

MAINE STATE LEGISLATURE

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New Draft of: S. P. 533, L. D. 1686

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1930

S. P. 619

In Senate, May 11, 1973

Reported by Senator Clifford of Androscoggin from the Committee on State Government and printed under Joint Rules No. 18.

HARRY N. STARBRANCH, Secretary

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.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, since additional millions of dollars are now 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; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning 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:

R. S., T. 30, § 5051, repealed and replaced. Section 5051 of Title 30 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof: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. Deposits 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 on deposit therein at any one time shall be secured by the pledge of certain securities as collateral, or fully covered by insurance. Such collateral shall be in an amount equal to such excess 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.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.