

HOUSE No. 00290

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 Commisioner of Banks..

PETITION OF:

NAME:

Peter J. Koutoujian

DISTRICT/ADDRESS:

10th Middlesex

HOUSE No. 00290

By Mr. Peter J. Koutoujian of Waltham, petition (accompanied by bill, House, No. 00290) of Peter J. Koutoujian relative to the list of legal investments prepared by the Commissioner of Banks. Joint Committee on Financial Services.

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

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

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

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

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

13 1. Classes of Securities.— The securities eligible for approval under this section may include
14 (a) interest bearing obligations of any state, county, town or district or any subdivision or
15 instrumentality thereof, and of any toll bridge, toll road, turnpike or other authority established
16 under the laws of the United States, of any state, county, town or district, including obligations of
17 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 to
23 clauses (a) and (b) of paragraph 1 shall have an initial offering of at least fifty million dollars and
24 be rated at least a single A.

25 The stocks to be eligible for approval for investment pursuant to clause (c) of paragraph 1 shall
26 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 full-
29 time corporate employees are working in the Commonwealth and such company has at least one
30 million shares if a growth company so-called, and two million shares if a mature company listed

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

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

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

58 4. Refunding Bonds.— If the commissioner shall have approved for addition to the list an issue
59 of bonds in accordance with any of the provisions of this section, and if thereafter but before
60 such approval shall have been revoked the issuer shall issue bonds the proceeds of which are to
61 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 carry out
75 the provisions of this section.