

SENATE BILL 631

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6lr1463
CF HB 835

By: **Senator Hershey**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 18, 2016

CHAPTER _____

1 AN ACT concerning

2 **Local Facility Closure Reserve Funds – Investments and Reinvestments**

3 FOR the purpose of authorizing the trustees or other officers in charge of certain facility
4 closure reserve funds to invest and reinvest certain money in a certain manner and
5 sell, redeem, or exchange certain investments or reinvestments; requiring the
6 trustees or other officers in charge of certain facility closure reserve funds to comply
7 with certain fiduciary standards; authorizing a political subdivision of the State or a
8 unit of a political subdivision of the State to enter into certain agreements for the
9 management or investment of money in a facility closure reserve fund; altering the
10 definition of “public money” as it relates to certain local government investment
11 guidelines so as to exclude money held as part of certain facility closure reserve
12 funds; and generally relating to local facility closure reserve funds.

13 BY repealing and reenacting, with amendments,

14 Article – Local Government

15 Section 17–102 and 17–201

16 Annotated Code of Maryland

17 (2013 Volume and 2015 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Local Government**

21 17–102.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) In this section, “other postemployment benefits” means:

2 (1) postemployment health care benefits; and

3 (2) postemployment benefits provided separately from a pension plan.

4 (b) Notwithstanding § 17–101 of this subtitle, the trustees or other officers in
5 charge of a pension or retirement system or fund, other postemployment benefits fund,
6 trust fund account, [or] fund for self–insurance purposes, **OR FACILITY CLOSURE**
7 **RESERVE FUND** of a political subdivision of the State or a unit of a political subdivision of
8 the State:

9 (1) may:

10 (i) invest and reinvest money in their custody or control as provided
11 by a law enacted by the governing body of the political subdivision; and

12 (ii) sell, redeem, or exchange an investment or reinvestment made
13 under this item; and

14 (2) shall comply with fiduciary standards that at least meet the standards
15 in Title 21, Subtitle 2 of the State Personnel and Pensions Article in connection with money
16 in their custody or control.

17 (c) (1) Notwithstanding any other law, a political subdivision of the State or a
18 unit of a political subdivision of the State may enter into an agreement with a third party
19 contractor or vendor for the management or investment of money intended for other
20 postemployment benefits.

21 (2) An agreement entered into under this subsection includes the authority
22 to:

23 (i) create pooled investments under the stewardship of:

24 1. a political subdivision of the State or a unit of a political
25 subdivision of the State; or

26 2. a separate body under an agreement with a political
27 subdivision of the State;

28 (ii) create one or more accounts to be managed in coordination with
29 other funds or investments by a third party under an agreement with a political subdivision
30 of the State; and

1 (iii) create distinct funding accounts for payment on behalf of
2 employees of a unit of a political subdivision of the State under an agreement with the
3 political subdivision.

4 (D) (1) NOTWITHSTANDING ANY OTHER LAW, A POLITICAL SUBDIVISION
5 OF THE STATE OR A UNIT OF A POLITICAL SUBDIVISION OF THE STATE MAY ENTER
6 INTO AN AGREEMENT WITH A THIRD PARTY CONTRACTOR OR VENDOR FOR THE
7 MANAGEMENT OR INVESTMENT OF MONEY IN A FACILITY CLOSURE RESERVE FUND.

8 (2) AN AGREEMENT ENTERED INTO UNDER THIS SUBSECTION
9 INCLUDES THE AUTHORITY TO:

10 (I) CREATE POOLED INVESTMENTS UNDER THE STEWARDSHIP
11 OF:

12 1. A POLITICAL SUBDIVISION OF THE STATE OR A UNIT
13 OF A POLITICAL SUBDIVISION OF THE STATE; OR

14 2. A SEPARATE BODY UNDER AN AGREEMENT WITH A
15 POLITICAL SUBDIVISION OF THE STATE; AND

16 (II) CREATE ONE OR MORE ACCOUNTS TO BE MANAGED IN
17 COORDINATION WITH OTHER FUNDS OR INVESTMENTS BY A THIRD PARTY UNDER AN
18 AGREEMENT WITH A POLITICAL SUBDIVISION OF THE STATE.

19 17–201.

20 (a) In this subtitle the following words have the meanings indicated.

21 (b) “Financial officer” means the treasurer or other financial officer of a
22 governmental entity who is responsible for the investment of public funds or the issuance
23 and management of debt of the governmental entity.

24 (c) “Governing authority” means:

25 (1) for Baltimore City, the Baltimore City Board of Estimates;

26 (2) for a commission county, the county commissioners;

27 (3) for a charter county, as provided by local law, the county council or the
28 county executive and the county council;

29 (4) for a code county, the county commissioners;

30 (5) for a community college, the board of trustees;

1 (6) for a municipality, the body provided by the municipal charter;

2 (7) for the Washington Suburban Sanitary Commission, the Commission;

3 (8) for a public corporation, the board of directors; and

4 (9) for an authority, the board of the authority.

5 (d) (1) Except as provided in paragraph (2) of this subsection, “public money”
6 means any money held by a governmental entity.

7 (2) “Public money” does not include money held as part of a pension fund,
8 a fund for other postemployment benefits, as defined in § 17–102(a) of this title, [or] a trust
9 fund account, **OR A FACILITY CLOSURE RESERVE FUND** or for self–insurance purposes.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.