

CF 7r0116

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

Introduced and read first time: January 29, 1997

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 1997

CHAPTER _____

1 AN ACT concerning

2 **Local Government Investment Authority**

3 FOR the purpose of modifying provisions governing the deposit and investment of money
 4 by local governments, county boards of education, special districts, and other
 5 political subdivisions and bodies politic of the State; clarifying the authority of an
 6 authorized acknowledged agent to act on a governmental unit's behalf; providing
 7 that certain financial institutions used be federally insured; clarifying provisions
 8 relating to collateral; repealing various provisions relating to the investment
 9 authority of particular political subdivisions and special districts and relating to
 10 particular types of investments; removing the Washington Suburban Transit
 11 Commission from provisions concerning local government investment guidelines;
 12 modifying a certain reporting requirement; establishing the Montgomery County
 13 Investment Pool; providing for the administration and management of the Pool and
 14 restricting participation to entities participating in the Pool as of a specified date;
 15 making stylistic and technical modifications; repealing obsolete or unnecessary
 16 language; and generally relating to the investment authority of general purpose and
 17 special purpose local governmental entities in the State.

18 BY repealing

19 Article 95 - Treasurer

20 Section 22A through 22E, inclusive, and 22-I through ~~22N~~ 22L, inclusive

21 Annotated Code of Maryland

22 (1995 Replacement Volume and 1996 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article 95 - Treasurer

25 Section 22 and 22F(a)(2), (4), and (6) and (e)

2

1 Annotated Code of Maryland
2 (1995 Replacement Volume and 1996 Supplement)

3 BY adding to

4 Article 95 - Treasurer
5 Section 22H
6 Annotated Code of Maryland
7 (1995 Replacement Volume and 1996 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
9 MARYLAND, That Section(s) 22A through 22E, inclusive, and 22-I through ~~22N~~ 22L,
10 inclusive, of Article 95 - Treasurer of the Annotated Code of Maryland be repealed.

11 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
12 read as follows:

13 **Article 95 - Treasurer**

14 22.

15 (a) Except as provided in subsection [(c)] (B) of this section, and subject to § 22F
16 of this article, and notwithstanding any provision of a local law or ordinance, the [county
17 commissioners] GOVERNING BODY of each county [of the State,] and [the chief fiscal
18 or administrative officer or officers or governing body of each municipality, town, body
19 politic, public body corporate, school,] MUNICIPAL CORPORATION, EACH COUNTY
20 BOARD OF EDUCATION, AND THE GOVERNING BODY OF EACH road, drainage,
21 improvement, construction or soil conservation district or commission in the State,
22 [including, by way of enumeration and not in limitation,] the Upper Potomac River
23 Commission, and [county school boards and] ANY other political [subdivisions and
24 bodies] SUBDIVISION OR BODY politic of the State [and any agency of any political
25 subdivision of the State are hereby severally directed, authorized and empowered to], OR
26 THEIR AUTHORIZED ACKNOWLEDGED AGENT, ~~SHALL ARE DIRECTED,~~
27 AUTHORIZED, AND EMPOWERED TO invest, redeem, sell, exchange and reinvest all
28 unexpended or surplus [moneys] MONEY in any fund or account of which they have
29 custody or control in obligations or repurchase agreements in accordance with § 6-222 of
30 the State Finance and Procurement Article, or [to] deposit [said moneys]
31 UNEXPENDED OR SURPLUS MONEY in any FEDERALLY INSURED bank [or banks] in
32 the State of Maryland or in any FEDERALLY INSURED savings and loan association IN
33 THE STATE OF MARYLAND [or savings and loan associations or in any building and loan
34 association or building and loan associations] in interest-bearing time deposit [and/or]
35 OR savings accounts, or in the local government investment pool created in this article.
36 [In Prince George's County the Chief Fiscal Officer is hereby authorized and empowered
37 to invest, redeem, sell, exchange, and reinvest unexpended or surplus moneys in any fund
38 or account of which he has custody or control, in addition to all those items previously
39 listed herein, and with the approval of the county council, in any enterprise fund operated
40 by and for the benefit of Prince George's County and its residents. Such deposits]
41 DEPOSITS in banks or in savings and loan associations [or building and loan
42 associations] shall only be made if the bank or savings and loan [associations or building
43 and loan associations] has deposited a like amount of bonds in escrow, as now prescribed
44 by law, covering bank deposits, savings and loan deposits, building and loan deposits, or if

3

1 the bank, savings and loan association or building and loan] association has given as
 2 security for these deposits any of the types of collateral set forth in § 6-202 of the State
 3 Finance and Procurement Article. The interest or income from any such investment or
 4 deposit shall [be and] become a part of the fund from which the investment or deposit
 5 was made and may itself be so invested or deposited[, provided, however, that where]. IF
 6 the fund so invested[,] or deposited constitutes the proceeds of the issue of bonds or
 7 other obligations, the principal of [and/or] OR interest on which the issuer is obligated to
 8 repay to the holders thereof, the interest or income from [such] THE investments may be
 9 used to pay the principal [and/or] OR interest [on the same] by the issuer. Investments
 10 or deposits made pursuant to this section may be withdrawn or altered from time to time
 11 by the investing or depositing officer or governing body either to meet the requirements
 12 for which such funds are held or for reinvestment pursuant to [the terms hereof] THIS
 13 SUBSECTION.

