

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
108TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1975, L.D. 2061, Bill, "AN ACT to Improve the Short-term Investment Capabilities and Debt Management of the State."

Amend the bill in section 2 by striking out everything in that part designated "§133-A." and inserting in its place the following:

'§133-A. Municipal investment management

Notwithstanding any other provisions of this chapter or Title 30, the Treasurer of State is authorized to enter into agreements with municipalities, counties, quasi-municipal corporations, school districts, special districts or any other political or administrative subdivisions of the State, or their agent to provide investment management services for municipal funds. The funds shall be deemed to be funds of the participants even though physically in the custody of the Treasurer of State and shall not be subject to the withholding provisions of section 133. The Treasurer of State shall keep whatever records are necessary and shall make regular reports regarding his investment activities to the participants or their agent. < . . . . . > The Treasurer of State shall post a bond to ensure the faithful performance of his duties in the amount of \$500,000. The cost of the bond shall be borne by fees paid by the participants. Eligible securities

for investment shall be those approved for investment of state funds under section 135.'

Further amend the bill in section 3 by striking out everything after the amending clause and inserting in its place the following:

'The Treasurer of State may deposit 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 or state or federal savings and loan associations located therein. When there are excess moneys in the State Treasury which are not needed to meet current obligations, he may, with the concurrence of the State Controller or the Commissioner of Finance and Administration, and with the consent of the Governor, invest these amounts. Eligible securities for the investment of surplus moneys shall be in investments with a maturity not to exceed 24 months from date of purchase and shall be limited to:

1. Obligations of the United States. Bonds, notes, bills, certificates of indebtedness or other obligations of the United States of America and repurchase agreements secured by like obligations,

2. Debt-issuing agencies of the Federal Government. Bonds, notes or certificates of indebtedness of debt-issuing agencies of the Federal Government, not to exceed 20% of the Treasurer of State's short-term investment portfolio, and repurchase agreements secured by like obligations,

3. Commercial paper. Commercial paper of the highest quality not to exceed 30% of the Treasurer of State's short-term investment portfolio and the investment in each issuer's paper is not to exceed \$3,000,000.

4. Banker's acceptances. Bills of exchange or time drafts drawn on and accepted by a commercial bank, with a shareholder's equity in excess of \$100,000,000, otherwise known as banker's acceptance, not to exceed 10% of the Treasurer of State's short-term investment portfolio, and not to exceed \$3,000,000 in the acceptances of any one bank.

5. Treasurer of State; participation. The Treasurer of State may participate in the securities loan market by loaning state-owned bonds, notes or certificates of indebtedness of the Federal Government as set forth in subsections 1 and 2 provided that the loans are fully collateralized by treasury bills or cash. The loans shall not exceed 10% of the Treasurer of State's short-term investment portfolio; and

6. Certificates of deposit. The Treasurer of State may, subject to the conditions of this section, buy or sell certificates of deposit, and the authority to sell certificates of deposit shall be limited to those circumstances in which the Treasurer of State needs funds to meet current obligations and not for the purpose of generating additional funds for investment.

The Treasurer of State shall seek competitive bids for investments except when, after a reasonable investigation, it appears that an investment of the desired maturity is procurable by the State from only one source. Interest earned on the investments of moneys shall be credited to the respective funds, except that interest earned on investments of special revenue funds shall be credited to the General Fund of the State. Interest earned on funds of the Department of Inland Fisheries and Wildlife shall be in lieu of any office rental charges made by the General Fund.

This section shall not prevent the deposit for safekeeping or custodial care of the securities of the several funds of the State in banks or safe deposit companies in this State or any other state, nor the deposit of such state funds as may be required by the terms of custodial contracts or agreements as may be hereafter negotiated in accordance with the laws of this State. All custodial contracts and agreements shall be subject to the approval of the Governor.'

Further amend the bill by inserting before section 11 the following:

'Sec. 10-A. 30 MRSA §5051, sub-§4, as repealed and replaced by PL 1973, c. 407, is amended by adding at the end the following new paragraph to read:

The municipal officers or directors of municipalities, quasi-municipal corporations, school districts or other special districts may, in writing and where the terms of the instrument, order or article creating the fund do not prohibit, agree to pool the funds of their respective entities for investment purposes.'

Statement of Fact

The purposes of this amendment are to:

1. Extend the opportunity to participate in the Treasurer of State cash pool to quasi-municipal corporations, school districts and other political and administrative subdivisions of the State,
2. ~~per~~mit municipalities, quasi-municipal corporations, school districts and other special districts to establish their own cash pools for investment purposes, and
3. Limit the investing power given to the Treasurer<sup>of State</sup>/by the bill:

(a) To assure conservative investments, by defining the types of securities eligible for investment and the share of portfolio<sup>that</sup>/they may comprise; and

(b) To prohibit the Treasurer<sup>of State</sup> / selling certificates of deposits for the purpose of generating additional funds for investment.

Reported by the Committee on State Government.

Reproduced and distributed under the direction of the Clerk of the House.  
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