

MAINE STATE LEGISLATURE

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ONE HUNDRED AND THIRD LEGISLATURE

Legislative Document

No. 427

S. P. 192

In Senate, January 31, 1967

Referred to Committee on Judiciary. Sent down for concurrence and ordered printed.

JERROLD B. SPEERS, Secretary

Presented by Senator Stern of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-SEVEN

AN ACT Providing for the Short-term Investment of Idle Funds by Local Government Units or Political Subdivisions.

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

R. S., T. 30, § 5054, additional. Title 30 of the Revised Statutes is amended by adding a new section 5054, to read as follows:

§ 5054. Investment of idle funds

The governing body of a municipality, county, school district or other local governmental unit or political subdivision may invest and reinvest money subject to its control and jurisdiction in:

1. Bonds, notes, etc. Bonds, notes, certificates of indebtedness or other obligations of the United States of America which mature not more than 24 months from the date of investment;
2. Building and loan. Shares of any building and loan association insured by an agency of the Government of the United States up to the amount so insured;
3. Bank deposits. Deposit in any Maine bank subject to regulation by either the Bank Commissioner or an agency of the United States Government; but no sum exceeding an amount equal to 25% of the capital, surplus and undivided profits of any trust company or national bank or a sum exceeding an amount equal to 25% of the reserve fund and undivided profit account of a mutual savings bank shall be on deposit therein at any one time.

This section shall not impair the power of a municipality, county, school district or other local governmental unit or political subdivision to hold funds in deposit accounts with banking institutions as otherwise authorized by law.

The governing body may delegate the investment authority provided by this section to the treasurer or other financial officer charged with custody of the funds of the local government, who shall thereafter assume full responsibility for such investment transactions until the delegation of authority terminates or is revoked.

The Treasurer of State is authorized and directed to assist local governments in investing funds that are temporarily in excess of operating needs by explaining investment opportunities to such local governments through publication and other appropriate means; acquainting such local governments with the state's practice and experience in investing short-term funds; and providing technical assistance in investment of idle funds to local governments that request such assistance.

STATEMENT OF FACTS

It is possible, through a prudent yet vigorous program of investment of idle cash balances, to increase state and local governments' revenues appreciably without raising state or local taxes and without increasing other nontax charges upon the public. Cash balances of local funds which are in excess of operating needs can either be put to work drawing interest and thereby producing additional revenue for the local government, or they may be allowed to lie idle. If the latter course is followed, a waste of public funds occurs.