

Maine Revised Statutes

Title 5: ADMINISTRATIVE PROCEDURES AND SERVICES

Chapter 7: TREASURER OF STATE

§135. DEPOSIT OF STATE FUNDS; LIMITATIONS

The Treasurer of State may deposit the money, including trust funds of the State, in any national bank or in any banking institution, trust company, state or federal savings and loan association or mutual savings bank organized under the laws of this State or having a location 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. The Treasurer of State may transfer funds into and out of the respective funds in the cash pool as circumstances may require to meet current obligations and shall request the State Controller to effect such transfers by journal entry as set forth in section 131-B. 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 and instrumentalities that mature not more than 36 months from the date of investment or in repurchase agreements that mature within the succeeding 12 months that are secured by obligations of the United States and its agencies and instrumentalities, prime commercial paper, tax-exempt obligations and corporate bonds rated "AAA" that mature not more than 36 months from the date of investment, banker's acceptances or so-called "no-load" shares of any investment company registered under the federal Investment Company Act of 1940, as amended, that complies with Rule 2a-7 guidelines and maintains a constant share price. 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. [2005, c. 386, Pt. CC, §2 (AMD).]

The Treasurer of State may accept component unit and nonstate funds into custody and invest those funds along with excess state funds as prescribed in this section. [2003, c. 20, Pt. T, §3 (NEW).]

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. [1985, c. 757, (NEW).]

No sum exceeding an amount equal to 25% of the capital, surplus and undivided profits of any trust company or national bank or a sum exceeding an amount equal to 25% of the reserve fund and undivided profit account of a mutual savings bank or state or federal savings and loan associations may be on deposit therein at any one time. The restriction does not apply to deposits subject to immediate withdrawal available to meet the payment of any bonded debts or interest or to pay current bills or expenses of the State. The restriction does not apply to deposits that are secured by the pledge of certain securities as collateral, nor

to deposits fully covered by insurance. Such collateral must be in an amount equal to such deposit. The Treasurer of State may require, in the discretion of the Treasurer of State, collateralization or insurance for the full amount of any deposit of public funds, whether held by an institution permitted under this section or by a vendor contracted to collect or disburse public funds. The value of the securities so pledged must be determined by the Treasurer of State on the basis of market value. The Treasurer of State shall review the value of securities pledged on January 2nd and July 2nd of each year. The collateral must consist of securities or obligations issued or fully insured or guaranteed by the United States, an agency or instrumentality thereof or a United States government sponsored corporation. The securities must be held in a depository institution approved by the Treasurer of State and pledged to indemnify the State of Maine against any loss. Notice of such hypothecation at the time of deposit must be given to the Treasurer of State by the depository institution and a copy of said notice mailed to the Office of the State Auditor. [2003, c. 20, Pt. T, §3 (AMD); 2013, c. 16, §10 (REV).]

It is the intent of the Legislature that the Treasurer of State shall seek competitive bids whenever possible prior to the selection of investments under this section. [1977, c. 197, §2 (NEW).]

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with responsible financial institutions authorized to do business in the State at a rate of return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with such financial institutions for a similar term, as determined by the treasurer, for periods not to exceed one year, provided that each such financial institution covenants with the treasurer as a condition of the deposit to loan an amount at least equal to the amount so deposited with the financial institution by the treasurer under this paragraph to agricultural enterprises located within the State for agricultural purposes. All the loans must be at interest rates that are below the interest rates the loans would have borne under existing market conditions and loan standards of the financial institution but for the deposit by the treasurer under this paragraph, and the interest rates must fully reflect the savings to the financial institution due to the reduced interest rate paid on the deposit. Notwithstanding any provisions of this section to the contrary, the treasurer is not obligated to seek competitive bids for investments or deposits pursuant to this paragraph. The Finance Authority of Maine shall provide assistance to the treasurer in implementing this paragraph. For purposes of this section, "agricultural enterprises" means a business involving cultivating soil, producing crops and raising livestock or their by-products. In adopting rules to implement this paragraph, the treasurer shall consider criteria targeting loans under the program to geographic areas of financial need and borrowers who are new entrants to agriculture, and may establish limits on deposits to any one financial institution and limits on deposits supporting loans to any one borrower. [2003, c. 20, Pt. T, §3 (AMD).]

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consider criteria targeting loans under the program to geographic areas of financial need, and may establish limits on deposits to any one financial institution, further limits on deposits supporting loans to any one borrower, and further restrictions on eligibility. [2003, c. 20, Pt. T, §3 (AMD).]

SECTION HISTORY

1969, c. 63, (AMD). 1969, c. 583, (AMD). 1973, c. 406, §§1-3 (AMD). 1973, c. 426, (AMD). 1973, c. 639, §1 (AMD). 1975, c. 497, §3 (AMD). 1975, c. 771, §§38, 39 (AMD). 1977, c. 197, §§1, 2 (AMD). 1979, c. 127, §19 (AMD). 1979, c. 398, §§1, 2 (AMD). 1983, c. 588, §1 (AMD). 1985, c. 501, Pt. B, §14 (AMD). 1985, c. 757, (AMD). 1985, c. 785, Pt. A, §6 (AMD). 1985, c. 816, §1 (AMD). 1987, c. 247, §1 (AMD). 1987, c. 402, Pt. A, §10 (AMD). 1987, c. 769, Pt. A, §8 (AMD). 1987, c. 806, §§1, 2 (AMD). 1989, c. 672, (AMD). 1991, c. 622, Pt. K, §1 (AMD). 1991, c. 622, Pt. K, §2 (AFF). 1991, c. 780, Pt. Y, §9 (AMD). 1993, c. 437, §1 (AMD). 1993, c. 651, §1 (AMD). 1995, c. 368, Pt. ZZ, §1 (AMD). 1999, c. 401, Pt. HHH, §1 (AMD). 2003, c. 20, Pt. T, §3 (AMD). 2003, c. 451, Pt. DD, §1 (AMD). 2005, c. 386, Pt. CC, §2 (AMD). 2013, c. 16, §10 (REV).

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