

MAINE STATE LEGISLATURE

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MS

L.D. 1758

DATE: 3-14-06

(Filing No. S-493)

LABOR

Reported by: Majority

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE
SENATE
122ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 675, L.D. 1758, Bill, "An Act To Require the Maine State Retirement System To Divest Itself of Certain Holdings"

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

'An Act To Require the Maine State Retirement System To Divest Itself of Holdings in Those Businesses or Corporations Doing Business in the Nation of Sudan and To Repeal Requirements Relating to Shareholder Initiatives by State Officials on State Investments in Northern Ireland'

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'Sec. 1. 5 MRSA §1955, as amended by PL 1991, c. 537, is repealed.

Sec. 2. 5 MRSA §1956 is enacted to read:

§1956. Sudan

1. Divestment. The Board of Trustees of the Maine State Retirement System shall review the extent to which the assets of any state pension or annuity fund are invested in the stocks, securities or other obligations of any corporation or company, or any subsidiary, affiliate or parent of any corporation or company, doing business in or with the nation of Sudan or its instrumentalities. Except as provided in subsection 2, the board

COMMITTEE AMENDMENT

2 shall, in accordance with sound investment criteria and
3 consistent with the board's fiduciary obligations, divest any
4 such holdings and may not invest any assets in any such stocks,
5 securities or other obligations. Divestment pursuant to this
6 subsection must be complete by January 1, 2008.

7 2. Exemption. Short-term investment funds that commingle
8 commercial paper or futures and other commingled investment or
9 index funds are exempt from the restrictions imposed by this
10 section.

11 3. Report. The Board of Trustees of the Maine State
12 Retirement System shall report to the joint standing committee of
13 the Legislature having jurisdiction over labor matters by January
14 1, 2007 and each January 1st thereafter regarding the progress of
15 divestment and the implementation of this section.

16 4. Repeal. This section is repealed July 1, 2009.'

SUMMARY

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22 This amendment, which is the majority report of the Joint
23 Standing Committee on Labor, clarifies that the divestment
24 requirement and the investment prohibition apply to all companies
25 doing business in or with the nation of Sudan or its
26 instrumentalities. It adds language allowing the Board of
27 Trustees of the Maine State Retirement System to divest in
28 accordance with sound investment criteria and consistent with the
29 board's fiduciary obligations, and it requires divestment to be
30 complete by January 1, 2008. It provides an exemption for
31 short-term investment funds that commingle commercial paper or
32 futures and for other commingled investment or index funds. The
33 amendment requires the board to report annually to the
34 Legislature on the progress of divestment and the implementation
35 of the statutory section and provides for the repeal of the
36 section on July 1, 2009. The amendment also repeals the law
37 relating to shareholder initiatives by state officials on state
38 investments in Northern Ireland.

FISCAL NOTE REQUIRED
(See attached)



122nd MAINE LEGISLATURE

LD 1758

LR 2471(02)

An Act to Require the Maine State Retirement System To Divest Itself of Certain Holdings

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Labor

Fiscal Note Required: Yes

Fiscal Note

Undetermined future biennium cost increase -All Funds

Fiscal Detail and Notes

This legislation may increase costs to the State and other public employers who make contributions to the Maine State Retirement System to fund the pension benefits of State employees, teachers, judges, legislators and municipal employees. Divestiture of MSRS holdings in the nation of Sudan may result in the future investment performance of the MSRS Trust Funds being lower than the 8% projected investment return currently in place. A lower than anticipated return on investment will result in higher contributions from the State and other public employers. The actual impact of this measure on investment returns can not be determined at this time.