

§1311. Power to borrow money

A school administrative district may borrow money as follows. [PL 1981, c. 693, §§5, 8 (NEW).]

1. Board of directors. The board of directors may borrow money to pay for:

A. Current operating expenses of the district 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 1991, c. 121, Pt. A, §2 (AMD).]

B. School construction projects as defined in section 15901; and [PL 1983, c. 422, §5 (AMD).]

C. Minor capital costs as defined in section 15672, subsection 20-A. [PL 2005, c. 2, Pt. D, §8 (AMD); PL 2005, c. 2, Pt. D, §§72, 74 (AFF); PL 2005, c. 12, Pt. WW, §18 (AFF).]
[PL 2005, c. 2, Pt. D, §8 (AMD); PL 2005, c. 2, Pt. D, §§72, 74 (AFF); PL 2005, c. 12, Pt. WW, §18 (AFF).]

2. Voter approval. Bonds or notes for school construction purposes shall first be approved by a majority of voters of the district voting at an election called by the board of directors and held as provided in sections 1351 to 1354, except as is otherwise provided in this section.

A. Each bond or note shall have inscribed upon its face the name of the district, the date it was issued, the amount of the bond or note and the annual interest rate, payable semiannually. Each bond or note shall be in the form and be sold in the manner, at public or private sale, as the board of directors shall determine in accordance with state law. Bonds may not be sold for less than par. [PL 1981, c. 693, §§5, 8 (NEW).]

B. Notes or bonds issued by a district shall be signed by the treasurer or assistant superintendent and countersigned by the chairman of the board of directors of the district. If coupon bonds are issued, each coupon shall be attested by a facsimile signature of the treasurer. [PL 1981, c. 693, §§5, 8 (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, §1 (AMD).]
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3. Temporary notes. Prior to issuing authorized school construction bonds or notes, the board of directors may borrow in anticipation of their sale by issuing temporary notes and renewal notes subject to the following.

A. Their total face value amount may not exceed at any one time the authorized outstanding amount of the school construction bonds or notes. [PL 1981, c. 693, §§5, 8 (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 shall be outstanding plus the period of the loan represented by the temporary notes or renewals shall not exceed 25 years. [PL 1981, c. 693, §§5, 8 (NEW).]

C. Temporary notes shall mature not later than 3 years from the date the first temporary note is issued. [PL 1981, c. 693, §§5, 8 (NEW).]

D. Temporary notes and renewal notes shall be legal obligations of the district. [PL 1981, c. 693, §§5, 8 (NEW).]

E. The board of directors of a district 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, §9 (AMD).]

F. If the temporary or renewal notes in anticipation of state aid exceed the aggregate amount of state aid actually received by the district, the unexpended balance of those notes shall be used for the repayment. If an outstanding balance remains, it shall be included in the next annual budget and shall not be subject to change at the district budget meeting. [PL 1981, c. 693, §§5, 8 (NEW).]

[PL 2019, c. 398, §9 (AMD).]

4. Early redemption. Bonds or notes issued on behalf of a district may be made subject to call for redemption, with or without premium, at the election of the board of directors before the date fixed for final payment of those bonds or notes. When these bonds or notes are issued, they shall 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 1981, c. 693, §§5, 8 (NEW).]

5. District status. Notes and bonds, and loans to pay current operating expenses, contracts, leases and agreements with the Maine School Building Authority, shall be legal obligations of the district. The district shall be a quasi-municipal corporation within the meaning of Title 30-A, section 5701 and all the provisions of that section shall be applicable to them.

[PL 1987, c. 737, Pt. C, §§41, 106 (AMD); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8,10 (AMD).]

6. Debt limit. The aggregate principal amount of outstanding bonds or notes issued by a district for school construction purposes shall not exceed, at any one time, 10% of the total of the last preceding state valuation of all the municipalities within the district, plus an amount not to exceed 4% of that total district 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 1981, c. 693, §§5, 8 (NEW).]

B. Outstanding school indebtedness assumed by the district shall be included in its limit of indebtedness, excluding contracts, leases or agreements with the Maine School Building Authority and notes in anticipation of state aid issued pursuant to subsection 3. [PL 1981, c. 693, §§5, 8 (NEW).]

C. The percentage limit of the indebtedness for bonds or notes for school construction purposes authorized after April 27, 1967 shall be fixed as of the time of authorization by the voters or, if no district meeting is held to authorize those bonds or notes, upon the expiration of 35 days following passage of a resolution of the board of directors as described in subsection 7. [PL 1981, c. 693, §§5, 8 (NEW).]

D. If the issuance of bonds or notes together with all outstanding indebtedness included within the district's limit of indebtedness would cause the district's indebtedness to exceed 10% of the total of the last preceding state valuation of all the municipalities within the district, the board of directors shall not issue those bonds or notes until they have received a certificate of approval pursuant to Title 20, section 3458. [PL 1981, c. 693, §§5, 8 (NEW).]

E. If a certificate of approval 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 district to finance that project by issuing its bonds or notes. State aid must be 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 2023, c. 405, Pt. A, §36 (AMD).]

[PL 2023, c. 405, Pt. A, §36 (AMD).]

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

A. By calling a district meeting to approve the issuance of those bonds or notes as provided in section 1304; or [PL 1981, c. 693, §§5, 8 (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 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 district. The secretary shall make a return of the posting stating its time and place. The return shall be kept with the records of the district and a copy of the return shall be mailed to each of the municipal officers of each municipality within the district.

(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 district eligible to vote on the date that the resolution was adopted, are filed with the secretary requesting a vote of the district to approve or disapprove the issuance of the bonds or notes, the secretary shall immediately notify the board. They shall call an election for that purpose as set forth in sections 1351 to 1354.

(3) The board shall 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 which are for the same purpose, exceeds 1% of the total of the last state valuation of all the participating municipalities. [PL 1981, c. 693, §§5, 8 (NEW).]

[PL 1981, c. 693, §§5, 8 (NEW).]

SECTION HISTORY

PL 1981, c. 693, §§5,8 (NEW). PL 1983, c. 422, §5 (AMD). PL 1985, c. 797, §15 (AMD). PL 1987, c. 737, §§C41,C106 (AMD). PL 1989, c. 6 (AMD). PL 1989, c. 9, §2 (AMD). PL 1989, c. 104, §§C8,C10 (AMD). PL 1991, c. 121, §A2 (AMD). PL 1993, c. 372, §4 (AMD). PL 2005, c. 2, §D8 (AMD). PL 2005, c. 2, §§D72,74 (AFF). PL 2005, c. 12, §WW18 (AFF). PL 2019, c. 398, §9 (AMD). PL 2023, c. 210, §1 (AMD). PL 2023, c. 405, Pt. A, §36 (AMD).

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