

§5404. Issuance of revenue bonds

1. Balloting for bonds. Subject to the restriction set forth in paragraph A, the municipal officers of any municipality with a population of 1,000 or more according to the most recent Federal Decennial Census may provide by resolution, at one time or from time to time, for the issuance of revenue bonds of the municipality to pay the cost of acquiring, constructing, reconstructing, improving, extending, enlarging or equipping any revenue-producing municipal facility.

A. Revenue bonds of a town, as distinguished from a city, may not be issued until the general purpose for which the bonds are to be issued and the maximum principal amount of the bonds to be authorized have been approved by ballot by a majority of the votes cast on the question. The total number of votes cast must be equal to at least 20% of the total vote for all candidates for Governor cast in the municipality at the last gubernatorial election. The ballot submitted to the voters of a town to authorize the issuance of revenue bonds must state the general purpose for which the proposed bonds are to be issued and the maximum principal amount of the proposed bonds authorized to be issued. The voting at meetings held in towns must be held and conducted in accordance with sections 2528 to 2531-B, even if the town has not accepted the provisions of section 2528. [PL 2011, c. 255, §10 (AMD).]

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1-A. Financial statements required. The treasurer of the municipality shall prepare a signed statement to accompany any question submitted to the electors for ratification of a revenue-producing or revenue-refunding bond issue. The statement must set forth:

A. The total amount of bonds of the municipality outstanding and unpaid, the total amount of bonds of the municipality authorized and unissued and the total amount of bonds of the municipality contemplated to be issued if the enactment submitted to the electors is ratified; [PL 1991, c. 269, §2 (NEW).]

B. An estimate and explanation of costs involved, including varying interest rates, the estimated cost of interest on the bond amount to be issued, the total cost of principal and interest to be paid at maturity and any other substantive information relating to the debt of the municipality as the treasurer may deem appropriate; and [PL 1991, c. 269, §2 (NEW).]

C. A declaration that the validity of the bonds and of the voters' ratification of the bonds may not be affected by any errors in the estimate made pursuant to paragraph B. If the actual amount of the total debt service for the bond issue varies from the estimate, the ratification by the electors is nevertheless conclusive and the validity of the bond issue is not affected by reason of the variance. [PL 1991, c. 269, §2 (NEW).]

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2. Maturity; interest. The bonds of each issue of revenue bonds shall:

A. Be dated; and [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

B. Mature at the time or times, not exceeding 30 years from their date or dates of issuance, and bear interest at a rate or rates determined by the municipal officers. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

The bonds may be made redeemable before maturity, at the municipality's option, at the price or prices and under terms and conditions fixed by the municipal officers before the bonds are issued.

Revenue bonds issued under this chapter do not constitute a debt or liability of the municipality or a pledge of the faith or credit of the municipality. The bonds are payable solely from the funds provided for that purpose. A statement to that effect shall be recited upon the face of the bonds.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

3. Form; execution. The municipal officers shall determine the form of the bonds, including any interest coupons to be attached to the bonds, and the manner of execution of the bonds. They shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest. The place of payment may be at any bank or trust company within or outside the State. The municipal officers may issue the bonds in coupon or registered form, or both, as they determine. They may provide for the registration of any coupon bonds as to principal alone and as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. Notwithstanding any other provision of this chapter or any recitals in any bond issued under this chapter, all bonds issued under this chapter are deemed to be negotiable instruments issued under the laws of the State.

A. Revenue bonds shall be executed in the name of the municipality by the manual or facsimile signature of the official or officials authorized in the resolution to execute the bonds, but at least one signature on each bond must be a manual signature. Coupons, if any attached to the bonds, shall be executed with the facsimile signature of the officer or officers of the municipality designated in the resolution.

(1) If any officer whose signature or a facsimile of whose signature will appear on any bonds or coupons ceases to be an officer before the bonds are delivered, that signature or facsimile is valid for all purposes the same as if that officer had remained in office until the delivery. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

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4. Sale; use of proceeds; additional bonds. The municipal officers may sell the bonds in such manner, either at public or private sale, and for such price, as they determine to be for the best interests of the municipality. The proceeds shall be disbursed in any manner and under any restrictions, if any, that the municipal officers provide in the resolution authorizing the issuance of the bonds or in the trust agreement under section 5408 securing the bonds.

A. If the proceeds of the bonds, by error of estimates or otherwise, are less than the cost of the facility, additional bonds may be issued in like manner to provide the amount of the deficit, provided the aggregate principal amount of revenue bonds of a town may not exceed the amount approved by the voters under subsection 1, paragraph A. Unless otherwise provided in the authorizing resolution or in the trust agreement securing the bonds, these additional bonds are deemed to be of the same issue and are entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose. The resolution providing for the issuance of revenue bonds, and any trust agreement securing the bonds, may contain any limitations upon the issuance of additional revenue bonds that the municipal officers consider proper. Any additional bonds shall be issued under the restrictions and limitations prescribed by the resolution or trust agreement. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]
[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

5. Temporary bonds; replacement bonds. Before the preparation of definitive bonds, the municipal officers may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when those bonds are executed and available for delivery. The municipal officers may provide for the replacement of any bonds which are mutilated, destroyed or lost.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

6. Agency approval; additional conditions. Bonds, except bonds for water system purposes, may be issued under this chapter without obtaining the consent of any commission, board, bureau or agency of the State or of the municipality, and without any other proceeding or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this chapter.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

SECTION HISTORY

PL 1987, c. 737, §§A2,C106 (NEW). PL 1989, c. 6 (AMD). PL 1989, c. 9, §2 (AMD). PL 1989, c. 104, §§C8,10 (AMD). PL 1991, c. 269, §2 (AMD). PL 1993, c. 608, §17 (AMD). PL 2011, c. 255, §10 (AMD).

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