

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

H.P. 1260 - L.D. 1773

An Act To Clarify Bonding Authority for School Management and Leadership Centers**Be it enacted by the People of the State of Maine as follows:**

Sec. 1. 20-A MRSA §3802, sub-§12, as enacted by PL 2017, c. 284, Pt. VVVVV, §6, is amended to read:

12. Bonding authority; debt limitation; allocation and payment of approved debt. A school management and leadership center may issue bonds and notes for school construction purposes. For purposes of this section, "school construction purposes" includes minor capital costs relating to maintenance of a school's physical plant. The school management and leadership center board shall decide whether the issuance of bonds or notes by the school management and leadership center for school construction purposes is necessary. The board shall determine whether the issuance of bonds or notes is authorized, and, if so, the board shall issue the bonds or notes and administer the proceeds of, and the payment of principal of and interest on, those bonds or notes after issuance. A school management and leadership center may issue bonds and notes for school construction purposes only under the provisions of the interlocal agreement under section 3801, subsection 3. Upon receiving authorization to issue bonds or notes under the election procedures of the interlocal agreement, the board shall follow the requirements of section 1490 for issuing bonds or notes of the school management and leadership center.

A. Indebtedness of a school management and leadership center for school construction purposes may not exceed 4% of the total state valuation of the participating municipalities. For purposes of this section, "participating municipalities" of a school management and leadership center includes all municipal school units that are members of the school management and leadership center and the municipalities constituting the other members of the school management and leadership center. The debt limitation is determined as of the date the state board issues a project concept approval or in the case of a nonstate funded project the date the commissioner approves the project under section 15905-A. Debt of a school

management and leadership center is outside the debt limitations of its members and of municipalities constituting its members.

B. For purposes of determining a debt limitation under this subsection, debt approved for state subsidy is excluded. However, in cases in which one or more participating municipalities receive an adjustment for the minimum state allocation pursuant to section 15689, subsection 1, each outstanding state-subsidized debt allocable to a participating municipality that does not receive an adjustment for the minimum state allocation pursuant to section 15689, subsection 1 is excluded from the debt limitation, but only the state reimbursable portion of each outstanding state-subsidized debt allocable to a participating municipality that receives an adjustment for the minimum state allocation pursuant to section 15689, subsection 1 is excluded.

C. For purposes of determining the debt limitation exclusion under paragraph B, when at least one participating municipality receives an adjustment for the minimum state allocation pursuant to section 15689, subsection 1, each issue of debt approved for purposes of state subsidy is allocated in proportion to the fiscal capacities of the school management and leadership center members. In the case of each school management and leadership center member that is a regional school unit, school administrative district or community school district, the amount of each fiscal capacity allocation under this subsection is allocated to the municipalities constituting the member in proportion to the municipalities' pupil counts in accordance with section 15688, subsection 2. For each participating municipality that receives an adjustment for the minimum state allocation pursuant to section 15689, subsection 1, the state reimbursable portion of an outstanding state-subsidized debt allocable to that participating municipality is the product of the amount of that school management and leadership center's debt allocated to the participating municipality under this section and the member's state share percentage, as defined in section 15672, subsection 31.

D. For purposes of determining a debt limitation under this subsection, a certificate from the commissioner that a project qualifies for state school construction aid, as to the amount of debt that qualifies for that aid, as to the allocation of the debt to the members of the school management and leadership center, as to the allocation of debt to any participating municipality and as to the state share percentage for any participating municipality that receives an adjustment for the minimum state allocation pursuant to section 15689, subsection 1 is conclusive evidence of the facts stated in the certificate.

E. The commissioner shall determine the state allocation for debt service costs by allocating the principal and interest payments for each debt approved for purposes of state subsidy among the members of the school management and leadership center in proportion to the members' fiscal capacities. The adjustment for debt service under section 15689, subsection 2 applies to the debt service allocated to participating municipalities under this subsection. Each member's state allocation for debt service costs must be paid by the commissioner as provided by section 15907. The principal and interest payments on debt approved for purposes of state subsidy must be shared by the members of the school management and leadership center in accordance with

the commissioner's allocation under this paragraph notwithstanding the cost-sharing formula of the school management and leadership center.

Sec. 2. 20-A MRSA §3802, sub-§12-A is enacted to read:

12-A. General obligation debt; assessment and collection; withdrawal. In the case of a school management and leadership center authorized to issue bonds or notes under the terms of an interlocal agreement, the following provisions apply.

A. Bonds and notes issued by a school management and leadership center are general obligations of the school management and leadership center. The provisions of sections 15695 and 15695-A apply, including provisions for the assessment and collection of taxes, the levy of ad valorem taxes without limit as to rate or amount upon all taxable property within the school management and leadership center and the rights and protection of bondholders.

B. A school management and leadership center board shall include in each budget an amount sufficient to pay debt service on approved bonds or notes. The cost-sharing, assessment and payment process under section 3801, subsection 3, paragraph A, subparagraph (4) must include determining debt service amounts, except that the principal and interest payments on debt approved for purposes of state subsidy are shared by the members of the school management and leadership center in accordance with the commissioner's allocation under subsection 12. The school budget of each member must include an amount that is its share of the school management and leadership center costs, including debt service costs. Each member shall raise and assess a sufficient amount for its share of annual debt service not paid from other sources and may collect those amounts in the manner provided by law for school taxes. If the treasurer of a member fails to timely pay any installment by the date required, the school management and leadership center has the same rights and remedies of enforcement, including interest, court costs and attorney's fees, and the court has the same powers, as is provided for enforcement of regional school unit installments under section 1489, subsection 6.

C. Whenever a member withdraws from a school management and leadership center having outstanding indebtedness, including bonds, notes and lease-purchase agreements, the school management and leadership center remains intact for purposes of securing and retiring the indebtedness. A withdrawal agreement may provide for alternate means for retiring outstanding indebtedness.