

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

SPECIAL SESSION

E I G H T Y - E I G H T H L E G I S L A T U R E

Legislative Document

No. 1091

H. P. 1907

House of Representatives, October 27, 1937.

Referred to Committee on Banks and Banking and 500 copies ordered printed. Sent up for concurrence.

HARVEY R. PEASE, Clerk.

Presented by Mr. Pike of Lubec.

S T A T E O F M A I N E

I N T H E Y E A R O F O U R L O R D N I N E T E E N H U N D R E D
T H I R T Y - S E V E N

AN ACT Relating to Investments for Savings Banks.

Emergency preamble. Whereas, an error was made in chapter 104 of the public laws of 1937 so that the intent of the act was not secured; and

Whereas, this error may seriously affect the legality of certain banking obligations; and

Whereas, the soundness and certainty of the investment in securities by our banks is of grave importance; and

Whereas, in the judgment of the legislature these facts create an emergency within the meaning of section 16 of Article XXXI of the constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. P. L., 1937, c. 104, § 1, amended. Section 1 of chapter 104 of the public laws of 1937 is hereby amended to read as follows:

'3. Such corporation shall have earned and received for a period of 3 successive calendar or fiscal years next preceding the investment a net

income of not less than $1\frac{1}{2}$ times its currently accruing fixed charges, and also shall have earned and received for a period of 12 consecutive months within the 15 months next preceding the investment a net income of not less than $1\frac{1}{2}$ times its currently accruing fixed charges. The term "net income" as used herein shall be construed as the equivalent of "income available for fixed charges" under the regulations of the interstate commerce commission. It shall be determined for the purposes of this paragraph after deducting all operating expenses, taxes, maintenance and depreciation charges. Rentals accruing ~~under leases~~ **for leased roads** shall be treated as fixed charges.'

Sec. 2. R. S., c. 57, § 27, amended. Sub-paragraph numbered c-1 of sub-paragraph numbered VI of section 27 of chapter 57 of the revised statutes is hereby amended to read as follows:

'c-1. In equipment bonds or notes issued under the Philadelphia plan, so-called, and secured by standard equipment leased to any steam railroad corporation in the United States any of whose mortgage bonds are eligible under the **previous** provisions of this section; provided, however, that the amount of such securities outstanding shall at no time exceed 80% of the cost of the equipment by which they are secured.'

Sec. 3. R. S., c. 57, § 27, amended. Sub-paragraph numbered a-2 of sub-paragraph numbered VIII of section 27 of chapter 57 of the revised statutes is hereby amended to read as follows:

'2. The corporation shall have earned and received a net income, including income from investments, in each of its 5 fiscal years, or 5 nearer periods of 1 year, next preceding the investment, of not less than twice the annual interest on ~~its debt secured by the mortgage under which the bonds in question are issued and all prior liens~~ **its bonds, and other interest bearing obligations including the interest bearing obligations in question and all obligations assumed, guaranteed, or constituting a lien on the property,** and shall not have defaulted on any of its obligations during the same period. The net income of the corporation for the purpose of this subsection shall be determined after deducting all operating expenses, including maintenance and depreciation charges, rentals, taxes, and guaranteed interest and dividends paid by or due from it.'