

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

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Legislative Document

No. 1687

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S. P. 534

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.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT to Allow the State of Maine to Make Secured  
Deposits in Interest Bearing Accounts.**

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

**Sec. 1. R. S., T. 5, § 135, amended.** The first sentence of the first paragraph of section 135 of Title 5 of the Revised Statutes is amended to read as follows:

The Treasurer of State may deposit the moneys, including trust funds of the State, in any of the banking institutions or trust companies or state or federal savings and loan associations or mutual savings banks organized under the laws of this State or in any national bank or banks located therein.

**Sec. 2. R. S., T. 5, § 135, amended.** The first sentence of the 2nd paragraph of section 135 of Title 5 of the Revised Statutes is amended to read as follows:

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 or state or federal savings and loan associations shall be on deposit therein at any one time.

**Sec. 3. R. S., T. 5, § 135, amended.** The 2nd paragraph of section 135 of Title 5 of the Revised Statutes is amended by adding at the end the following new sentences:

The restriction shall not apply to deposits which are 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 Treasurer of State on the basis of book value, par value or market value, whichever is lower. The Treasurer of State shall review the value of securities pledged on January 2nd and July 2nd of each year. The collateral shall 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 State of Maine against any loss. Notice of such hypothecation at the time of deposit shall be given to the Treasurer of State 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 State of Maine Treasury under the Federal Revenue Sharing Act of 1972 and other unusual amounts of state funds from time to time accumulate in the State Treasury, and since present state law limits the amounts which may be invested in a given bank to an amount less than is actually available for investment, and since F. D. I. C. insurance is limited to \$20,000 it becomes prudent to both increase the amounts legal for investment in order to keep Maine money invested in Maine while at the same time insure the safety of the funds.