14 (b) [All such investments made prior to March 2, 1943, are hereby legalized,
 15 validated, ratified and confirmed, notwithstanding the absence of statutory authority
 16 therefor or any inconsistent provision of law.

17 (c) The trustees or other officers in charge of any pension or retirement system or
 18 fund of any political subdivision of the State or any agency or department of the political
 19 subdivision may invest, redeem, sell, exchange, and reinvest moneys under their custody
 20 or control as provided by law by the governing body of the political subdivision and shall
 21 comply with fiduciary standards that at least meet the standards set forth in Title 21,
 22 Subtitle 2 of the State Personnel and Pensions Article in connection with funds under
 23 their custody or control.

24 22F.

25 (a) (2) "Chief executive" means:

26 (i) For Baltimore City, the Mayor;

27 (ii) For a nonhome rule county, the chairman or president of the board
 28 of county commissioners;

29 (iii) For a charter county, the elected county executive or, if the county
 30 does not have an elected executive, the chairman or president of the county council;

31 (iv) For a code home rule county, the chairman or president of the
 32 board of county commissioners;

33 (v) For a community college, a designee of the board of trustees;

34 (vi) For a municipal corporation, the mayor or, if the municipal
 35 corporation does not have a mayor, the chairman or president of the municipal governing
 36 body; AND

37 (vii) For the Washington Suburban Sanitary Commission, the Chairman
 38 of the Commission[; and

39 (viii) For the Washington Suburban Transit Commission, the Chairman
 40 of the Commission].

4

1 (4) "Governing body" means:

2 (i) For Baltimore City, the Mayor and City Council of Baltimore;

3 (ii) For a nonhome rule county, the county commissioners;

4 (iii) For a charter county, as provided by local law, the county council
5 or the county executive and the county council;

6 (iv) For a code county, the county commissioners;

7 (v) For a community college, the board of trustees;

8 (vi) For a municipal corporation, the body provided by the municipal
9 charter; AND

10 (vii) For the Washington Suburban Sanitary Commission, the
11 Commission[]; and

12 (viii) For the Washington Suburban Transit Commission, the
13 Commission].

14 (6) "Local government unit" means:

15 (i) Baltimore City;

16 (ii) A community college;

17 (iii) A county;

18 (iv) A municipal corporation; OR

19 (v) The Washington Suburban Sanitary Commission[]; or

20 (vi) The Washington Suburban Transit Commission].

21 (e) (1) This subsection only applies to a local government unit whose total
22 annual [budget exceeds] EXPENDITURES FOR TOTAL OPERATIONS, AS REPORTED IN
23 THE MOST RECENT PUBLICATION BY THE DEPARTMENT OF FISCAL SERVICES
24 ENTITLED "LOCAL GOVERNMENT FINANCES IN MARYLAND", EXCEED \$1,000,000.

25 (2) (i) On or before January 15 and July 15 of each year, beginning
26 October 1995 and continuing through October 1999, the investment manager shall
27 complete the form adopted by the State Treasurer to report all investments of the local
28 government unit on the close of the final day of the immediately preceding half of the
29 fiscal year.

30 (ii) The investment manager shall certify the accuracy of the form and
31 that the investments reported on the form are in compliance with the local investment
32 policy and promptly submit the form to the chief executive.

33 (3) (i) On or before January 30 and July 30 of each year, beginning
34 October 1995 and continuing through October 1999, the chief executive shall review the
35 form received from the investment manager.

5

1 (ii) The chief executive shall certify the date on which the form was
2 received and that the chief executive has reviewed the form to verify that the information
3 complies with the local investment policy and promptly mail a copy of the completed
4 certified form to the State Treasurer.

5 (4) The State Treasurer shall review the forms to verify that the chief
6 executive, a governing body, or an independent auditor engaged by the chief executive or
7 a governing body has certified their compliance with this section and the local government
8 investment guidelines.

9 22H.

10 (A) THERE IS A MONTGOMERY COUNTY INVESTMENT POOL THAT CONSISTS
11 OF MONEY OF MONTGOMERY COUNTY, OTHER LOCAL GOVERNMENTS, AND PUBLIC
12 AND NONPROFIT ENTITIES THAT HAVE PLACED MONEY IN THE POOL FOR
13 INVESTMENT PURPOSES.

14 (B) THE MONTGOMERY COUNTY INVESTMENT POOL:

15 (1) SHALL BE ADMINISTERED BY THE MONTGOMERY COUNTY
16 DIRECTOR OF FINANCE; AND

17 (2) SHALL BE MANAGED IN ACCORDANCE WITH THE INVESTMENT
18 POLICY ADOPTED BY MONTGOMERY COUNTY UNDER § 22F OF THIS ARTICLE.

19 (C) THE MONTGOMERY COUNTY INVESTMENT POOL MAY NOT ACCEPT
20 FUNDS FROM ANY ENTITY THAT IS NOT PARTICIPATING IN THE POOL ON JULY 1,
21 1996.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 1997.