

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 1 (Senator Currie)
(Co-Chairman, Joint Committee on the Management of Public Funds)
Budget and Taxation Referred to Appropriations

Local Government Investment Authority

This amended bill revises current law governing the deposit and investment of funds by local government entities. The bill provides for uniformity of investment standards for all State and local government entities and ensures that any local deposits be made only in “federally insured” banks and savings and loans associations in the State of Maryland. It also authorizes local government units to contract with outside investment firms to invest a portion of surplus funds in accordance with approved investment policies and grandfathers Montgomery County’s local investment pool into the local government investment authority.

It repeals and updates several sections of *Maryland Code Annotated* Article 95, Sections 22-22N. It makes this article consistent with the criteria for the investment of public funds as outlined in Section 6-222 of the State Finance and Procurement Article.

Fiscal Summary

State Effect: None. This bill would not directly affect governmental finances.

Local Effect: None. The bill clarifies technical issues and updates certain provisions regarding the investment authority of local governments.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

Small Business Effect: Non-federally insured financial institutions that are small businesses could be affected because the bill prohibits local governments from making deposits in these institutions. Any impact would be minimal.

Information Sources: Town of Thurmont, Town of Elkton, Howard County, Baltimore City, Prince George's County, City of Takoma Park, Montgomery County, Calvert County, City of Bowie, Department of Fiscal Services

Fiscal Note History: First Reader - January 27, 1997

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Revised - Senate Third Reader - March 14, 1997

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