

**Maine Citizen's Guide to the
Special Referendum Election**

Tuesday, June 13, 2017



**In Accordance with
the Act Passed by the 127th Legislature
at the Second Regular Session**

**Matthew Dunlap
Secretary of State**

Appropriation 010-29A-4213-012

State of Maine
Office of the Secretary of State
Augusta, Maine 04333

Dear Fellow Citizen,

The information in this booklet is intended to help voters learn about the question that will appear on the Tuesday, June 13, 2017 Special Referendum Election ballot. Referendum elections are an important part of the heritage of public participation in Maine.

Inside this booklet, you will find:

- ◆ the referendum question;
- ◆ the legislation the question represents;
- ◆ a summary of the intent and content of the legislation;
- ◆ an explanation of the significance of a “yes” or “no” vote;
- ◆ an analysis of the debt service on the bond issue;
- ◆ an estimate of the fiscal impact of the referendum question on state revenues, appropriations and allocations; and
- ◆ public comments filed in support of or in opposition to the ballot measure (none were filed for this election).

For information about how and where to vote, please contact your local Municipal Clerk or call Maine’s Division of Elections at 624-7650. Information is also available online at www.maine.gov/sos.

The Department of the Secretary of State, the Attorney General, the State Treasurer and the Office of Fiscal and Program Review have worked together to prepare this booklet of information and we hope you find it helpful.

Sincerely,



Matthew Dunlap
Secretary of State

Treasurer's Statement

The State of Maine borrows money by issuing bonds. General Obligation bonds are backed by the full faith and credit of the State and must be submitted statewide to voters for approval.

Once approved, the Treasurer issues bonds as needed to fund the approved bond projects and uses a rapid 10-year repayment of principal strategy to retire the debt.

If the bond proposals on the ballot in June 2017 are approved by the voters, general obligation debt service as a percentage of the State's General Fund, Highway Fund and Revenue Sharing appropriations is expected to be 2.30% in FY17 and 2.78% in FY18.

The following is a summary of general obligation bond debt of the State of Maine as of **12/31/2016**.

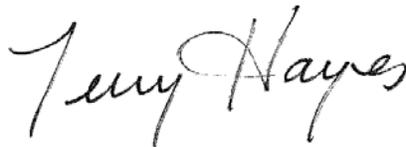
Bonds Outstanding (Issued and Maturing through 2026):

	Principal	Interest	Total
Highway Fund	\$61,620,000	\$4,397,208	\$66,017,208
General Fund	\$380,990,000	\$66,236,568	\$447,226,568
Total	\$442,610,000	\$70,633,776	\$513,243,776

Unissued Bonds Authorized by Voters:	\$ 49,883,697
Unissued Bonds Authorized by the Constitution and Laws:	<u>\$ 99,000,000</u>
Total Unissued Bonds:	\$ 148,883,697
Less Bond Anticipation Borrowing this Fiscal Year:	<u>\$ (36,600,000)</u>
Total Available from Authorized but Unissued:	\$ 112,283,697

The total amount remaining to be paid in the present fiscal year for bonded debt already outstanding (for FY2017): **\$ 89,639,683**

If the bonds submitted here are approved by voters and issued for the full statutory period authorized, an estimate of the total interest and principal that may reasonably be expected to be paid is **\$63,750,000.00**, representing **\$50,000,000.00** in principal and **\$13,750,000.00** in interest.



Terry Hayes, Treasurer of State

Question 1: Bond Issue

Do you favor a \$50,000,000 bond issue to provide \$45,000,000 in funds for investment in research, development and commercialization in the State to be used for infrastructure, equipment and technology upgrades that enable organizations to gain and hold market share, to increase revenues and to expand employment or preserve jobs for Maine people, to be awarded through a competitive process to Maine-based public and private entities, leveraging other funds in a one-to-one ratio and \$5,000,000 in funds to create jobs and economic growth by lending to or investing in small businesses with the potential for significant growth and strong job creation?

STATE OF MAINE
Chapter 479
Public Laws of 2015
Approved April 15, 2016

“An Act To Authorize a General Fund Bond Issue To Stimulate Investment in Innovation by Maine Businesses To Produce Nationally and Globally Competitive Products and Services”

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$50,000,000 for the purposes described in section 5 of this Act. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds.

