

§6006-C. Municipal lease finance program

1. Establishment; administration. A municipal lease finance program under the jurisdiction and direction of the bank is established to provide or assist municipalities and governmental entities in the financing of leases by which a municipality may acquire or obtain the right to use personal or real property. The municipal lease finance program must provide methods of direct or indirect financing, insurance, borrowing, credit enhancement and other financial tools for the lease, lease-purchase, rental or right of use of any real or personal property or other authorized activity of a municipality. [PL 1991, c. 605, §14 (NEW).]

2. Powers. The bank may make loans to municipalities or borrow money on behalf of municipalities for any of the purposes of this section. The bank may purchase, refinance or enter into leases with or on behalf of municipalities. The bank may purchase or refinance for or on the behalf of any municipality any municipal lease that may be held or issued by any 3rd party. The bank may issue its bonds or notes for the purchase of municipal leases on behalf of a municipality or group of municipalities or for the establishment of a pool of funds to be used for the purchase, financing or other means of acquisition of leases used by a municipality or group of municipalities. The bank shall establish prudent standards for the terms and conditions of any lease financing made available to a municipality or group of municipalities. Terms and conditions include, but are not limited to, the general obligation of the municipality, and liens on any real or personal property held by the municipality whether being financed by the specific lease or not, and sinking funds. [PL 1991, c. 605, §14 (NEW).]

3. Application; eligibility. The bank may prescribe and require an application or procedure for a municipality to participate in any form of lease financing assistance made available under this section. An application must include any information that the bank decides is necessary for implementing this section, including, but not limited to, supporting documents, certifications, feasibility studies, financial data, utilization studies or other applicable information. A municipality is not eligible to participate in any lease finance assistance made available under this section unless, in the sole judgment of the bank, the municipality has satisfactorily demonstrated that it can assure that it will pay the principal, interest, fees and related charges on the bond, debt or other instrument issued by the bank on behalf of the municipalities or purchased by the bank from the municipality as well as the costs for operation and maintenance of any real or personal property acquired or made available for use by the municipality by virtue of the lease finance assistance. Satisfactory assurance can be demonstrated if a municipality has:

A. Established a method of payment by assessment, rate, charges or other mechanism satisfactory to the bank; or [PL 1991, c. 605, §14 (NEW).]

B. Provided collateral sufficient to assure payment. [PL 1991, c. 605, §14 (NEW).]
[PL 1991, c. 605, §14 (NEW).]

4. State not liable. Bonds, notes, leases or other forms of debt or liability entered into or issued by the bank under this section are not in any way a debt or liability of the State and do not constitute a loan of the credit of the State or create any debt or debts, liability or liabilities on behalf of the State or constitute a pledge of the faith and credit of the State. Each bond, note, lease or other evidence of debt or liability entered into by the bank must contain a statement to the effect that the bank is obligated to pay the principal, interest, redemption premium, if any, and other amounts payable solely from the sources pledged for that purpose by the bank, and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal, interest, premium, charge, fee or other amount on the bond, note, lease or other form of indebtedness, as the case may be. [PL 1991, c. 605, §14 (NEW).]

5. Lease finance agreement. Lease financing and refinancing, lease purchase, loans and other forms of indebtedness or obligations incurred by a municipality due to the bank under the terms of this section must be evidenced by and be made in accordance with the terms and conditions specified in a

lease finance agreement to be executed by the bank and the municipality or group of municipalities. The lease finance agreement must specify, among other things, the terms and conditions for the disbursement of lease finance proceeds, the term and interest rate of the lease, the scheduling of lease payments or bond payments as the case may be, and any other terms and conditions determined necessary or desirable by the bank.

[PL 1991, c. 605, §14 (NEW).]

SECTION HISTORY

PL 1991, c. 605, §14 (NEW).

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