

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1686

S. P. 533

In Senate, April 2, 1973

Referred to the Committee on State Government. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Fortier of Oxford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Encourage Investment of Revenue Sharing Funds
in Local Interest Bearing Accounts.

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

R. S., T. 30, § 5051, repealed and replaced. Section 5051 of Title 30 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof:

§ 5051. Deposit or investment of funds

Reserve funds, trust funds and all funds shall be deposited or invested by the treasurer, by direction of the municipal officers, as follows:

1. Banks. Deposited in savings banks, trust companies and national banks in the State.
2. Building and loan associations. Invested or deposited in state or federal building and loan or savings and loan associations.
3. Savings banks investments. Invested according to the law governing the investment of funds of savings banks in Title 9, chapter 52.

A. For the purpose of this section, the words "deposits of a bank" or their equivalent as used in Title 9, chapter 52 mean the total assets of the permanent reserve fund, permanent 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 52 applies only to an investment in that security or type of security which exceeds \$2,000.

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 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 maintained by said trust company or bank for investment under the rule of prudence set out in Title 18, section 4054.

5. Deposits; collateral. No restriction as to amount shall apply to deposits which are made under this section and secured by the pledge of certain securities as collateral, nor to deposits fully covered by insurance. Such collateral shall be in an amount equal to such deposit. The value of the securities so pledged shall be determined by the municipal officers on the basis of book value, par value or market value, whichever is lower. The municipal officers shall review the value of the securities pledged on January 2nd and July 2nd of each year. The collateral shall only consist of securities in which savings banks may invest as provided in Title 9, sections 622 to 631. The securities shall be held in the depository institution and pledged to indemnify the municipalities against any loss. Notice of such hypothecation at the time of deposit shall be given to the municipal officers by the depository institution and a copy of said notice shall be mailed to the State Department of Audit.

STATEMENT OF FACT

Since additional millions of dollars will be flowing into the municipal treasuries under the Federal Revenue Sharing Act of 1972 and other unusual amounts of state funds from time to time accumulate in the municipal treasuries, and since F. D. I. C. insurance is limited to \$20,000, it becomes prudent to both encourage local investment in order to keep Maine money invested in Maine while at the same time insure the safety of the funds.