

§1490. Power to borrow money

1. Regional school unit board. A regional school unit board may borrow money to pay for:

A. Current operating expenses of the regional school unit if the loans are repaid within 13 months of the date of borrowing and are limited to an amount reasonably required for current operating expenses; [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. School construction projects as defined in section 15901; and [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

C. Minor capital costs as defined in section 15672, subsection 20-A. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

2. Voter approval. Bonds or notes for school construction purposes must first be approved by a majority of voters of the regional school unit voting at an election called by the regional school unit board and held as provided in this chapter, except as is otherwise provided in this section.

A. Each bond or note must have inscribed upon its face the name of the regional school unit, the date it was issued, the amount of the bond or note and the annual interest rate, payable semiannually. Each bond or note must be in the form and be sold in the manner, at public or private sale, as the regional school unit board determines in accordance with state law. Bonds may not be sold for less than par. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. Notes or bonds issued by a regional school unit must be signed by the treasurer or assistant superintendent and countersigned by the chair of the regional school unit board. If coupon bonds are issued, each coupon must be attested by a facsimile signature of the treasurer. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

C. Each issue of bonds must mature in substantially equal annual installments so that the first installment is payable not later than 2 years and the last installment not later than 30 years after the date of issue. [PL 2023, c. 210, §2 (AMD).]

D. Notwithstanding paragraph C, bonds issued by a regional school unit for a non-state-funded school construction project under section 15905-A that is 100% locally funded may be repaid using a level debt payment structure only if the payment structure results in lower costs for the regional school unit throughout the life of the issue of the bonds. For purposes of this paragraph, "level debt payment structure" means a debt service structure in which the combined annual principal and interest payments remain approximately the same throughout the life of the issue of the bonds with increasing principal amounts and decreasing interest amounts each year. [PL 2015, c. 181, §1 (NEW).]

[PL 2023, c. 210, §2 (AMD).]

3. Temporary notes. Prior to issuing authorized school construction bonds or notes, the regional school unit board may borrow in anticipation of their sale by issuing temporary notes and renewal notes subject to this subsection.

A. The total face value amount of the temporary notes and renewal notes may not exceed at any one time the authorized outstanding amount of the school construction bonds or notes. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. If the proceeds of an issue of bonds are used in whole or in part to fund temporary notes, the period during which the issue of bonds is outstanding plus the period of the loan represented by the temporary notes or renewal notes may not exceed 25 years. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

C. Temporary notes mature not later than 3 years from the date the first temporary note is issued. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

D. Temporary notes and renewal notes are legal obligations of the regional school unit. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

E. A regional school unit board that has received a certificate of approval of a school construction project pursuant to former Title 20, section 3458 to be paid in accordance with the alternate method prescribed in former Title 20, section 3460 may borrow in anticipation of unpaid portions of state aid and may issue temporary and renewal notes. [PL 2019, c. 398, §10 (AMD).]

F. If the temporary or renewal notes in anticipation of state aid exceed the aggregate amount of state aid actually received by the regional school unit, the unexpended balance of those notes must be used for the repayment. If an outstanding balance remains, it must be included in the next annual budget and is not subject to change at the regional school unit budget meeting. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

[PL 2019, c. 398, §10 (AMD).]

4. Early redemption. Bonds or notes issued on behalf of a regional school unit may be made subject to call for redemption, with or without premium, at the election of the regional school unit board before the date fixed for final payment of those bonds or notes. When these bonds or notes are issued, they must contain provisions setting forth the method by which the option to call may be exercised, the procedure for payment in the event of call and the legal effect of making the call. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

5. Regional school unit status. Notes and bonds, and loans to pay current operating expenses and contracts, are legal obligations of the regional school unit. The regional school unit is a quasi-municipal corporation within the meaning of Title 30-A, section 5701, and all the provisions of that section apply to it.

[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

6. Debt limit. The aggregate principal amount of outstanding bonds or notes issued by a regional school unit for school construction purposes may not exceed, at any one time, 10% of the total of the last preceding state valuation of all the municipalities within the regional school unit plus an amount not to exceed 4% of that total regional school unit valuation set by the state board at the time of the initial approval of the school construction project.

A. Indebtedness in excess of 10% incurred under the law as it existed prior to April 1, 1974 is validated. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. Outstanding school indebtedness assumed by the regional school unit must be included in its limit of indebtedness, excluding contracts and notes in anticipation of state aid issued pursuant to subsection 3. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

C. The percentage limit of the indebtedness for bonds or notes for school construction purposes authorized after April 27, 1967 must be fixed as of the time of authorization by the voters or, if no regional school unit meeting is held to authorize those bonds or notes, upon the expiration of 35 days following passage of a resolution of the regional school unit board as described in subsection 7. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

D. If the issuance of bonds or notes together with all outstanding indebtedness included within the regional school unit's limit of indebtedness would cause the regional school unit's indebtedness to exceed 10% of the total of the last preceding state valuation of all the municipalities within the regional school unit, the regional school unit board may not issue those bonds or notes until it has received a certificate of approval pursuant to former Title 20, section 3458. [PL 2019, c. 398, §11 (AMD).]

E. If a certificate of approval under former Title 20, section 3458 indicates that the state board has authorized state aid to be paid in accordance with the alternate method prescribed by former Title 20, section 3460, the total estimated amount of state aid payable on account of the school construction project described in the certificate of approval must be treated as outstanding school indebtedness for the purpose of computing the borrowing capacity of the regional school unit to finance that project by issuing its bonds or notes. State aid is determined by applying the applicable percentage of state aid to the total estimated cost of the project, as set forth in the certificate of approval. [PL 2019, c. 398, §11 (AMD).]

[PL 2019, c. 398, §11 (AMD).]

7. Bonds and notes under 1% of valuation. The regional school unit board may issue bonds or notes not to exceed 1% of the last preceding state valuation of all the municipalities within the regional school unit:

A. By calling a regional school unit meeting to approve the issuance of those bonds or notes; or [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. By passing a resolution to that effect, setting forth the amount of the proposed issue and the purposes for which the proceeds will be used and meeting the following requirements.

(1) The secretary of the regional school unit board shall, within 5 days of the date of the passage of the resolution, cause attested copies of the resolution to be posted in 3 public and conspicuous places within each of the municipalities within the regional school unit. The secretary shall make a return of the posting stating its time and place. The return must be kept with the records of the regional school unit, and a copy of the return must be mailed to each of the municipal officers of each municipality within the regional school unit.

(2) If, within 35 days of the date of the passage of the resolution, petitions with signatures of at least 10% of the residents in the regional school unit eligible to vote on the date that the resolution was adopted are filed with the secretary requesting a vote of the regional school unit to approve or disapprove the issuance of the bonds or notes, the secretary of the regional school unit board shall immediately notify the regional school unit board. The regional school unit board shall call a referendum for that purpose as set forth in this chapter.

(3) The regional school unit board may not authorize bonds or notes by resolution if the amount of the proposed issue, together with the amount of any other bonds or notes authorized solely by resolution and that are for the same purpose, exceeds 1% of the total of the last state valuation of all the participating municipalities. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

SECTION HISTORY

PL 2007, c. 240, Pt. XXXX, §13 (NEW). PL 2015, c. 181, §1 (AMD). PL 2019, c. 398, §§10, 11 (AMD). PL 2023, c. 210, §2 (AMD).

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