

MAINE STATE LEGISLATURE

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1 (EMERGENCY)
2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 2176

8 S.P. 862

In Senate, March 11, 1986

9 Submitted by the Treasury Department pursuant to Joint Rule 24.
10 Referred to the Committee on State Government. Sent down for
concurrence and ordered printed.

11 JOY J. O'BRIEN, Secretary of the Senate
Presented by Senator Violette of Aroostook.

Cosponsored by Representative Gwadodsky of Fairfield and Representative
Cote of Auburn.

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-SIX
17

18 AN ACT to Authorize the Treasurer of State to
19 Temporarily Invest Excess Money
20 Including Unspent Bond Proceeds in
21 Tax-exempt Obligations.
22

23 Emergency preamble. Whereas, Acts of the Legis-
24 lature do not become effective until 90 days after
25 adjournment unless enacted as emergencies; and

26 Whereas, the United States House of Representa-
27 tives has passed H.R. 3838, the "Tax Reform Act of
28 1985," which, if enacted into law in its current
29 form, will require rebating to the Federal Government
30 of arbitrage earned by states on the investment of
31 the proceeds of issued bonds prior to expenditure;
32 and

33 Whereas, the Treasurer of State currently has ap-
34 proximately \$23,000,000 of unspent bond proceeds sub-
35 ject to H.R. 3838; and

1 Whereas, H.R. 3838 exempts investments of unspent
2 bond proceeds in tax-exempt obligations from arbitrage
3 rebate requirements; and

4 Whereas, the Treasurer of State currently may not
5 invest unspent bond proceeds in tax-exempt obligations;
6 and

7 Whereas, in the judgment of the Legislature,
8 these facts create an emergency within the meaning of
9 the Constitution of Maine and require the following
10 legislation as immediately necessary for the preservation
11 of the public peace, health and safety; now,
12 therefore,

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

15 5 MRSA §135, first ¶, as amended by PL 1985, c.
16 501, Pt. B, §14, is further amended to read:

17 The Treasurer of State may deposit the ~~moneys~~
18 money, including trust funds of the State, in any of
19 the banking institutions or trust companies or state
20 or federal savings and loan associations or mutual
21 savings banks organized under the laws of this State
22 or in any national bank or banks or state or federal
23 savings and loan associations located therein. When
24 there ~~are is~~ is excess ~~moneys~~ money in the State Treasury
25 which ~~are is~~ is not needed to meet current obligations
26 he may, with the concurrence of the State Controller
27 or the Commissioner of Finance and Administration
28 and with the consent of the Governor, invest
29 such amounts in bonds, notes, certificates of indebtedness
30 or other obligations of the United States ~~of~~
31 ~~America~~ which mature not more than 24 months from the
32 date of investment or in repurchase agreements secured
33 by obligations of the United States ~~of~~ ~~America~~
34 which mature within the succeeding 24 months, prime
35 commercial paper, tax-exempt obligations or banker's
36 acceptances. The Treasurer of State may participate
37 in the securities loan market by loaning state-owned
38 bonds, notes or certificates of indebtedness of the
39 Federal Government, provided that the loans are fully
40 collateralized by treasury bills or cash. The Treasurer
41 of State shall seek competitive bids for in-

