

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1884

S.P. 770

In Senate, March 28, 1996

An Act to Reduce Costs for Municipalities.

(EMERGENCY)

Reported by Senator Amero for the Committee on State and Local Government pursuant to Joint Order S.P. 767 and printed under Joint Rule 2.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

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

4
6 **Whereas,** it is in the best interest of the public to reduce
the costs for municipalities; and

8 **Whereas,** municipalities seek the highest return possible on
investments and also require security of those investments; and

10
12 **Whereas,** Maine law and prudent investment practices demand
that public dollars be invested with minimum risk; and

14 **Whereas,** Maine financial institutions seek to offer
municipalities fair returns and all financial services, including
so-called sweep accounts, that municipalities demand; and

18 **Whereas,** the 117th Legislature passed legislation in 1995
attempting to modify certain municipal deposit perfection
requirements in order to allow Maine financial institutions to
offer sweep deposit products; and

22
24 **Whereas,** the law needs one technical change in order to
accomplish the goal intended by the First Regular Session of the
117th Legislature; and

26
28 **Whereas,** without this change many of those financial
institutions will not be able to offer municipal deposit services
to their local municipalities and those local municipalities may
not obtain the highest return possible on their investments; and

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

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

40 **Sec. 1. 22 MRSA §2642, sub-§1,** as amended by PL 1985, c. 479,
§1, is further amended to read:

42
44 **1. Municipal regulations authorized.** The municipal
officers of each municipality ~~shall have the authority,~~ after
notice and public hearing, ~~to~~ may adopt regulations governing the
46 surface uses of sources of public water supply, portions thereof
or land overlying ground water aquifers and their recharge areas
48 used as sources of public water supply, ~~that are~~ that are located within
that municipality in order to protect the quality of such

2 sources of public water supply ~~or~~ and the health, safety ~~or~~ and
welfare of persons dependent upon such supplies.

4 At least 15 days prior to public hearings held ~~hereunder~~ under
6 this section, notice of the hearing shall must be published in a
newspaper of general circulation in the county in which the
8 municipality is located and shall ~~be~~ mailed by ~~registered~~
certified mail to each owner of land bordering the source of
10 public water supply within that municipality. Regulations adopted
pursuant to this section shall become void upon the expiration of
12 one year from the date of the adoption unless sooner ratified by
vote of the legislative body of the municipality.

14 **Sec. 2. 30-A MRSA §5706, sub-§2**, as amended by PL 1995, c.
206, §1, is further amended to read:

16
18 **2. Repurchase agreements.** In repurchase agreements secured
by obligations of the United States Government, as defined in
section 5712, subsection 1, ~~provided-that~~ as long as the market
20 value of the underlying obligation is equal to or greater than
the amount of the municipality's investment and ~~that~~ the
22 municipality's security interest is perfected pursuant to the
provisions of Title 11, sections 8-313 and 8-321, except that, if
24 the term of the repurchase agreement is not in excess of 72 96
hours, the municipality's interest in the underlying security
26 need not be perfected as long as an executed Public Securities
Association form of master repurchase agreement is on file with
28 the counterparty prior to the date of the transaction;

30 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.
32

34 STATEMENT OF FACT

36 This bill reduces costs for municipalities in the following
ways.
38

1. It requires that notice of public hearings be sent by
40 certified mail as opposed to registered mail, which is current
law. This change will save municipalities money while
42 maintaining adequate provision of notice.

2. The First Regular Session of the 117th Legislature
44 created a limited exemption from the requirement to perfect
municipal deposits for short-term deposit or "sweep" accounts.
46 The term of the exemption is 72 hours, but because on 3-day
48 holiday weekends the account terms will not change for time
periods greater than 72 hours, the term of the exemption must be
50 changed to 96 hours in order to gain the benefit from the
exemption.