

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND THIRTEENTH LEGISLATURE
4

5 Legislative Document

NO. 86
6

7 H.P. 83 House of Representatives, January 26, 1987
8 Reference to the Committee on Aging, Retirement and
Veterans suggested and ordered printed.

9 EDWIN H. PERT, Clerk
Presented by Representative Baker of Portland.

10 Cosponsored by Representative Webster of Cape Elizabeth,
Speaker Martin of Eagle Lake and Representative O'Gara of
Westbrook.

11 -----
12 STATE OF MAINE
13 -----

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

17 AN ACT to Divest State Pension Funds from
18 those Businesses or Corporations doing
19 Business in the Republic of South
20 Africa and Namibia.
21 -----

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

24 Sec. 1. 5 MRSA §135, first ¶, as amended by PL
25 1985, c. 757 and c. 785, Pt. A, §6, is repealed and
26 the following enacted in its place:

27 The Treasurer of State may deposit the money, in-
28 cluding trust funds of the State, in any of the bank-
29 ing institutions or trust companies or state or fed-
30 eral savings and loan associations or mutual savings
31 banks organized under the laws of this State or in
32 any national bank or banks or state or federal sav-
33 ings and loan associations located in the State, ex-

1 cept as provided in chapter 161. When there is ex-
2 cess money in the State Treasury which is not needed
3 to meet current obligations the Treasurer of State
4 may, with the concurrence of the State Controller or
5 the Commissioner of Finance and with the consent of
6 the Governor, invest those amounts in bonds, notes,
7 certificates of indebtedness or other obligations of
8 the United States which mature not more than 24
9 months from the date of investment or in repurchase
10 agreements secured by obligations of the United
11 States which mature within the succeeding 24 months,
12 prime commercial paper, tax-exempt obligations or
13 banker's acceptances. The Treasurer of State may
14 participate in the securities loan market by loaning
15 state-owned bonds, notes or certificates of indebted-
16 ness of the Federal Government, provided that the
17 loans are fully collateralized by treasury bills or
18 cash. The Treasurer of State shall seek competitive
19 bids for investments except when, after a reasonable
20 investigation, it appears that an investment of the
21 desired maturity is procurable by the State from only
22 one source. Interest earned on those investments of
23 money shall be credited to the respective funds, ex-
24 cept that interest earned on investments of special
25 revenue funds shall be credited to the General Fund
26 of the State. Interest earned on funds of the De-
27 partment of Inland Fisheries and Wildlife shall be
28 credited to that fund. Interest earned on funds of
29 the Baxter State Park Authority shall be credited to
30 the Baxter State Park Fund. This section shall not
31 prevent the deposit for safekeeping or custodial care
32 of the securities of the several funds of the State
33 in banks or safe deposit companies in this State or
34 any other state, nor the deposit of such state funds
35 as may be required by the terms of custodial con-
36 tracts or agreements as may be negotiated in accord-
37 ance with the laws of this State. All custodial con-
38 tracts and agreements shall be subject to the approv-
39 al of the Governor.

40 Sec. 2. 5 MRSa §138, first ¶, as amended by PL
41 1985, c. 785, Pt. A. §7, is further amended to read:

42 The Treasurer of State, with the approval of the
43 Commissioner of Finance, the Bank Superintendent and
44 the Attorney General, shall invest all permanent
45 funds held in trust by the State in such securities

1 as are legal investments for savings banks under Ti-
2 tle 9-B, except as provided in chapter 161. This
3 section shall not apply to the fund of the Employees'
4 Retirement System or the fund arising from the lands
5 reserved for public uses.

6 Sec. 3. 5 MRSA §139, first ¶, as amended by PL
7 1985, c. 785, Pt. A, §10, is further amended to
8 read:

9 The Treasurer of State, with the approval of the
10 Commissioner of Finance, the Bank Superintendent and
11 the Commissioner of Educational and Cultural Ser-
12 vices, shall invest and reinvest the principal of all
13 funds derived or that may be derived from the sale
14 and lease of lands reserved for public uses in ac-
15 cordance with the laws of the State governing the in-
16 vestment of funds of savings banks, as enumerated in
17 Title 9-B, except as provided in chapter 161.

18 Sec. 4. 5 MRSA c. 161 is enacted to read:

19 CHAPTER 161

20 DIVESTITURE OF STATE FUNDS

21 §1951. Republic of South Africa; Namibia

22 After July 1, 1988, no state funds, including
23 trust funds of the state and funds created pursuant
24 to chapter 101, may be:

25 1. Banks and financial institutions. Invested
26 or remain invested or be deposited or remain depos-
27 ited in any bank or financial institution which di-
28 rectly or through its subsidiaries, affiliates or
29 parent has outstanding loans or existing lines of
30 credit to:

31 A. The Republic of South Africa or its instru-
32 mentalities; or

33 B. Namibia or its instrumentalities; or

34 2. Corporations; companies. Invested or remain
35 invested in the stocks, securities or other obliga-
36 tions of any corporation, company or subsidiary, af-

1 filiate or parent of any corporation or company doing
2 business in or with:

3 A. The Republic of South Africa or its instru-
4 mentalities; or

5 B. Namibia or its instrumentalities.

6 §1952. Review of investments

7 Prior to July 1, 1988, the Treasurer of State and
8 the Board of Trustees of the State Retirement System
9 shall review state investment policies and current
10 investments to determine those investments which are
11 in violation of section 1951.

12 STATEMENT OF FACT

13 The purpose of this bill is to divest current and
14 prohibit future investments of state funds by the
15 Treasurer of State and the State Retirement System
16 Board of Trustees in any financial institutions, com-
17 panies, corporations or subsidiaries which extend
18 credit to or do business in or with the Republic of
19 South Africa or Namibia, which is currently occupied
20 by South Africa. Under this bill, divestment shall
21 be completed July 1, 1989.

22 The Republic of South Africa practices a policy
23 of legalized racial segregation, known as apartheid,
24 which discriminates against blacks, who comprise al-
25 most 3/4 of the country's population, persons of
26 mixed race and Asian South Africans. These groups
27 are denied South African citizenship, and are, for
28 the most part, unable to vote, own property or live
29 in areas of their choice. They face severe limita-
30 tions on the freedoms of speech and movement. Segre-
31 gation extends to, among other areas, education,
32 housing and public facilities. A color bar exists
33 for all employment categories.

1 State divestment will bring economic pressure
2 upon those firms affected by the divestment proceed-
3 ings to demand changes in the economic, social and
4 political arenas of South Africa and Namibia. Con-
5 necticut, Maryland, Massachusetts, Michigan and Ne-
6 braska and at least a dozen cities have already
7 passed some form of divestment laws regarding pension
8 and other government funds in South Africa.

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