

# MAINE STATE LEGISLATURE

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1 SECOND SPECIAL SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 2425

6  
7 H.P. 1732

House of Representatives, May 27, 1986

8 Approved for introduction by a majority of the Legislative Council  
pursuant to Joint Rule 26.

9 Received by the Clerk of the House on May 23, 1986. Referred to the  
Committee on Appropriations and Financial Affairs, and ordered printed  
10 pursuant to Joint Rule 14.

Presented by Representative Lisnik of Presque Isle. EDWIN H. PERT, Clerk

11 Cosponsored by Representative Smith of Mars Hill, Speaker Martin of  
Eagle Lake and Senator Erwin of Oxford.

12 STATE OF MAINE  
13

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

17 AN ACT to Allow Investments of State Funds  
18 Linked to Agricultural Loans.  
19

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

22 Sec. 1. 5 MRSA §135, as amended by PL 1985, c.  
23 501, Pt. B, §14, is further amended by adding at the  
24 end a new paragraph to read:

25 The Treasurer of State may deposit an amount not  
26 to exceed \$4,000,000 at any time with responsible fi-  
27 ancial institutions authorized to do business in the  
28 State at a rate of return not more than 2% per year  
29 below the rate of return otherwise obtainable had the  
30 funds been invested in accordance with the first par-  
31 agraph of this section for a similar term, as deter-  
32 mined by the treasurer, for periods not to exceed one  
33 year, provided that each such financial institution  
34 covenants with the treasurer as a condition of the  
35 deposit to loan an amount at least equal to the

1 amount so deposited with the financial institution by  
2 the treasurer under this paragraph to agricultural  
3 enterprises located within the State. All the loans  
4 shall be at interest rates which are below the inter-  
5 est rates the loans would have borne under existing  
6 market conditions and loan standards of the financial  
7 institution, but for the deposit by the treasurer under  
8 this paragraph and the interest rates shall fully  
9 reflect the savings to the financial institution due  
10 to the reduced interest rate paid on the deposit.  
11 Notwithstanding any provisions of this section to the  
12 contrary, the treasurer shall not be obligated to  
13 seek competitive bids for investments or deposits  
14 pursuant to this paragraph. The Finance Authority of  
15 Maine shall provide assistance to the treasurer in  
16 implementing this paragraph. For purposes of this  
17 section, "agricultural enterprise" means a business  
18 involving growing or raising plants, animals or their  
19 by-products.

20 Sec. 2. 5 MRSA §153 is enacted to read:

21 §153. Rules

22 The Treasurer of State may adopt and amend rules  
23 necessary to carry out this chapter. These rules  
24 shall be adopted and amended pursuant to the Maine  
25 Administrative Procedure Act, Title 5, chapter 375,  
26 subchapter II.

27 FISCAL NOTE

28 This bill allows the Treasurer of State to invest  
29 up to \$4,000,000 of State funds at an interest rate  
30 up to 2% below the rate that otherwise would be  
31 available. Accordingly, there will be a cost to the  
32 State of up to \$80,000 per year in lost interest rev-  
33 enue.

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STATEMENT OF FACT

2           This bill allows the Treasurer of State to depos-  
3 it up to \$4,000,000 for terms not to exceed one year  
4 with responsible financial institutions in the State  
5 at an interest rate 2% below the rate that otherwise  
6 would have been available in order to provide the fi-  
7 nancial institutions with a deposit base on which to  
8 make loans to agricultural enterprises at below mar-  
9 ket rates. The maximum cost to the State of \$80,000  
10 per year provides interest savings to agricultural  
11 entities of \$160,000 per year. The Finance Authority  
12 of Maine is authorized to assist the treasurer in im-  
13 plementing the program. This bill also explicitly  
14 authorizes the treasurer to adopt and amend rules  
15 pursuant to the Maine Administrative Procedure Act,  
16 Title 5, chapter 375, relating to the Agricultural  
17 Loan Program, as well as to the general functions of  
18 the Treasurer of State under the Maine Revised Stat-  
19 utes, Title 5, chapter 7.

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