

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1819

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H.P. 1265

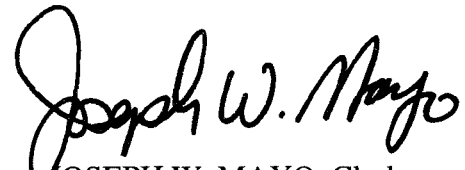
House of Representatives, March 11, 1999

**An Act Regarding the Use of Excess Funds in the State Treasury.**

(EMERGENCY)

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Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative BAGLEY of Machias.  
Cosponsored by Representatives: CHIZMAR of Lisbon, McGLOCKLIN of Embden,  
SANBORN of Alton, STANLEY of Medway.

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

Whereas, action is necessary to allow the Treasurer of State to advance funds to other departments and agencies that need to start capital projects; and

Whereas, if action is not taken before the start of the next fiscal year, these departments and agencies may have to issue 2nd bond anticipation notes; and

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,

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

**Sec. 1. 5 MRSA §135, first ¶, as amended by PL 1995, c. 368, Pt. ZZ, §1, is further amended to read:**

The Treasurer of State may deposit the money, including trust funds of the State, in any of the banking institutions or trust companies or state or federal savings and loan associations or mutual savings banks organized under the laws of this State or in any national bank or banks or state or federal savings and loan associations located in the State, except as provided in chapter 161. Before making a deposit, the Treasurer of State must consider the rating of the banking institution, trust company, state or federal savings and loan association or mutual savings bank on its most recent assessment conducted pursuant to the federal Community Reinvestment Act, 12 United States Code, Section 2901. When there is excess money in the State Treasury that is not needed to meet current obligations, the Treasurer of State may invest, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and with the consent of the Governor, those amounts in bonds, notes, certificates of indebtedness or other obligations of the United States and its agencies that mature not more than 24 months from the date of investment or in repurchase agreements secured by obligations of the United States and its agencies that mature within the succeeding 24 months, prime commercial paper, tax-exempt obligations, banker's acceptances or shares of an investment company registered under 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, only if 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 July 1, 1995, interest earned on investments of the Highway Fund must be credited to the Highway 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 the Baxter State Park Fund. This section does not prevent the deposit for safekeeping or custodial care of the securities of the several funds of the State in banks or safe deposit companies in this State or any other state, nor the deposit of state funds required by the terms of custodial contracts or agreements negotiated in accordance with the laws of this State. All custodial contracts and agreements are subject to the approval of the Governor.

**Sec. 2. 5 MRSA §150, first ¶**, as amended by PL 1975, c. 771, §46, is further amended to read:

The Treasurer of State, with the approval of the Governor, may negotiate a temporary loan or loans in anticipation of the issuance of bonds authorized but not yet issued. In addition to seeking temporary loans from private sources, the Treasurer of State, with the approval of the Governor, when there is excess money located in the State Treasury that is not needed to meet current obligations, may make temporary loans from such money to state departments or agencies in anticipation of the issuance of bonds authorized but not yet issued. Such a temporary loan or loans shall must be repaid from the proceeds of the bonds within one year from the date of the loan.

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

## SUMMARY

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This bill allows the Treasurer of State with the approval of the Governor to make temporary loans to departments or agencies when there is an excess in the State Treasury.