
By: Delegates Marriott, Fulton, Grosfeld, R. Baker, and Crumlin

Introduced and read first time: February 5, 1997

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Pensions - Economically Targeted Investments**

3 FOR the purpose of requiring the Board of Trustees for the Maryland State Retirement
4 and Pension System to set certain investment goals relating to economically targeted
5 investments to fill certain community development needs and other market related
6 objectives; requiring the Board of Trustees to maintain a certain database and to
7 submit a certain annual report to the General Assembly; establishing a Commission
8 on Economically Targeted Investments; providing for the status, composition, and
9 certain procedures of the Commission and the terms of its members; specifying the
10 duties of the Commission; defining certain terms; and generally relating to the
11 establishment of a program of economically targeted investments for funds invested
12 by the Board of Trustees for the Maryland State Retirement and Pension System.

13 BY adding to

14 Article - State Personnel and Pensions
15 Section 21-701 through 21-704, inclusive, to be under the new subtitle "Subtitle 7.
16 Economically Targeted Investments"
17 Annotated Code of Maryland
18 (1994 Volume and 1996 Supplement)

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

21 **Article - State Personnel and Pensions**

22 SUBTITLE 7. ECONOMICALLY TARGETED INVESTMENTS.

23 21-701.

24 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
25 INDICATED.

26 (B) "COMMISSION" MEANS THE COMMISSION ON ECONOMICALLY TARGETED
27 INVESTMENTS.

28 (C) "COMMUNITY DEVELOPMENT" MEANS CREATION OF JOBS, AND
29 EXPANSION OF SMALL BUSINESSES, AFFORDABLE HOUSING, HUMAN SERVICES, AND
30 EDUCATIONAL OPPORTUNITY IN THE STATE.

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1 (D) "ECONOMICALLY TARGETED INVESTMENT" MEANS AN INVESTMENT
2 THAT:

3 (1) FILLS A COMMUNITY DEVELOPMENT NEED THAT OTHER
4 INVESTORS HAVE NOT MET; AND

5 (2) (I) PRESENTS AN OPPORTUNITY TO DIVERSIFY A MARKET RATE
6 PORTFOLIO; OR

7 (II) PROVIDES A MARKET RATE OF RETURN WITH A GOVERNMENT
8 RISK MANAGEMENT OR SUBSIDY PROGRAM.

9 21-702.

10 THE BOARD OF TRUSTEES SHALL:

11 (1) SET AS AN INVESTMENT GOAL FOR THE FUNDS OF THE SEVERAL
12 SYSTEMS THE DEVELOPMENT OF ECONOMICALLY TARGETED INVESTMENTS OF
13 BETWEEN 5% AND 10% OF THE TOTAL INVESTMENT OF THE FUNDS;

14 (2) MAINTAIN A DATABASE FOR EVALUATING THE RISK AND RETURN
15 OF ECONOMICALLY TARGETED INVESTMENTS THAT THE BOARD OF TRUSTEES
16 MAKES; AND

17 (3) ON OR BEFORE OCTOBER 1 OF EACH YEAR, SUBJECT TO § 2-1312 OF
18 THE STATE GOVERNMENT ARTICLE, SUBMIT A REPORT TO THE GENERAL ASSEMBLY
19 CONCERNING:

20 (I) THE LEVEL OF ECONOMICALLY TARGETED INVESTMENT
21 ACTIVITY OF THE BOARD; AND

22 (II) THE RISK AND RETURN OF ECONOMICALLY TARGETED
23 INVESTMENTS WITHIN CATEGORIES THAT REFLECT COMMUNITY DEVELOPMENT
24 PRIORITIES.

25 21-703.

26 (A) (1) THERE IS A COMMISSION ON ECONOMICALLY TARGETED
27 INVESTMENTS.

28 (2) THE COMMISSION IS AN INDEPENDENT UNIT IN THE EXECUTIVE
29 BRANCH OF THE STATE GOVERNMENT.

30 (B) THE COMMISSION CONSISTS OF:

31 (1) ONE REPRESENTATIVE OF THE INVESTMENT COMMITTEE OF THE
32 BOARD OF TRUSTEES, APPOINTED BY THE GOVERNOR;

33 (2) THE CHIEF INVESTMENT OFFICER OF THE INVESTMENT DIVISION OF
34 THE STATE RETIREMENT AGENCY;

35 (3) ONE REPRESENTATIVE OF THE HOUSE OF DELEGATES, APPOINTED
36 BY THE SPEAKER OF THE HOUSE;

3

1 (4) ONE REPRESENTATIVE OF THE SENATE OF MARYLAND, APPOINTED
2 BY THE PRESIDENT OF THE SENATE;

3 (5) ONE REPRESENTATIVE FROM ANY OF THE SEVERAL SYSTEMS WHO
4 IS NOT A MEMBER OF THE BOARD OF TRUSTEES, APPOINTED BY THE GOVERNOR;

5 (6) ONE REPRESENTATIVE OF LOCAL GOVERNMENTS THAT
6 PARTICIPATE IN THE EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES'
7 PENSION SYSTEM WHO IS NOT A MEMBER OF THE BOARD OF TRUSTEES, APPOINTED
8 BY THE GOVERNOR; AND

9 (7) ONE REPRESENTATIVE OF THE GENERAL PUBLIC WHO HAS
10 BACKGROUND AND EXPERIENCE IN THE MANAGEMENT AND CONTROL OF LARGE
11 INVESTMENTS, APPOINTED BY THE GOVERNOR.

