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

Requested: July 10, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

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, 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)  
26 Annotated Code of Maryland  
27 (1995 Replacement Volume and 1996 Supplement)

28 BY adding to

29 Article 95 - Treasurer  
30 Section 22H

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

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5 inclusive, of Article 95 - Treasurer of the Annotated Code of Maryland be repealed.

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

8 **Article 95 - Treasurer**

9 22.

10 (a) Except as provided in subsection [(c)] (B) of this section, and subject to § 22F  
11 of this article, and notwithstanding any provision of a local law or ordinance, the [county  
12 commissioners] GOVERNING BODY of each county [of the State,] and [the chief fiscal  
13 or administrative officer or officers or governing body of each municipality, town, body  
14 politic, public body corporate, school,] MUNICIPAL CORPORATION, EACH COUNTY  
15 BOARD OF EDUCATION, AND THE GOVERNING BODY OF EACH road, drainage,  
16 improvement, construction or soil conservation district or commission in the State,  
17 [including, by way of enumeration and not in limitation,] the Upper Potomac River  
18 Commission, and [county school boards and] ANY other political [subdivisions and  
19 bodies] SUBDIVISION OR BODY politic of the State [and any agency of any political  
20 subdivision of the State are hereby severally directed, authorized and empowered to], OR  
21 THEIR AUTHORIZED ACKNOWLEDGED AGENT, SHALL invest, redeem, sell, exchange  
22 and reinvest all unexpended or surplus [moneys] MONEY in any fund or account of  
23 which they have custody or control in obligations or repurchase agreements in accordance  
24 with § 6-222 of the State Finance and Procurement Article, or [to] deposit [said  
25 moneys] UNEXPENDED OR SURPLUS MONEY in any FEDERALLY INSURED bank [or  
26 banks] in the State of Maryland or in any FEDERALLY INSURED savings and loan  
27 association [or savings and loan associations or in any building and loan association or  
28 building and loan associations] in interest-bearing time deposit [and/or] OR savings  
29 accounts, or in the local government investment pool created in this article. [In Prince  
30 George's County the Chief Fiscal Officer is hereby authorized and empowered to invest,  
31 redeem, sell, exchange, and reinvest unexpended or surplus moneys in any fund or  
32 account of which he has custody or control, in addition to all those items previously listed  
33 herein, and with the approval of the county council, in any enterprise fund operated by  
34 and for the benefit of Prince George's County and its residents. Such deposits] DEPOSITS  
35 in banks or in savings and loan associations [or building and loan associations] shall only  
36 be made if the bank or savings and loan [associations or building and loan associations  
37 has deposited a like amount of bonds in escrow, as now prescribed by law, covering bank  
38 deposits, savings and loan deposits, building and loan deposits, or if the bank, savings and  
39 loan association or building and loan] association has given as security for these deposits  
40 any of the types of collateral set forth in § 6-202 of the State Finance and Procurement  
41 Article. The interest or income from any such investment or deposit shall [be and]  
42 become a part of the fund from which the investment or deposit was made and may itself  
43 be so invested or deposited[, provided, however, that where]. IF the fund so invested[,]  
44 or deposited constitutes the proceeds of the issue of bonds or other obligations, the  
45 principal of [and/or] OR interest on which the issuer is obligated to repay to the holders

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1 thereof, the interest or income from [such] THE investments may be used to pay the  
2 principal [and/or] OR interest [on the same] by the issuer. Investments or deposits  
3 made pursuant to this section may be withdrawn or altered from time to time by the  
4 investing or depositing officer or governing body either to meet the requirements for  
5 which such funds are held or for reinvestment pursuant to [the terms hereof] THIS  
6 SUBSECTION.

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

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

17 22F.

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

19 (i) For Baltimore City, the Mayor;

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

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

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

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

27 (vi) For a municipal corporation, the mayor or, if the municipal  
28 corporation does not have a mayor, the chairman or president of the municipal governing  
29 body; AND

30 (vii) For the Washington Suburban Sanitary Commission, the Chairman  
31 of the Commission[; and

32 (viii) For the Washington Suburban Transit Commission, the Chairman  
33 of the Commission].

34 (4) "Governing body" means:

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

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

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

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- 1 (iv) For a code county, the county commissioners;
- 2 (v) For a community college, the board of trustees;
- 3 (vi) For a municipal corporation, the body provided by the municipal
- 4 charter; AND
- 5 (vii) For the Washington Suburban Sanitary Commission, the
- 6 Commission[; and
- 7 (viii) For the Washington Suburban Transit Commission, the
- 8 Commission].

9 (6) "Local government unit" means:

- 10 (i) Baltimore City;
- 11 (ii) A community college;
- 12 (iii) A county;
- 13 (iv) A municipal corporation; OR
- 14 (v) The Washington Suburban Sanitary Commission[; or
- 15 (vi) The Washington Suburban Transit Commission].

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

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

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

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

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

35 (4) The State Treasurer shall review the forms to verify that the chief  
36 executive, a governing body, or an independent auditor engaged by the chief executive or

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1 a governing body has certified their compliance with this section and the local government  
2 investment guidelines.

3 22H.

4 (A) THERE IS A MONTGOMERY COUNTY INVESTMENT POOL THAT CONSISTS  
5 OF MONEY OF MONTGOMERY COUNTY, OTHER LOCAL GOVERNMENTS, AND PUBLIC  
6 AND NONPROFIT ENTITIES THAT HAVE PLACED MONEY IN THE POOL FOR  
7 INVESTMENT PURPOSES.

8 (B) THE MONTGOMERY COUNTY INVESTMENT POOL:

9 (1) SHALL BE ADMINISTERED BY THE MONTGOMERY COUNTY  
10 DIRECTOR OF FINANCE; AND

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

13 (C) THE MONTGOMERY COUNTY INVESTMENT POOL MAY NOT ACCEPT  
14 FUNDS FROM ANY ENTITY THAT IS NOT PARTICIPATING IN THE POOL ON JULY 1,  
15 1996.

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