

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1053

H. P. 884

House of Representatives, February 26, 1981

Referred to the Committee on Local and County Government. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Reeves of Pittston.

Cosponsors: Senator Ault of Kennebec, Representative LaPlante of Sabattus, Representative Huber of Falmouth.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT Clarifying Municipal Authority to Invest Funds.

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

30 MRSA § 5051, sub-§ 7 is enacted to read:

7. **Investment trusts.** Where the terms of the instrument, order or article creating the fund do not prohibit, invested trusts maintained for investment and organized under the laws of this State, provided that trust investments shall be limited to those which are authorized under Title 9-B, sections 552 and 554, insofar as the latter section authorizes investments in certificates of deposit and repurchase agreements, and which mature in one year or less. The limitations imposed under Title 9-B, section 554, subsection 2 and subsection 3, paragraph A do not apply to this subsection.

STATEMENT OF FACT

The intent of this bill is to allow municipalities a financially sound alternative way to maximize income received from investing available cash funds in an investment trust. The invested assets of such a trust would be restricted to sound money market instruments that are fixed income obligations. It is anticipated

that this legislation would result in one or more of such trusts being formed in Maine and the participants in such a trust benefiting from the professional money management services and higher yields that will result.