

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
113TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 83, L.D. 86,
Bill, "AN ACT to Divest State Pension Funds from
those Businesses or Corporations doing Business in
the Republic of South Africa and Namibia."

Amend the bill in section 4 in that part design-
ated "§1951." in the first paragraph in the first
line by striking out the following: "1988" and in-
serting in its place the following: "1992"

Further amend the bill in section 4 by adding at
the end the following:

§1953. Index funds and other short-term investment
funds

Until South Africa free short-term investment
funds which commingle commercial paper or futures and
other investment or index funds which represent a
broad representation of the market are available,
they are exempt from the restrictions imposed by sec-
tion 1951.

§1954. Stock-share votes

Until July 1, 1992, the State shall use its
stock-share vote in the proceedings or business prac-
tices of any bank, financial institution or corpora-
tion or company which does business in South Africa
or Namibia to vote for that company to divest its
holdings in South Africa or Namibia.'

Further amend the bill by inserting before the
statement of fact the following:

'Sec. 5. 5 MRSA §17103, sub-§11, ¶¶A and B, as
enacted by PL 1985, c. 801, §§5 and 7, are amended to

COMMITTEE AMENDMENT "A" to H.P. 83, L.D. 86

1 read:

2 A. A discussion of any areas of policy or admin-
3 istration which, in the opinion of the board,
4 should be brought to the attention of the commit-
5 tee; and

6 B. Any proposed legislation amending the retire-
7 ment system law which the board recommends to im-
8 prove the retirement system; and

9 Sec. 6. 5 MRSA §17103, sub-§11, ¶C is enacted to
10 read:

11 C. A discussion of the progress toward meeting
12 the goals of chapter 161.

13 FISCAL NOTE

14 Because of the 5-year transition period to accom-
15 plish divestiture and flexibility to invest in short-
16 term investment funds and index funds, the Maine
17 State Retirement System does not project any signifi-
18 cant cost from divestiture.'

19 STATEMENT OF FACT

20 The amendment makes the following changes and ad-
21 ditions to the original bill.

22 1. It changes the effective date for divestiture
23 from July 1, 1988, to July 1, 1992. This gives the
24 State the opportunity to divest gradually over 5
25 years and eliminates any additional brokerage fees
26 from selling stocks faster than the normal turnover
27 rate for the State's portfolios.

28 2. It exempts short-term investment funds and
29 index funds from the requirement for divestiture.

COMMITTEE AMENDMENT "A" to H.P. 83, L.D. 86

1 3. It adds the requirement for the State to use
2 its stock-share votes in companies to encourage those
3 companies to divest from South Africa. If successful
4 in getting a company to divest, it eliminates the
5 need for the State to divest its holdings in the com-
6 pany.

7 4. Its adds a requirement that the Maine State
8 Retirement System include a discussion of its
9 progress toward divestiture in its report to the Leg-
10 islature.

11 5. It adds a fiscal note.

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Reported by the Majority of the Committee on Aging, Retirement and Veterans
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