

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

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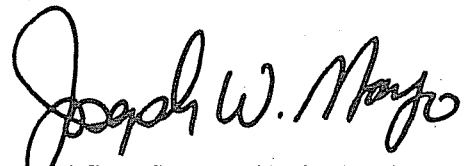
H.P. 1439

House of Representatives, March 3, 1994

An Act to Facilitate Government Investment in Mutual Funds.

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.
Reference to the Committee on Banking and Insurance suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative PINEAU of Jay.
Cosponsored by Representative: CARLETON of Wells.

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

2 **Sec. 1. 5 MRSA §135, first ¶,** as amended by PL 1993, c. 437,
4 §1, is further amended to read:

6 The Treasurer of State may deposit the money, including
8 trust funds of the State, in any of the banking institutions or
10 trust companies or state or federal savings and loan associations
12 or mutual savings banks organized under the laws of this State or
14 in any national bank or banks or state or federal savings and
16 loan associations located in the State, except as provided in
18 chapter 161. Before making a deposit, the Treasurer of State
20 must consider the rating of the banking institution, trust
22 company, state or federal savings and loan association or mutual
24 savings bank on its most recent assessment conducted pursuant to
26 the federal Community Reinvestment Act, 12 United States Code,
28 Section 2901. When there is excess money in the State Treasury
30 that is not needed to meet current obligations, the Treasurer of
32 State may invest, with the concurrence of the State Controller or
34 the Commissioner of Administrative and Financial Services and
36 with the consent of the Governor, those amounts in bonds, notes,
38 certificates of indebtedness or other obligations of the United
40 States that mature not more than 24 months from the date of
42 investment or in repurchase agreements secured by obligations of
44 the United States that mature within the succeeding 24 months,
46 prime commercial paper, tax-exempt obligations ~~or~~, banker's
48 acceptances or shares of an investment company registered under
50 the federal Investment Company Act of 1940, whose shares are
 registered under the United States Securities Act of 1933, only
 if the investments of the investment company are limited to
 obligations of the United States or any agency or
 instrumentality, corporate or otherwise, of the United States or
 repurchase agreements secured by obligations of the United States
 or any agency or instrumentality, corporate or otherwise, of the
 United States. The Treasurer of State may participate in the
 securities loan market by loaning state-owned bonds, notes or
 certificates of indebtedness of the Federal Government, provided
 that the loans are fully collateralized by treasury bills or
 cash. The Treasurer of State shall seek competitive bids for
 investments except when, after a reasonable investigation, it
 appears that an investment of the desired maturity is procurable
 by the State from only one source. Interest earned on those
 investments of money must be credited to the respective funds,
 except that interest earned on investments of special revenue
 funds must be credited to the General Fund of the State.
 Effective November 1, 1991, interest earned on investments of the
 Highway Fund must be credited to the General Fund. Interest
 earned on funds of the Department of Inland Fisheries and
 Wildlife must be credited to the General Fund. Interest earned
 on funds of the Baxter State Park Authority must be credited to

2 the Baxter State Park Fund. This section does not prevent the
3 deposit for safekeeping or custodial care of the securities of
4 the several funds of the State in banks or safe deposit companies
5 in this State or any other state, nor the deposit of state funds
6 required by the terms of custodial contracts or agreements
7 negotiated in accordance with the laws of this State. All
8 custodial contracts and agreements are subject to the approval of
the Governor.

10 **Sec. 2. 5 MRSA §138, first ¶,** as amended by PL 1991, c. 780,
11 Pt. Y, §10, is further amended to read:

12

13 The Treasurer of State, with the approval of the
14 Commissioner of Administrative and Financial Services, the
15 Superintendent of Banking and the Attorney General, shall invest
16 all permanent funds held in trust by the State in such securities
17 as are legal investments for savings banks under Title 9-B,
18 except as provided in chapter 161. For purposes of this section,
19 those investments include, without limitation, shares of an
20 investment company registered under the federal Investment
21 Company Act of 1940, whose shares are registered under the United
22 States Securities Act of 1933, only if the investments of the
23 investment company are limited to obligations of the United
24 States or any agency or instrumentality, corporate or otherwise,
25 of the United States or repurchase agreements secured by
26 obligations of the United States or any agency or
27 instrumentality, corporate or otherwise, of the United States.
28 This section does not apply to the fund of the Employees'
29 Retirement System or the fund arising from the lands reserved for
30 public uses.

32 **Sec. 3. 30-A MRSA §171,** as amended by PL 1989, c. 104, Pt. C,
33 §§8 and 10, is further amended to read:

34

35 **§171. Deposit or investment of county funds**

36

37 The treasurer, with the approval of the county
38 commissioners, may deposit the money received for the use of the
39 county in any of the banking institutions or trust companies or
40 mutual savings banks organized under the laws of this State or in
41 any national bank or banks located in the State. When, in the
42 treasurer's judgment, there is money in the treasury which is not
43 needed to meet current obligations, the treasurer, with the
44 advice and consent of the county commissioners, may invest any
45 amount considered advisable in bonds, notes, certificates of
46 indebtedness or other obligations of the United States which
47 mature within one year from the date of investment or shares of
48 an investment company registered under the federal Investment
49 Company Act of 1940, whose shares are registered under the United
50 States Securities Act of 1933, only if the investments of the

2 investment company are limited to obligations of the United
3 States or any agency or instrumentality, corporate or otherwise,
4 of the United States or repurchase agreements secured by
5 obligations of the United States or any agency or
6 instrumentality, corporate or otherwise, of the United States.

