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

Introduced and read first time: January 29, 1997

Assigned to: Appropriations

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Committee Report: Favorable

House action: Adopted

Read second time: March 20, 1997

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CHAPTER \_\_\_\_

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;

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

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

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

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

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

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

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