HOUSE DOCKET, NO. 537 FILED ON: 1/18/2011

HOUSE . . . . . No. 290

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:

An Act relative to the list of legal investments prepared by the Commisioner of Banks.

PETITION OF:

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

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HOUSE . . . . . No. 290

By Mr. Koutoujian of Waltham, a petition (accompanied by bill, House, No. 290) of Peter J. Koutoujian relative to the list of legal investments prepared by the Commissioner of Banks. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *945* OF 2009-2010.]

The Commonwealth of Massachusetts

An Act relative to the list of legal investments prepared by the Commisioner 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:

SECTION 1. Section 15A of chapter 167 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by striking out the word "omitted", in line 8, and inserting in place thereof the following words:- omitted; and provided, further that eligible obligations not contained on said list shall be considered legal list investments if at the time of such investment the obligation has an initial offering of at least fifty million dollars and is rated at least a single A assigned by a nationally organized service.

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

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

1. Classes of Securities.— The securities eligible for approval under this section may include (a) interest bearing obligations of any state, county, town or district or any subdivision or instrumentality thereof, and of any toll bridge, toll road, turnpike or other authority established under the laws of the United States, of any state, county, town or district, including obligations of any of the foregoing payable from specified revenues, (b) interest-bearing obligations of any

18 corporation organized under the laws of the United States or any state and of any association, the
19 business of which is conducted or transacted by trustees under a written instrument or declaration
20 of trust, having its principal place of business in the commonwealth, and (c) preferred and
21 common stock of any corporation described in the foregoing clause (b).

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

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

27 A. Massachusetts Companies.

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

43 B. Other Companies.

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

50 3. Approval.— If the commissioner approves any such interest-bearing obligation or
51 stock meeting the requirements of paragraph 2, then he shall add the name of such investment to
52 the list of legal investments provided for in section 15A. At any time thereafter the
53 commissioner may revoke such approval and remove such investment from said list. In

54 determining that any such investment authorized under the provisions of this section should be
55 included on said list or deleted from said list the commissioner may employ such expert
56 assistance as he deems proper or may rely upon information contained in publications which he
57 deems authoritative in reference to such matters.

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

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

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