Sec. 2. Records of bonds issued; Treasurer of State. The Treasurer of State shall ensure that an account of each bond is kept showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. 3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Act. Any unencumbered balances remaining at the completion of the project in this Act lapse to the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

Sec. 4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Act and all sums coming due for payment of bonds at maturity.

Sec. 5. Disbursement of bond proceeds from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Act must be expended as designated in the following schedule under the direction and supervision of the agencies and entities set forth in this section.

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF
Maine Technology Institute**

Provides funds for investment in research, development and commercialization in the State's 7 targeted technology sectors to be used for infrastructure, equipment and technology upgrades that enable organizations to gain and hold market share and to expand employment or preserve jobs.

Total \$45,000,000

**FINANCE AUTHORITY OF MAINE
Small Enterprise Growth Fund**

Provides funds to recapitalize the Small Enterprise Growth Fund in order to create jobs and economic growth by lending to or investing in small businesses with the potential for significant growth and strong job creation.

Total \$5,000,000

Sec. 6. Contingent upon ratification of bond issue. Sections 1 to 5 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Act.

Sec. 7. Appropriation balances at year-end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

Sec. 8. Bonds authorized but not issued. Any bonds authorized but not issued within 5 years of ratification of this Act are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds for an additional amount of time not to exceed 5 years.

Sec. 9. Referendum for ratification; submission at election; form of question; effective date. This Act must be submitted to the legal voters of the State at a statewide election held in June of 2017. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

"Do you favor a \$50,000,000 bond issue to provide \$45,000,000 in funds for investment in research, development and commercialization in the State to be used for infrastructure, equipment and technology upgrades that enable organizations to gain and hold market share, to increase revenues and to expand employment or preserve jobs for Maine people, to be awarded through a competitive process to Maine-based public and private entities, leveraging other funds in a one-to-one ratio and \$5,000,000 in funds to create jobs and economic growth by lending to or investing in small businesses with the potential for significant growth and strong job creation?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Act, the Governor shall proclaim the result without delay and this Act becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purposes of this referendum.

Intent and Content
Prepared by the Office of the Attorney General

This Act would authorize the State to issue general obligation bonds in an amount not to exceed fifty million dollars (\$50,000,000), to raise funds for the purpose of economic development. The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State.

Proceeds of the sale of the bonds would be expended as follows:

- Forty-five million dollars (\$45,000,000) would be distributed by the **Maine Technology Institute** in the form of grants to support infrastructure, equipment and technology upgrades in the following targeted technology sectors: biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technologies for forestry and agriculture, information technology, and precision manufacturing technology. Funds would be awarded to public and private entities in Maine through a competitive process, and recipients would be required to match these State dollars with an equivalent amount of federal or private funds.

- Five million dollars (\$5,000,000) would be placed in the **Small Enterprise Growth Fund**, which is administered by the Finance Authority of Maine and disbursed at the direction of the Small Enterprise Growth Board, for investments in qualifying small businesses that demonstrate the potential for high-growth and public benefit. The statute establishing this Fund defines a small business as one that employs fifty or fewer employees or had gross sales of five million dollars (\$5,000,000) or less within the last twelve months for which financial data is available. Eligible businesses are those involved in: marine sciences, biotechnology, manufacturing, export of goods or services out of state or that result in significant amounts of capital being imported into the State, software development, environmental services or technologies, financial or insurance products or services, value-added goods from natural resources, and any other enterprises found to meet the purposes and intent of the program. Applicants must provide evidence of commitment of all reasonably available resources to the project and a need for the financial assistance from the fund in order to realize projected growth and achievement of public benefits.

If approved, the authorization of these bonds would take effect 30 days after the Governor's proclamation of the vote.

A "YES" vote approves the issuance of up to fifty million dollars (\$50,000,000) in general obligation bonds to finance the activities described above.

A "NO" vote disapproves the bond issue in its entirety.

Debt Service
Prepared by the Office of the Treasurer

Total estimated life time cost is \$63,750,000 representing \$50,000,000 in principal and \$13,750,000 in interest (assuming interest at 5.00% over 10 years).

Fiscal Impact Statement
Prepared by the Office of Fiscal and Program Review

This bond issue has no significant fiscal impact other than the debt service costs identified above.

Public Comments

No public comments were filed in support or in opposition to Question 1.