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Cumberland
LD 242

I am writing in support of LD 242.

- In 2023, Sections 1311(2)(C) and 1490(2)(C) were amended to extend the maximum term of school construction bonds from 25 years to 30 years.
- At the same time, Sections 1311(3)(B) and 1490(3)(B) were not similarly amended to extend the aggregate term of a bond and a temporary note from 25 to 30 years.
- With this statutory inconsistency, an SAD/RSU may issue a 30-year construction bond; however, if the SAD/RSU also issues a temporary note in anticipation of the construction bond, then the aggregate term of the note and the bond cannot exceed 25 years.
- Maine School Administrative District No. 51 is undertaking a locally funded \$53,492,000 school construction project at its Greely campus in the Town of Cumberland.
- The project and funding were approved at a referendum held in June 2024.
- While the District was considering the scope of the project and preparing for the referendum, considerable effort was made to develop a plan of financing that would keep the District's annual debt service fairly level over a 30-year period. The plan included a 1-year temporary note followed by a 29-year construction bond.
- In February 2024, the District's bond counsel identified the statutory inconsistency, which precludes the District's 30-year plan of financing for the project.
- Maine DOE, after consulting with the AG's office, did not believe that the statutory inconsistency could be corrected in an errors and omissions bill.
- Senator Pierce introduced this bill to eliminate the inconsistency in maximum bond terms.

Consequences

- If LD 242 is not enacted, local taxpayers will see increased taxes due to higher general fund expenditures due to the inability to moderate the debt service over a longer term. This will impact all locally-funded projects throughout the state, placing a greater burden on already financially-strapped localities which must bear the burden of funding 100% of the costs of school construction without state aid.
- LD 242 will not affect the 20-year maximum term of State-subsidized school construction bonds, which is fixed by regulations adopted by State Board of Education (Chapter 61).

Please vote YES on LD 242 to allow school districts the maximum term to finance school construction project costs.