

MAINE STATE LEGISLATURE

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SECOND SPECIAL SESSION

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

Legislative Document

No. 1661

S. P. 653

In Senate, January 13, 1958

The Committee on Judiciary suggested.

CHESTER T. WINSLOW, Secretary

Presented by Senator Ferguson of Oxford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FIFTY-EIGHT

AN ACT Relating to Municipal Borrowing in Anticipation of Taxes.

Emergency preamble. Whereas, acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, municipalities are now operating on a taxable year basis from April 1st to April 1st for the purpose of borrowing funds and payment of loans in anticipation of taxes; and

Whereas, there is serious doubt as to the legality of loans made after January 1st of any year because of the requirement that the loans be repaid from money raised by taxation during the year; and

Whereas, it is vitally necessary that this doubt be resolved, especially as to loans made by municipalities during the months of January, February and March 1958; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

R. S., c. 90-A, § 13, sub-§ II, amended. Subsection II of section 13 of chapter 90-A of the Revised Statutes, as enacted by section 1 of chapter 405 of the public laws of 1957, is amended to read as follows:

‘II. The notes shall be paid within the taxable year in which they are issued from money raised by taxation during that year.’

Emergency clause. In view of the emergency cited in the preamble, this act shall take effect when approved.

SUMMARY STATEMENT

The change (P. L., 1957, Chapter 405) from municipal year to taxable year (April 1 to April 1) as the time controlling the borrowing and payment of loans in anticipation of taxes has raised doubts among lending agencies as to the legality of loans made after January 1 of any year if the requirement that the loans be repaid, (for money raised by taxation during that year) is kept.

The main directive in the law is to repay the loans within the year and the source of funds used would be immaterial.