

CF 7r1826

By: Delegate Heller (Co-Chairman, Joint Committee on the Management of Public Funds)

Introduced and read first time: January 29, 1997

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 State Treasurer - Investment of Public Funds - Money Market Mutual Funds

3 FOR the purpose of modifying a provision pertaining to the authority of the State
4 Treasurer to invest or reinvest certain money in qualifying money market mutual
5 funds by eliminating a statutory requirement that an eligible money market mutual
6 fund must have received a specified rating.

7 BY repealing and reenacting, with amendments,
8 Article - State Finance and Procurement
9 Section 6-222(a)
10 Annotated Code of Maryland
11 (1995 Replacement Volume and 1996 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 Article - State Finance and Procurement

15 6-222.

16 (a) The Treasurer may invest or reinvest unexpended or surplus money over
17 which the Treasurer has custody in:

18 (1) an obligation for which the United States has pledged its faith and credit
19 for the payment of the principal and interest;

20 (2) an obligation that a federal agency or a federal instrumentality has
21 issued in accordance with an act of Congress;

22 (3) a repurchase agreement collateralized in an amount not less than 102%
23 of the principal amount by an obligation of the United States, its agencies or
24 instrumentalities, provided the collateral is held by a custodian other than the seller
25 designated by the buyer;

26 (4) bankers' acceptances guaranteed by a financial institution with a
27 short-term debt rating in the highest letter and numerical rating by at least one nationally
28 recognized statistical rating organization as designated by either the United States
29 Securities and Exchange Commission or the Treasurer;

1 (5) with respect to amounts treated by the Internal Revenue Service as bond
2 sale proceeds only, bonds, notes, or other obligations of investment grade in the highest
3 quality letter and numerical rating by at least one nationally recognized statistical rating
4 organization as designated by the United States Securities and Exchange Commission
5 issued by or on behalf of this or any other state or any agency, department, county,
6 municipal or public corporation, special district, authority, or political subdivision
7 thereof, or in any fund or trust that invests only in securities of the type described in this
8 paragraph;

9 (6) commercial paper that has received the highest letter and numerical
10 rating by at least one nationally recognized statistical rating organization as designated by
11 the United States Securities and Exchange Commission, provided that such commercial
12 paper may not exceed 5% of the total investments made by the Treasurer under this
13 subsection;

14 (7) money market mutual funds registered with the Securities and Exchange
15 Commission under the Investment Company Act of 1940, 15 U.S.C. § 80(a), as amended,
16 and operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17
17 C.F.R. § 270.2A-7, as amended[, and that have received the highest possible rating from
18 at least one nationally recognized statistical rating organization as designated by the
19 United States Securities and Exchange Commission]; and

20 (8) any investment portfolio created under the Maryland Local Government
21 investment pool defined under Article 95, § 22G of the Code that is administered by the
22 Office of the State Treasurer.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 1997.