

MAINE STATE LEGISLATURE

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

Legislative Document

No. 755

H. P. 1251

House of Representatives, March 4, 1943.

Reported by Majority of Committee on Legal Affairs and ordered printed.

HARVEY R. PEASE, Clerk.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-THREE

AN ACT to Permit Towns to Create Protected Reserves.

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

Sec. 1. Municipal credit reserve fund. There is hereby established a fund to be known as the Municipal Credit Reserve Fund, hereinafter called the fund, which shall be administered by the treasurer of state as depository for funds raised by towns under the provisions of this act.

Sec. 2. Treasurer of state to receive funds; certificate of credit to towns. The treasurer of state is hereby authorized to receive from the treasurer of any town funds raised by such town under the provisions of this act. Such funds shall be placed in, and shall become a part of, the fund; and the treasurer of state shall issue, or cause to be issued, to such town certificates of credit for such sums as may be so deposited.

Sec. 3. Investment of funds; limitation in federal investments. The funds received by the treasurer of state for this purpose shall be invested by him in bonds of municipalities of the state of Maine which are approved by him and by the commissioner of finance for this purpose, in bonds of the state of Maine, or of any other state approved by him and by the commissioner of finance for this purpose, or in bonds or other evidences of indebtedness of the federal government, or bonds of any federal agency, the interest and principal of which have been guaranteed by the

federal government. The total of the funds invested in the aforementioned issues of the federal government or its agencies shall be at no time less than 10% nor more than 30% of the municipal credit reserve fund.

Sec. 4. Annual town appropriations; limitation; credit reserve account. Any town may annually appropriate money for the purpose of providing a reserve of borrowing power which can be applied, in periods of financial stringency or depression, to assist in carrying forward normal expenditures of the town without increase in the tax rate thereof. Such appropriations shall be made in the same manner as other appropriations, but no such annual appropriation shall in any case exceed 5% of the total amount to be raised by tax levy for the municipal financial year. Such appropriation shall be covered by the tax rate of the town for the year, and shall be carried upon the books of the town as a separate item, to be known as the credit reserve account.

Sec. 5. Treasurer of town to develop formula; duties. Annually at the beginning of the fiscal year, the treasurer of the town which has established such a credit reserve account shall develop the following formula according to the financial records of the town :

ITEM 1. ASSESSED VALUES

Assessed values in the previous year less the average assessed values of the 2 preceding years prior thereto times the tax rate of the previous year.
(Plus or minus) \$

ITEM 2. PER CENT TAXES COLLECTED

Per cent of the previous year's tax commitment actually collected in the previous year, less the average per cent of taxes committed in the 2 preceding years prior thereto which were actually collected within each of the respective years, times the assessed taxes of the previous year. (Taxes as used herein shall not include excise taxes.)
(Plus or minus) \$

ITEM 3. WELFARE EXPENDITURES

The welfare expenditures of the previous year subtracted from the average welfare expenditures of the two preceding years prior thereto. Welfare expenditures as used herein shall be held to mean the total expenditures for the relief, support, maintenance and employment of the poor for the year referred to, including administration expenses, but deducting the reimbursements received during the year from individuals, from towns

and from the state, and excluding expenditures of federal funds, and expenditures of local funds in connection with grants in aid for public works and work relief projects.

(Plus or minus) \$
 Total (Plus or Minus) \$

If the result of the formula above stated is a plus amount, there shall be no withdrawal from the credit reserve account. If the result of the formula is a minus amount, the treasurer of the town may withdraw from the fund by draft upon the treasurer of state a sum not exceeding the minus amount produced by the formula and credit the current budget with such item. In case of withdrawal, the draft shall be accompanied by a certificate of the state auditor that he has checked the formula against the books and accounts of the town and has verified the result produced by the formula. The treasurer of state shall honor all such drafts as are accompanied by such certificates of the state auditor up to but not exceeding the amount of the credit account of such town in said municipal credit reserve fund. No town may withdraw amounts in excess of its credits to the fund, but the treasurer of state shall credit each town with its proportion of the income actually earned by the fund upon its investments.

Sec. 6. Capital reserve funds created; purpose. Any town or county may establish capital reserve funds for the financing of all or part of the cost of

(a) The construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or specific items of equipment, or

(b) The construction, reconstruction, or acquisition of a type of capital improvement, or the acquisition of a type of equipment.

Sec. 7. Money paid into or transferred to capital reserve fund. Any town or county may appropriate money to be paid into such capital reserve fund or may authorize the transfer thereto of any part or all of the unencumbered surplus funds remaining on hand at the end of any fiscal year.

Sec. 8. Trustees of capital reserve fund; deposit of moneys; limitation. The municipal officers or county commissioners as the case may be are hereby constituted trustees of such capital reserve fund and shall be subject to all the duties and responsibilities imposed by law on trus-

tees, and such duties and responsibilities may be enforced by action commenced by the town or county as the case may be, or by any officer or taxpayer thereof. All moneys in said fund shall be either deposited in savings banks, trust companies, or national banks in this state, the deposit in any one bank in no case to exceed \$5,000, or shall be invested in whole or in part in the bonds of this state, in bonds of municipalities of this state which are purchasable by the treasurer of state, or in bonds or other evidences of indebtedness of the federal government, or in bonds of any federal agency, the interest and principal of which have been guaranteed by the federal government. Any interest earned or capital gains realized on the moneys so deposited in any such fund shall accrue to and become part thereof. The separate identity of each such fund shall be maintained whether its assets consist of cash or investments, or both.

Sec. 9. Expenditures. Expenditures from each such fund shall be only for or in connection with a capital improvement of the specific nature and within the specific purpose for which the particular fund was established.

Sec. 10. Unexpended balances transferred. Any town or county may transfer to another capital reserve fund all or part of

(a) the unexpended balance remaining in any capital reserve fund after the completion of the work to be financed therefrom and the payment of all costs incurred therefor, or

(b) the unexpended balance remaining in any capital reserve fund established for a project which the town or county has decided to abandon in whole or in part.