12 (C) THE COMMISSION SHALL:

13 (1) ELECT A CHAIRMAN FROM AMONG THE MEMBERS OF THE
14 COMMISSION; AND

15 (2) DETERMINE THE TIMES AND PLACES OF THE MEETINGS OF THE
16 COMMISSION.

17 (D) A QUORUM OF THE COMMISSION IS FOUR MEMBERS.

18 (E) (1) MEMBERS APPOINTED BY THE GOVERNOR UNDER SUBSECTION (B)(5)
19 THROUGH (7) OF THIS SECTION SERVE STAGGERED TERMS OF 4 YEARS, AS
20 REQUIRED BY THE TERMS IN EFFECT FOR MEMBERS ON OCTOBER 1, 1997.

21 (2) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A
22 SUCCESSOR IS APPOINTED AND, IN THE CASE OF A MEMBER APPOINTED BY THE
23 GOVERNOR FROM THE GENERAL PUBLIC, QUALIFIES.

24 (F) A MEMBER OF THE COMMISSION:

25 (1) MAY NOT RECEIVE COMPENSATION FOR DUTIES PERFORMED AS A
26 MEMBER OF THE COMMISSION; BUT

27 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
28 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

29 (G) THE COMMISSION SHALL UTILIZE EXISTING OFFICE SPACE AND
30 EQUIPMENT IN THE STATE GOVERNMENT.

31 21-704.

32 THE COMMISSION SHALL:

33 (1) STUDY THE FEASIBILITY OF AND MECHANISMS FOR:

34 (I) CHANGING THE INVESTMENT AND OTHER PUBLIC POLICIES OF
35 THE STATE TO ENABLE THE FUNDS OF THE SEVERAL SYSTEMS TO BE USED TO
36 EXPAND ECONOMICALLY TARGETED INVESTMENTS IN A WAY THAT IS
37 COST-BENEFICIAL TO THE CITIZENS OF THE STATE;

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1 (II) CREATING OR SUPPORTING INTERMEDIARIES THAT ENABLE
2 THE FUNDS OF THE SEVERAL SYSTEMS TO BE INVESTED IN ECONOMICALLY
3 TARGETED INVESTMENTS;

4 (III) CREATING OR SUPPORTING RISK MANAGEMENT PROGRAMS
5 THAT ENABLE THE FUNDS OF THE SEVERAL SYSTEMS TO MAINTAIN MARKET RATE
6 RETURNS ON ECONOMICALLY TARGETED INVESTMENTS;

7 (IV) COORDINATING ECONOMICALLY TARGETED INVESTMENTS
8 WITH HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS THAT THE
9 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT ADMINISTERS;

10 (V) REWARDING MANAGERS OF THE FUNDS OF THE SEVERAL
11 SYSTEMS FOR ANNUAL GROWTH IN ECONOMICALLY TARGETED INVESTMENTS
12 THAT EXCEED THE AVERAGE RETURN OF OTHER INVESTMENTS OF THE FUNDS OF
13 THE SEVERAL SYSTEMS;

14 (VI) REIMBURSING THE FUNDS OF THE SEVERAL SYSTEMS FOR
15 ANY COSTS OF COMPLYING WITH THIS SUBTITLE;

16 (VII) CLARIFYING FURTHER:

17 1. THE DEFINITION OF WHAT CONSTITUTES AN
18 ECONOMICALLY TARGETED INVESTMENT UNDER § 21-701 OF THIS SUBTITLE; AND

19 2. THE NATURE AND SCOPE OF THE REPORTING
20 OBLIGATIONS OF THE BOARD OF TRUSTEES UNDER § 21-702(3) OF THIS SUBTITLE;
21 AND

22 (VIII) ANY OTHER MATTER RELATING TO THE ECONOMICALLY
23 TARGETED INVESTMENT PROGRAM ESTABLISHED BY THIS SUBTITLE; AND

24 (2) ON OR BEFORE OCTOBER 1 OF EACH YEAR, SUBJECT TO § 2-1312 OF
25 THE STATE GOVERNMENT ARTICLE, SUBMIT A REPORT TO THE GENERAL ASSEMBLY
26 CONCERNING THE STUDY AND RECOMMENDATIONS OF THE COMMISSION.

27 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the members
28 of the Commission on Economically Targeted Investments that the Governor appoints
29 under § 21-703(b)(5) through (7) of the State Personnel and Pensions Article, as
30 enacted by Section 1 of this Act, are as follows:

31 (1) one member shall serve a term of 4 years;

32 (2) one member shall serve a term of 3 years; and

33 (3) one member shall serve a term of 2 years.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 1997.