7 **Sec. 4. 30-A MRSA §4741, sub-§6,** as amended by PL 1989, c.
8 104, Pt. C, §§8 and 10, is further amended to read:

10 **6. Investment of funds.** To invest any funds held in
11 reserves of sinking funds or any funds not required for immediate
12 disbursement in property or securities in which savings banks may
13 legally invest funds subject to their control, including, without
14 limitation, shares of an investment company registered under the
15 federal Investment Company Act of 1940, whose shares are
16 registered under the United States Securities Act of 1933, only
17 if the investments of the investment company are limited to
18 obligations of the United States or any agency or
19 instrumentality, corporate or otherwise, of the United States or
20 repurchase agreements secured by obligations of the United States
21 or any agency or instrumentality, corporate or otherwise, of the
22 United States; to redeem its bonds at the redemption price
23 established for the bonds or to purchase its bonds at less than
24 that redemption price, all bonds so redeemed or purchased to be
25 canceled;

26 **Sec. 5. 35-A MRSA §3908, sub-§5-A** is enacted to read:

28 **5-A. Mutual funds.** In addition to and not in limitation of
29 any power of the district, invest its funds, including reserve
30 funds, sinking funds and trust funds, to the extent that any
31 terms of the instrument creating the funds do not prohibit the
32 investment, in shares of an investment company registered under
33 the federal Investment Company Act of 1940, whose shares are
34 registered under the United States Securities Act of 1933, only
35 if the investments of the investment company are limited to
36 obligations of the United States or any agency or
37 instrumentality, corporate or otherwise, of the United States or
38 repurchase agreements secured by obligations of the United States
39 or any agency or instrumentality, corporate or otherwise, of the
40 United States;

41 **Sec. 6. 35-A MRSA §6309** is enacted to read:

42 **§6309. Mutual funds**

43 A water district may invest its funds, including sinking
44 funds, reserve funds and trust funds, to the extent that the
45 terms of any instrument creating the funds do not prohibit the
46 investment, in shares of an investment company registered under
47 the federal Investment Company Act of 1940, whose shares are
48 registered under the United States Securities Act of 1933, only
49 if the investments of the investment company are limited to
50 obligations of the United States or any agency or

2 the federal Investment Company Act of 1940, whose shares are
4 registered under the United States Securities Act of 1933, only
6 if the investments of the investment company are limited to
8 obligations of the United States or any agency or
10 instrumentality, corporate or otherwise, of the United States or
12 repurchase agreements secured by obligations of the United States
14 or any agency or instrumentality, corporate or otherwise, of the
16 United States. This section is in addition to, and not in
18 limitation of, any power of a water district to invest its funds.

20 Sec. 7. 38 MRS §1164 is enacted to read:

22 **§1164. Mutual funds**

24 A sanitary district may invest its funds, including sinking
26 funds, reserve funds and trust funds, to the extent that the
28 terms of any instrument creating the funds do not prohibit the
30 investment, in shares of an investment company registered under
32 the federal Investment Company Act of 1940, whose shares are
34 registered under the United States Securities Act of 1933, only
36 if the investments of the investment company are limited to
38 obligations of the United States or any agency or
40 instrumentality, corporate or otherwise, of the United States or
42 repurchase agreements secured by obligations of the United States
44 or any agency or instrumentality, corporate or otherwise, of the
46 United States. This section is in addition to, and not in
48 limitation of, any power of a sanitary district to invest its
funds.

30 Sec. 8. 38 MRS §1255 is enacted to read:

32 **§1255. Mutual funds**

34 A sewer district may invest its funds, including sinking
36 funds, reserve funds and trust funds, to the extent that the
38 terms of any instrument creating the funds do not prohibit the
40 investment, in shares of an investment company registered under
42 the federal Investment Company Act of 1940, whose shares are
44 registered under the United States Securities Act of 1933, only
46 if the investments of the investment company are limited to
48 obligations of the United States or any agency or
instrumentality, corporate or otherwise, of the United States or
repurchase agreements secured by obligations of the United States
or any agency or instrumentality, corporate or otherwise, of the
United States. This section is in addition to, and not in
limitation of, any power of a sewer district to invest its funds.

STATEMENT OF FACT

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This bill provides the State and certain governmental units
with the same authority to invest in mutual funds as is currently
enjoyed by cities, towns, school administrative districts and
other governmental units.

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This document has not yet been reviewed to determine the
need for cross-reference, stylistic and other technical
amendments to conform existing law to current drafting standards.

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