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Legislative Document

No. 1187

S.P. 362

In Senate, March 22, 2011

**An Act To Authorize a General Fund Bond Issue To Revitalize
Maine's Downtowns through Innovative Business Development and
the Creative Economy**

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

Joseph G. Carleton Jr.

JOSEPH G. CARLETON, JR.
Secretary of the Senate

Presented by Senator SULLIVAN of York.
Cosponsored by Representative CASAVANT of Biddeford and
Senators: CRAVEN of Androscoggin, DIAMOND of Cumberland, HILL of York, KATZ of
Kennebec, SCHNEIDER of Penobscot, Representatives: MARTIN of Eagle Lake, ROTUNDO
of Lewiston, WEBSTER of Freeport.

1 **Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in
2 accordance with the Constitution of Maine, Article IX, Section 14 to authorize the
3 issuance of bonds on behalf of the State of Maine to provide funds as described in this
4 Act,

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

6 **PART A**

7 **Sec. A-1. Authorization of bonds.** The Treasurer of State is authorized, under
8 the direction of the Governor, to issue bonds in the name and on behalf of the State in an
9 amount not exceeding \$5,000,000 for the purposes described in section 5 of this Part.
10 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for
11 a period longer than 10 years from the date of the original issue of the bonds.

12 **Sec. A-2. Records of bonds issued; Treasurer of State.** The Treasurer of
13 State shall ensure that an account of each bond is kept showing the number of the bond,
14 the name of the successful bidder to whom sold, the amount received for the bond, the
15 date of sale and the date when payable.

16 **Sec. A-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of
17 State may negotiate the sale of the bonds by direction of the Governor, but no bond may
18 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the
19 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State
20 upon warrants drawn by the State Controller, are appropriated solely for the purposes set
21 forth in this Part. Any unencumbered balances remaining at the completion of the project
22 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of
23 general obligation bonds.

24 **Sec. A-4. Interest and debt retirement.** The Treasurer of State shall pay
25 interest due or accruing on any bonds issued under this Part and all sums coming due for
26 payment of bonds at maturity.

27 **Sec. A-5. Disbursement of bond proceeds; allocations from General Fund**
28 **bond issue.** The proceeds of the sale of the bonds authorized under this Part must be
29 expended as designated in the following schedule under the direction and supervision of
30 the agencies and entities set forth in this section.

31 **ECONOMIC AND COMMUNITY**
32 **DEVELOPMENT, DEPARTMENT OF**

33
34 **Office of Community Development**

35 Provides funds for seed money to capitalize the Downtown Revitalization Fund
36 established in the Maine Revised Statutes, Title 5, section 13075-A, a revolving loan
37 and grant fund to encourage business development in downtown areas, targeting
38 innovative businesses, light manufacturing, trades and small businesses and space for
39 artists and artisans.

1 Total \$5,000,000

2 **Sec. A-6. Contingent upon ratification of bond issue.** Sections 1 to 5 do not
3 become effective unless the people of the State ratify the issuance of the bonds as set
4 forth in this Part.

5 **Sec. A-7. Appropriation balances at year-end.** At the end of each fiscal year,
6 all unencumbered appropriation balances representing state money carry forward. Bond
7 proceeds that have not been expended within 10 years after the date of the sale of the
8 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general
9 obligation bonds.

10 **Sec. A-8. Bonds authorized but not issued.** Any bonds authorized but not
11 issued within 5 years of ratification of this Part are deauthorized and may not be issued,
12 except that the Legislature may, within 2 years after the expiration of that 5-year period,
13 extend the period for issuing any remaining unissued bonds for an additional amount of
14 time not to exceed 5 years.

15 **Sec. A-9. Referendum for ratification; submission at election; form of**
16 **question; effective date.** This Part must be submitted to the legal voters of the State at
17 a statewide election held in the month of November following passage of this Act. The
18 municipal officers of this State shall notify the inhabitants of their respective cities, towns
19 and plantations to meet, in the manner prescribed by law for holding a statewide election,
20 to vote on the acceptance or rejection of this Part by voting on the following question:

21 "Do you favor a \$5,000,000 bond issue to provide funds for seed money
22 to capitalize a revolving loan and grant fund to encourage business
23 development in downtown areas, targeting innovative businesses, light
24 manufacturing, trades and small businesses and space for artists and
25 artisans?"

26 The legal voters of each city, town and plantation shall vote by ballot on this question
27 and designate their choice by a cross or check mark placed within a corresponding square
28 below the word "Yes" or "No." The ballots must be received, sorted, counted and
29 declared in open ward, town and plantation meetings and returns made to the Secretary of
30 State in the same manner as votes for members of the Legislature. The Governor shall
31 review the returns. If a majority of the legal votes are cast in favor of this Part, the
32 Governor shall proclaim the result without delay and this Part becomes effective 30 days
33 after the date of the proclamation.

34 The Secretary of State shall prepare and furnish to each city, town and plantation all
35 ballots, returns and copies of this Part necessary to carry out the purposes of this
36 referendum.

37 **PART B**

38 **Sec. B-1. 5 MRSA §12004-F, sub-§19** is enacted to read:

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Downtown Revitalization Fund Expenses Only 5 MRSA §13075-A
Board

Sec. B-2. 5 MRSA §13075-A is enacted to read:

§13075-A. Downtown Revitalization Fund

1. Fund established. The Downtown Revitalization Fund, referred to in this section as "the fund," is established.

2. Board. The Downtown Revitalization Fund Board, established in section 12004-F, subsection 19 and referred to in this section as "the board," shall oversee the fund. The term of a board member is 2 years. The board is composed of 9 members as follows:

- A. Two members of the Senate, appointed by the President of the Senate;
- B. Two members of the House of Representatives, appointed by the Speaker of the House of Representatives;
- C. One member appointed by the Governor;
- D. One member representing postsecondary educational institutions, appointed by the Governor;
- E. One member who is a representative of the Finance Authority of Maine;
- F. One member who is a representative of a small business development center; and
- G. One member who is a representative of the Maine State Chamber of Commerce or its successor organization.

The board may elect a chair from its membership.

3. Sources of funds. The fund may accept funds from appropriations, allocations, bond proceeds, donations and principal and interest payments derived from loans made from the fund.

4. Purpose. The fund shall disburse loans and grants to encourage business development in downtown areas, targeting innovative businesses, light manufacturing, trades and small businesses and space for artists and artisans. Administrative expenses of the fund must be paid from the proceeds of the fund.

5. Administration. The board shall administer the fund with staff support from the Office of Community Development. The board shall adopt criteria for the administration of loans and grants from the fund to carry out the purpose of the fund under subsection 4, including the application process, recipient qualifications and terms and conditions of loans and grants disbursed by the fund. A loan from the fund must be matched by the recipient of the loan in the amount of \$1 from the recipient for every \$2 loaned from the fund to the recipient.

1 **6. Nonlapsing.** Any funds remaining in the fund at the end of a fiscal year do not
2 lapse but carry forward to the next fiscal year.

3 **Sec. B-3. Contingent effective date.** This Part takes effect only if the General
4 Fund bond issue proposed in Part A is approved by the voters of this State.

5 **SUMMARY**

6 The funds provided by this bond issue, in the amount of \$5,000,000, will be used as
7 seed money to capitalize the Downtown Revitalization Fund, a revolving loan and grant
8 fund to encourage business development in downtown areas, targeting innovative
9 businesses, light manufacturing, trades and small businesses and space for artists and
10 artisans. The Downtown Revitalization Fund is administered by a board consisting of
11 public and private members and issues loans that must be matched by \$1 from the
12 recipient for every \$2 received from the fund and issues grants.