

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Peter J. Koutoujian

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:
An Act relative to the list of legal investments prepared by the Commissioner of Banks.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Peter J. Koutoujian	10th Middlesex

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 994 OF 2007-2008.]

The Commonwealth of Massachusetts

—————
In the Year Two Thousand and Nine
—————

AN ACT RELATIVE TO THE LIST OF LEGAL INVESTMENTS PREPARED BY THE COMMISSIONER OF BANKS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority
of the same, as follows:*

1 SECTION 1. Section 15A of chapter 167 of the General Laws, as appearing in the 2004 Official Edition, is
2 hereby amended by striking out the word "omitted", in line 8, and inserting in place thereof the
3 following words:- omitted; and provided, further that eligible obligations not contained on said list shall
4 be considered legal list investments if at the time of such investment the obligation has an initial
5 offering of at least fifty million dollars and is rated at least a single A assigned by a nationally organized
6 service.

7 SECTION 2. Said chapter 167, as so appearing, is hereby further amended by striking out section 15B
8 and inserting in place thereof the following section: -

9 Section 15B. The list of legal investments prepared pursuant to section fifteen A may include securities
10 not otherwise eligible for investment under the provisions of that section; provided, however, that such
11 securities are approved for addition to said list in accordance with the following conditions and
12 requirements of this section:—

13 1. Classes of Securities.— The securities eligible for approval under this section may include (a) interest
14 bearing obligations of any state, county, town or district or any subdivision or instrumentality thereof,
15 and of any toll bridge, toll road, turnpike or other authority established under the laws of the United
16 States, of any state, county, town or district, including obligations of any of the foregoing payable from
17 specified revenues, (b) interest-bearing obligations of any corporation organized under the laws of the
18 United States or any state and of any association, the business of which is conducted or transacted by

19 trustees under a written instrument or declaration of trust, having its principal place of business in the
20 commonwealth, and (c) preferred and common stock of any corporation described in the foregoing
21 clause (b).

22 2. Eligibility.— The obligations to be eligible for approval for this investment pursuant to clauses (a) and
23 (b) of paragraph 1 shall have an initial offering of at least fifty million dollars and be rated at least a
24 single A.

25 The stocks to be eligible for approval for investment pursuant to clause (c) of paragraph 1 shall meet
26 either of the following requirements:—

27 A. Massachusetts Companies.

28 The company must have significant operations in Massachusetts such that one-third of its full-time
29 corporate employees are working in the Commonwealth and such company has at least one million
30 shares if a growth company so-called, and two million shares if a mature company listed on the New
31 York, American or Boston Stock Exchange or is traded over the counter by the National Association of
32 Securities Dealers Automated Quotations Market Makers. A majority of the stock of any such company
33 shall not be owned by five or less shareholders. The market value of the total common stock at the end
34 of the last fiscal year shall not be less than twenty million dollars for a growth company and fifty million
35 dollars for a mature company. Such a company shall have earnings in its latest fiscal year of at least one
36 three-hundredths of one percent if it is a growth company and at least one-two hundredths of one
37 percent if a mature company of the aggregate corporate profits as determined by the United States
38 Department of Commerce. Each such growth company shall also have had earning increases in four of
39 the last five years, profits in each of the five years and a compound annual growth rate in sales of fifteen
40 percent or more for the last five years. Any such mature company shall have had profits in each of the
41 last five years and paid cash dividends without a decrease for those five years.

42 B. Other Companies.

43 The company must be headquartered in the United States and have at least ten million shares of
44 common stock outstanding; the company must have paid cash dividends for each of the past five years;
45 and such company has had earnings in three of the past five years greater than one-tenth of one
46 percent of aggregate corporate profits as determined by the United States Commerce Department and
47 has had earnings of at least one-twentieth of said one percent in the other two years.

48 3. Approval.— If the commissioner approves any such interest-bearing obligation or stock meeting the
49 requirements of paragraph 2, then he shall add the name of such investment to the list of legal
50 investments provided for in section 15A. At any time thereafter the commissioner may revoke such
51 approval and remove such investment from said list. In determining that any such investment
52 authorized under the provisions of this section should be included on said list or deleted from said list
53 the commissioner may employ such expert assistance as he deems proper or may rely upon information
54 contained in publications which he deems authoritative in reference to such matters.

55 4. Refunding Bonds.— If the commissioner shall have approved for addition to the list an issue of bonds
56 in accordance with any of the provisions of this section, and if thereafter but before such approval shall
57 have been revoked the issuer shall issue bonds the proceeds of which are to be used solely to refund the
58 issue previously approved for another issue of equal or shorter maturity and of equal or prior security,
59 and if such new bonds shall be of equal security with the previously approved issue and of equal or
60 shorter maturity, the commissioner may approve the addition to the list of such refunding bonds, and
61 thereafter may revoke such authority in his own initiative. If the commissioner shall have so approved
62 an issue of bonds in accordance with any of the provisions of this section, and if thereafter but before
63 such approval shall have been revoked the issuer shall issue bonds of which at least ninety per cent of
64 the proceeds are to be used to refund the issue previously approved or another issue of equal or prior
65 security, and if the security for the new bonds is not less than that for the previously approved issue the
66 commissioner may approve addition of such new bonds to the list and thereafter may revoke such
67 authority on his own initiative.

68 SECTION 3. Section 70 of chapter 171 of the General Laws, as so appearing, is hereby amended by
69 adding the following sentence: -

70 The commissioner may promulgate such rules and regulations as he deems necessary to carry out the
71 provisions of this section.