

§1754. Guarantee by municipalities of district bonds and notes

1. Guarantee of bonds and notes. Subject to approval by a vote of the inhabitants of the district, as provided in subsection 2 or 3, the district board of directors may provide by resolution for the issuance, at one time or from time to time, of guaranteed notes and bonds of the district for any purpose for which the district may issue debt. Except as otherwise provided, notes and bonds issued by the district, in accordance with this section, must be authorized, issued and sold in the same manner as and subject to the other provisions of this subchapter relating to notes and bonds. The principal, premiums, if any, and interest on notes and bonds issued under this section must be guaranteed by the member municipalities of the district and the full faith and credit of the member municipalities must be pledged for the guarantee provided in this section. The share of liability of each member municipality for the guaranteed notes and bonds must be established in accordance with either the valuation method established under subsection 4, paragraph A or the per capita method established under subsection 4, paragraph B.

[PL 1993, c. 11, §4 (AMD).]

2. Application of guarantee. The guarantee provided for under this section shall apply to notes and bonds of the district designated by the district board of directors under subsection 1, if, at the time of district formation under section 1721, the inhabitants of the proposed member municipalities of the district confer that authority upon the board of directors and establish a ceiling or limit on the aggregate amount of notes and bonds guaranteed by member municipalities which may be issued by the district under this section. The referendum ballot to form the district shall include a statement listing each member municipality's fractional share of liability for guaranteed notes and bonds which may be issued under this section.

The articles to be voted upon shall be in substantially the following form:

A. To see if the residents of the town (or city) of (name of town or city) will authorize the board of directors of (name of district or proposed district) to issue notes (or bonds) of the district which will be guaranteed in part by (name of municipality) and to which guarantee will be pledged the full faith and credit of (name of municipality). [PL 1983, c. 820, §2 (NEW).]

B. To see if the residents of the town (or city) of (name of town or city) will establish a ceiling in the aggregate amount of \$ on guaranteed notes (or bonds) which may be issued by (name of district or proposed district). [PL 1983, c. 820, §2 (NEW).]

C. To see if the residents of the town (or city) of (name of town or city) will authorize the board of directors of (name of district or proposed district) to proportionally allocate liability for notes (or bonds) of the district based on the (most recent state valuation of property, or the most recent census of residents) of (name of town or city). [PL 1993, c. 11, §5 (NEW).]

[PL 1993, c. 11, §5 (AMD).]

3. Authority to issue guaranteed notes and bonds; referendum. If the referendum vote establishing the district does not confer authority upon the board of directors to issue guaranteed notes and bonds, a subsequent referendum may be held in which these questions are submitted to the inhabitants of each municipality comprising the district for a vote. Where a vote is taken under this subsection after formation of the district, the votes shall be counted in each municipality and the affirmative vote of a simple majority of votes cast shall be required in each municipality in order for the article to pass. The referendum vote to form the district shall include a statement listing each member municipality's fractional share of liability for guaranteed notes and bonds which may be issued under this section.

The articles to be voted upon shall be in substantially the same form as the articles under subsection 2. [PL 1983, c. 820, §2 (NEW).]

4. Establishing share of liability among members. A district shall establish the share of liability of each member municipality for guaranteed notes and bonds issued under this section as either:

A. A fraction, the numerator of which is the most recent state valuation of all property within the member municipality and the denominator of which is the most recent state valuation of all property located within the member municipalities of the district; or [PL 1993, c. 11, §6 (NEW).]

B. A fraction, the numerator of which is the most recent census of all residents of the member municipality and the denominator of which is the most recent census of all residents of the member municipalities of the district. [PL 1993, c. 11, §6 (NEW).]

The fractional method used to establish the share of liability for guaranteed notes and bonds must be the same for all of the district's member municipalities.

[PL 1993, c. 11, §6 (NEW).]

5. Changes in method for sharing liability apply prospectively. The fractional share of liability among member municipalities in effect at the time a guaranteed note or bond is issued is the fractional share of liability in effect for the term of that note or bond. An article authorizing a district to issue guaranteed notes or bonds may be amended to change the method used by that district to allocate liability for bonds and notes only by submitting that question to the inhabitants of the district in the same manner as that prescribed in this section. If a change in the method used to allocate liability for bonds and notes is approved by the inhabitants of the district, the new method of allocation is effective only for notes or bonds issued after the date the change is approved by the inhabitants of the district.

[RR 1993, c. 1, §135 (COR).]

SECTION HISTORY

PL 1983, c. 820, §2 (NEW). PL 1993, c. 11, §§4-6 (AMD). RR 1993, c. 1, §135 (COR).

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