

MAINE STATE LEGISLATURE

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Rob.

L.D. 1379

DATE: *May 19, 1997*

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STATE AND LOCAL GOVERNMENT

Reported by: *Senator Libby*

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STATE OF MAINE
SENATE
118TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 433, L.D. 1379, Bill, "An Act to Place Conditions on the Investment of Municipal Funds in Mutual Funds"

Amend the bill by striking out the title and substituting the following:

'An Act to Expand Options for Investment of Certain Municipal Trust Funds'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 30-A MRSA §5706, sub-§3, as amended by PL 1995, c. 206, §1, is further amended to read:

3. Mutual funds. In the shares of an investment company registered under the United States Investment Company Act of 1940, Public Law 76-768, whose shares are registered under the United States Securities Act of 1933, Public Law 73-22, provided that the investments of the fund are limited to bonds and other direct obligations of the United States Government, as defined in section 5712, subsection 1 or repurchase agreements secured by bonds and other direct obligations of the United States Government, as defined in section 5712, subsection 1; or

Sec. 2. 30-A MRSA §5706, sub-§3-A is enacted to read:

3-A. Mutual funds for trusts governed by of the United States Internal Revenue Code, Section 501(c)(3). In the case of a trust fund that is governed by the United States Internal Revenue Code, Section 501 (c) (3) (1997), in the shares of any investment company registered under the United States Investment

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to S.P. 433, L.D. 1379

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Company Act of 1940, Public Law 76-768, whose shares are registered under the United States Securities Act of 1933, Public Law 73-22, as long as:

A. The investment is approved by the municipal officers at a public meeting;

B. No more than 50% of the assets of the trust are invested in mutual funds under this subsection; and

C. No more than 5% of the assets of the trust are invested in a single mutual fund under this subsection; or'

SUMMARY

This amendment replaces the bill. It adds an option for investment of municipal trust funds to allow investment in mutual funds with portfolios of other than United States government bonds and repurchase agreements backed by United States bonds, provided the trust fund is governed by the United States Internal Revenue Code, Section 501(c)(3), municipal officers approve the investment at a public meeting, no more than 50% of the assets of the trust are invested in such mutual funds and these investments are diversified.