

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2357

H.P. 1718 House of Representatives, February 25, 1988
Approved for introduction by a majority of the
Legislative Council pursuant to Joint Rule 27.
Reference to the Committee on Appropriations and
Financial Affairs suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative LISNIK of Presque Isle.

Cosponsored by Speaker MARTIN of Eagle Lake,
Representative MAHANY of Easton and Senator COLLINS of
Arroostook.

STATE OF MAINE

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

1 AN ACT to Improve the Linked Investment
2 Program for Agricultural Loans.
3

4 Emergency preamble. Whereas, Acts of the
5 Legislature do not become effective until 90 days
6 after adjournment unless enacted as emergencies; and

7 Whereas, the Maine Revised Statutes, Title 5,
8 section 135, paragraph 5, as enacted by Public Law
9 1985, chapter 816, authorizes a program of investing

1 state funds in lending institutions at below market
2 rates linked to loans of an equivalent amount to
3 agricultural enterprises; and

4 Whereas, experience with the program has
5 demonstrated that the program will not be able to
6 continue to work effectively unless certain changes
7 are made to the program; and

8 Whereas, if such changes are not enacted on an
9 emergency basis, agricultural enterprises will not be
10 able to get loans at reduced interest rates under the
11 program in time to prepare for the 1988 planting
12 season; and

13 Whereas, in the judgment of the Legislature, these
14 facts create an emergency within the meaning of the
15 Constitution of Maine and require the following
16 legislation as immediately necessary for the
17 preservation of the public peace, health and safety;
18 now, therefore,

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

21 5 MRSA §135, 5th ¶, as enacted by PL 1985, c.
22 816, §1, is amended to read:

23 The Treasurer of State may deposit an amount not
24 to exceed \$4,000,000 at any time in each calendar
25 year with responsible financial institutions
26 authorized to do business in the State at a rate of
27 return not more than 2% per year below the rate of
28 return otherwise obtainable had the funds been
29 invested in accordance with the first paragraph of
30 this section with such financial institutions for a
31 similar term, as determined by the treasurer, for
32 periods not to exceed one year, provided that each
33 such financial institution covenants with the
34 treasurer as a condition of the deposit to loan an
35 amount at least equal to the amount so deposited with
36 the financial institution by the treasurer under this
37 paragraph to agricultural enterprises located within
38 the State for agricultural purposes. All the loans
39 shall be at interest rates which are below the

1 The bill also authorizes the Treasurer of State to
2 invest funds with Maine financial institutions at
3 rates 2% below the rate otherwise obtainable from that
4 financial institution. Under current legislation, the
5 Treasurer of State has invested funds at rates 2%
6 below rates the Treasurer of State could have gotten
7 from other financial institutions in the State, some
8 of which pay rates of returns slightly higher than
9 those financial institutions participating in the
10 program. Unless this change is made, financial
11 institutions in Maine will find it unprofitable at
12 best or impossible at worst to participate in the
13 program, and are likely to refrain from participating
14 in the program.

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