

MAINE STATE LEGISLATURE

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STATE AND LOCAL GOVERNMENT

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 892, L.D. 1245, Bill, "An Act Limiting the Types of Municipal Investments"

Amend the bill by inserting after the title and before the enacting clause the following:

'Mandate preamble. This measure requires one or more local units of government to expand or modify activities so as to necessitate additional expenditures from local revenues but does not provide funding for at least 90% of those expenditures. Pursuant to the Constitution of Maine, Article IX, Section 21, two thirds of all of the members elected to each House have determined it necessary to enact this measure.'

Further amend the bill in section 1 in that part designated "**§5706.**" by striking out all of subsection 2 and inserting in its place the following:

'2. Repurchase agreements. In repurchase agreements secured by obligations of the ~~Federal~~ United States Government, as defined in section 5712, subsection 1, provided that the market value of the underlying obligation is equal to or greater than the amount of the municipality's investment and that the municipality's security interest is perfected ~~under the terms of Title 11, article 9~~ pursuant to the provisions of Title 11, sections 8-313 and 8-321, except, if the term of the repurchase agreement is not in excess of 72 hours, the municipality's interest in the underlying security need not be perfected as long as an executed Public Securities Association form of master repurchase agreement is on file with the counterparty prior to the date of the transaction;'

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

4
6 **FISCAL NOTE**

8 This bill requires municipalities to divest of certain
investments. The additional costs of this state mandate can not
be determined. Pursuant to the mandate preamble, the two-thirds
10 vote of all members elected to each House exempts the State from
the constitutional requirement to fund 90% of the additional
12 local costs.'

14
16 **STATEMENT OF FACT**

18 This amendment corrects an existing incorrect reference to
the Maine Revised Statutes, Title 11, article 9, as the source of
the procedures to properly perfect a security interest in
20 securities in favor of a municipality that has entered into a
repurchase agreement with a financial institution. Title 11,
22 sections 8-313 and 8-321 contain the procedures that are to be
followed with respect to perfecting a security interest in any
24 security under Maine law. These sections have been added as the
corrected reference for the source of state law for the
26 procedures to properly perfect a security interest in favor of a
municipality under this provision of the municipal statutes. The
28 amendment also adds a mandate preamble and a fiscal note to the
bill.