land grant colleges was passed July 2, 1862, which act was accepted by the Legislature of Maine, by Chapter 275, Resolves of 1863.

A large part of the Civil War debt of Maine became due in 1889 and in that year the Legislature decided to borrow this fund and to issue to the College an unnegotiable State bond, to mature in thirty years, bearing 5% interest, which interest it provided should thereafter be paid to the treasurer of the College in equal payments on January first and July first, of each year. This resolve was Chapter 226, of the resolves of 1889, and upon the expiration of the thirty years the bond was renewed by authority of Chapter 42, of the Resolves of 1919. This latter resolve was likewise to run for thirty years, or until 1949. Every Legislature since 1889 has appropriated the interest and payment of same at the rate of 5% has been made to the College and to its successor, the University of Maine.

When Governor William Tudor Gardiner asked for the restoration in cash deposits or securities of all the State's trust funds, in pursuance of a report on same by the State Auditor, (See page 931, Session Laws of 1929), the Legislature enacted Chapter 189, of the Public Laws of 1929, providing for such restoration and in 1931 all of the trust funds were so restored. Securities and deposits representing the land scrip fund here referred to were set aside and now total, (including some \$26,000.00 impounded) \$119,951.22.

It is self-evident from an accounting standpoint that the unnegotiable bonds and the other securities representing the same amount should not both be permitted to remain outstanding. It appears to be the better practice to repeal the resolve extending the maturity of the 5% unnegotiable bond, as this fund is already restored and the interest of the University is at least equally protected and protected in a more business-like way than by the makeshift method devised in 1889.

The same situation applies to the bequests of former governor Abner Coburn, of Skowhegan, who by his last will and testament left \$50,000.00 to the Maine Insane Hospital, (now Augusta State Hospital) on which 4% interest is paid, and \$100,000.00 to the Maine State College of Agriculture and the Mechanic Arts (now University of Maine) on which 4% interest is paid. These two funds are likewise now represented by cash deposits and securities totaling \$50,000.00 and \$101,291.18. (The latter includes \$10,278.88 impounded).

The Treasurer of State is custodian of these three unnegotiable bonds, which, in the event this legislation is enacted, should be destroyed.

ELBERT D. HAYFORD.