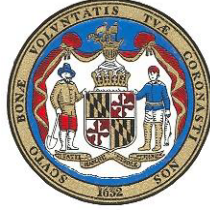


SB 777 - STO Testimony.pdf

Uploaded by: Dereck Davis

Position: FAV



MARYLAND STATE TREASURER
Dereck E. Davis

Testimony of the Maryland State Treasurer's Office

Senate Bill 777: State Treasurer - Membership Responsibilities

Position: Favorable

Senate Budget and Taxation Committee

February 14, 2024

Senate Bill 777 recognizes a reality that the State Treasurer's Office (STO) has faced in recent years – constrained resources. In addition to fulfilling various Constitutional and statutory responsibilities related to banking, debt management, and insurance, the Treasurer serves on 23 State boards and commissions. This session, the General Assembly is considering legislation to add the Treasurer to several additional entities. As an agency, STO is undertaking various modernization efforts to improve operations. For the reasons discussed below, STO respectfully requests a favorable report on Senate Bill 777, which will remove obligations related to four boards.

Expanding Portfolio

[Chapter 113](#) of the Acts of 2023 abolished the Maryland 529 Board, transferring the Maryland 529 Program under STO. That transfer, coupled with the staff resources that STO is dedicating to integrating the agency and addressing the Program's issues, significantly added to STO's workload. While STO has resolved many of the initial operational challenges, the Treasurer remains the sole Trustee under the three active savings plans, requiring much more time than STO had previously dedicated to supporting the Treasurer as a member of the Maryland 529 Board.

Limited Staff Resources

Only a handful of STO employees have the experience and capacity to serve as designees for the Treasurer. Meeting obligations vary from bimonthly to periodically every few years

(see “State Treasurer’s Board Responsibilities” chart below). Aside from official meetings, several of the boards require STO to expend a substantial amount of staff resources in between meetings to coordinate briefings with other agencies and public officials, collect background information, and prepare for votes and discussion. The Treasurer’s two most time-consuming board responsibilities are the Board of Trustees of the Maryland State Retirement and Pension System, for which the Treasurer serves as Chair, and the Board of Public Works.

For illustrative purposes, one employee serves as the Treasurer’s Liaison to the Board of Public Works – itself a full-time job and one that is shared by multiple staff in one of the other member’s offices. In addition to BPW-related responsibilities, the staff person serves as the Treasurer’s designee for the Board of Directors for the Maryland Environmental Service (MES Board), the Board of Trustees for the Maryland Agricultural Land Preservation Foundation (MALPF Board), and one other board that is not affected by the bill. STO estimates that, in terms of meetings and preparation, the staff person dedicates approximately 7 hours per month to the MES Board and 11 hours per month to MALPF Board. This is in addition to the time that the Treasurer spends attending the meetings or receiving updates from the staff person. Removal of the Treasurer and his designee from these two boards will allow this staff person to dedicate approximately two and a half days of working time each month to other responsibilities.

Nexus to STO’s Core Responsibilities

This interim, STO undertook a review of the Treasurer’s board commitments to identify those that reflected the weakest nexus to the Office’s core responsibilities. After much consideration, STO determined that the four boards included in Senate Bill 777 had the least strong connection to the Office’s other work. Removing obligations related to the Maryland Commission on Climate Change, the MES Board, the Coast Smart Council, and the MALPF Board will allow the Treasurer and staff to focus on other mission-critical responsibilities. Passage of Senate Bill 777 will also help to offset the new responsibilities that the Treasurer and STO gained with the Maryland 529 transfer.

Related Legislation

STO notes for the Committee’s consideration that separate legislation makes changes to two of the boards referenced in Senate Bill 777. [Senate Bill 293](#), assigned to the Senate Education, Energy, and the Environment Committee (Senate EEE Committee), alters the quorum requirement for the MES Board, among other changes. In turn, [Senate Bill 337](#) alters the membership of the Maryland Commission on Climate Change. As passed by the Senate EEE Committee, the bill adds two members to the Commission. STO would be happy to facilitate discussions between this Committee and the Senate EEE Committee or assist in any other way to ensure conformity across the bills.

For the foregoing reasons, STO requests that the Committee give Senate Bill 777 a favorable report. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.

State Treasurer’s Board Responsibilities

Board of Public Works	Bi-monthly
Capital Debt Affordability Committee	October (3 meetings)
Commission on State Debt	April
Board of Trustees of the Maryland State Retirement and Pension Systems	Monthly
Board of Revenue Estimates	March, September, December
Maryland Environmental Services Board	Monthly
Maryland Supplemental Retirement Board	Monthly
Maryland Small Business Retirement Savings Board	Quarterly
Maryland Health and Higher Education Facilities Authority	Monthly
Maryland Commission on Climate Change	Quarterly
Maryland Coast Smart Council	Quarterly
Maryland Agricultural Land Preservation Foundation Board	Monthly
Maryland Green Purchasing Committee	Quarterly
Maryland Efficient Grant Application Council	Quarterly
Financial Education and Capability Commission	Required to meet at least twice yearly
Procurement Improvement Council	Quarterly
IWIF Board	Quarterly
eMaryland Marketplace Advantage Steering Committee	As needed
Revenue Bond Advisory Board (DHCD)	Monthly
Revenue Monitoring Committee	Monthly
Hall of Records Commission	Semi-annually
Board of State Canvassers	Periodically during election years (After a presidential primary election, a State general election, or a general or special general election that includes a candidate for Congress)
Governor’s Salary Commission	Periodically every four years

SB 777 MES Letter of Info.pdf

Uploaded by: Jeff Tosi

Position: INFO



Wes Moore GOVERNOR

Aruna Miller LT. GOVERNOR

Charles Glass, Ph.D., P.E. EXECUTIVE DIRECTOR

February 14, 2024

The Honorable Guy Guzzone, Chair
Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Re: Senate Bill 777 - State Treasurer - Membership Responsibilities

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee,

The Maryland Environmental Service (MES) takes no position on Senate Bill 777, but would like to offer the following comments for the Committee's consideration.

MES – an independent, non-budgeted unit of state government – is governed by an eight-member (seven voting) Board of Directors, of which the State Treasurer is currently a voting member. The other Board Members include three private sector members and three public sector members, all of whom are appointed by the Governor and confirmed by the Senate. The MES Executive Director is a non-voting member.

MES currently has a departmental bill (Senate Bill 293 and House Bill 78). SB 293 was assigned to the Senate Committee on Education, Energy and the Environment while HB 78 was jointly assigned to the House Appropriations and House Environment and Transportation Committees.

MES's departmental bill does not contemplate removing the State Treasurer from the MES Board of Directors, but it does propose to lower the threshold for a quorum down to four (currently five) Board Members. It does not change the minimum vote threshold required for approving actions by the Board (currently five votes).

In addition, the issue of MES's departmental bill and the Treasurer's bill was discussed at the most recent meeting of the MES Board of Directors (January 25, 2024). At that meeting, the Board voted to support the MES departmental bill and to keep the vote threshold at five, **if the Board of Directors remains at seven voting members.**

However, should the legislature decide that removing the State Treasurer from the MES Board of Directors is an appropriate course of action, thereby reducing the MES Board to six voting members, the Board of Directors supports moving both the quorum and vote thresholds down to four.

MES has been in communication with the Treasurer's office about these issues and will continue to coordinate our respective bills.

We thank you for taking these comments into consideration. If you have any questions about this or about MES's departmental bill, please do not hesitate to reach out.

Contact: Jeff Tosi, Director of Government Affairs
Phone/Email: 410-729-8504 (w) | jtosi@menv.com