

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND TWELFTH LEGISLATURE

SECOND REGULAR SESSION
January 8, 1986 to April 16, 1986

SECOND SPECIAL SESSION
May 28, 1986 to May 30, 1986

AND AT THE

THIRD SPECIAL SESSION
October 17, 1986

PUBLISHED BY THE DIRECTOR OF REVISOR OF STATUTES IN
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Co., Inc.
Augusta, Maine

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND REGULAR SESSION
of the
ONE HUNDRED AND TWELFTH LEGISLATURE
1985

CHAPTER 757

S.P. 862 - L.D. 2176

AN ACT to Authorize the Treasurer of State to
Temporarily Invest Excess Money
Including Unspent Bond Proceeds in
Tax-exempt Obligations.

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

Whereas, the United States House of Representatives has passed H.R. 3838, the "Tax Reform Act of 1985," which, if enacted into law in its current form, will require rebating to the Federal Government of arbitrage earned by states on the investment of the proceeds of issued bonds prior to expenditure; and

Whereas, the Treasurer of State currently has approximately \$23,000,000 of unspent bond proceeds subject to H.R. 3838; and

Whereas, H.R. 3838 exempts investments of unspent bond proceeds in tax-exempt obligations from arbitrage rebate requirements; and

Whereas, the Treasurer of State currently may not invest unspent bond proceeds in tax-exempt obligations; 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:

5 MRSA §135, first ¶, as amended by PL 1985, c. 501, Pt. B, §14, is further amended to read:

The Treasurer of State may deposit the ~~moneys~~ 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 therein. When there ~~are~~ is excess ~~moneys~~ money in the State Treasury which ~~are~~ is not needed to meet current obligations he may, with the concurrence of the State Controller or the Commissioner of Finance and Administration and with the consent of the Governor, invest such amounts in bonds, notes, certificates of indebtedness or other obligations of the United States ~~of America~~ which mature not more than 24 months from the date of investment or in repurchase agreements secured by obligations of the United States ~~of America~~ which mature within the succeeding 24 months, prime commercial paper, tax-exempt obligations or banker's acceptances. 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, provided that the 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 such investments of ~~moneys~~ money shall be credited to the respective funds, except that interest earned on investments of special revenue funds shall be credited to the General Fund of the State. Interest earned on funds of the Department of Inland Fisheries and Wildlife shall be credited to that fund. Interest earned on funds of the Baxter State Park Authority shall be credited to the Baxter State Park Fund. This section shall 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 such state funds as may be required by the terms of custodial contracts or agreements as may be hereafter negotiated in accordance with the laws of this State. All custodial contracts and agreements shall be subject to the approval of the Governor.

For the purpose of this section only, tax-exempt obligations and securities are limited exclusively to tax-exempt commercial paper and tax-exempt bonds maturing in less than 2 years.

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