

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FIFTH LEGISLATURE

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Legislative Document

No. 1621

H. P. 1167

House of Representatives, March 17, 1971

Referred to Committee on Legal Affairs. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mrs. Wheeler of Portland.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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### AN ACT to Repeal a Restriction on Municipal Investments.

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

**Sec. 1. R. S., T. 30, § 5051, sub-§ 3, amended.** Subsection 3 of section 5051 of Title 30 of the Revised Statutes is amended to read as follows:

**3. Savings banks' investments.** Invested according to the law governing the investment of the funds of savings banks in Title 9, chapter ~~57~~ **52**.

**A.** For the purpose of this section, the words "deposits of a bank" or their equivalent as used in Title 9, chapter ~~57~~ **52** shall mean the total assets of the reserve fund, trust fund or other permanent fund being invested, but the limitation concerning the maximum amount which may be invested in a security or type of security under said Title 9, chapter ~~57~~ **52** applies only to an investment in that security or type of security which exceeds \$2,000.

**B.** For the purpose of this section, the words "trustees of a bank" or their equivalent shall, as used in Title 9, chapter **52** mean municipal officers.

**Sec. 2. R. S., T. 30, § 5051, sub-§ 4, amended.** Subsection 4 of section 5051 of Title 30 of the Revised Statutes, as amended by chapter 127 of the public laws of 1965, is further amended to read as follows:

**4. Trust company or national bank.** The municipal officers are authorized and may, where the terms of the instrument, order or article creating the fund ~~does do~~ not prohibit, designate in writing a trust company or national bank having its principal office within the State, for the purpose of investment and may consent to the investment of such funds ~~in a common trust fund main-  
tained~~ by said trust company or bank for investment under the rule of prudence set out in Title 18, section 4054.

## STATEMENT OF FACT

Presently, a municipality may designate a bank to act as agent in investing a municipality's funds under the "Prudent Man Rule." This Act would eliminate the requirement that a common trust fund be used and the bank be designated as a trustee or co-trustee.