

(PRE-FILED)

CF 7r0117

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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 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

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1 Section 22 and 22F(a)(2), (4), and (6) and (e)
2 Annotated Code of Maryland
3 (1995 Replacement Volume and 1996 Supplement)

4 BY adding to

5 Article 95 - Treasurer
6 Section 22H
7 Annotated Code of Maryland
8 (1995 Replacement Volume and 1996 Supplement)

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11 inclusive, of Article 95 - Treasurer of the Annotated Code of Maryland be repealed.

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

14 **Article 95 - Treasurer**

15 22.

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

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

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

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

26 22F.

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

28 (i) For Baltimore City, the Mayor;

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

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

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

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

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

39 (vii) For the Washington Suburban Sanitary Commission, the Chairman
 40 of the Commission[]; and

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1 (viii) For the Washington Suburban Transit Commission, the Chairman
2 of the Commission].

3 (4) "Governing body" means:

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

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

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

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

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

10 (vi) For a municipal corporation, the body provided by the municipal
11 charter; AND

12 (vii) For the Washington Suburban Sanitary Commission, the
13 Commission]; and

14 (viii) For the Washington Suburban Transit Commission, the
15 Commission].

16 (6) "Local government unit" means:

17 (i) Baltimore City;

18 (ii) A community college;

19 (iii) A county;

20 (iv) A municipal corporation; OR

21 (v) The Washington Suburban Sanitary Commission]; or

22 (vi) The Washington Suburban Transit Commission].

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

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

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

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

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

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

12 22H.

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

17 (B) THE MONTGOMERY COUNTY INVESTMENT POOL:

18 (1) SHALL BE ADMINISTERED BY THE MONTGOMERY COUNTY
19 DIRECTOR OF FINANCE; AND

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

22 (C) THE MONTGOMERY COUNTY INVESTMENT POOL MAY NOT ACCEPT
23 FUNDS FROM ANY ENTITY THAT IS NOT PARTICIPATING IN THE POOL ON JULY 1,
24 1996.

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