

HOUSE BILL 694

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P1

1998 Regular Session  
8lr2124  
CF 8lr1491

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By: **Delegate Heller (Joint Committee on the Management of Public Funds)**  
Introduced and read first time: February 11, 1998  
Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **State Treasury - Public Funds - Collateral for Deposits**

3 FOR the purpose of adding an obligation of a certain bank to the list of collateral that  
4 may be used to secure public funds on deposit with financial institutions.

5 BY repealing and reenacting, with amendments,  
6 Article - State Finance and Procurement  
7 Section 6-202  
8 Annotated Code of Maryland  
9 (1995 Replacement Volume and 1997 Supplement)

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

12 **Article - State Finance and Procurement**

13 6-202.

14 Collateral that may be used under this subtitle shall be:

- 15 (1) an obligation of the United States or any of its agencies;
- 16 (2) an obligation guaranteed by the United States or by any of its  
17 agencies;
- 18 (3) an obligation insured by the United States;
- 19 (4) an obligation of the State or any of its units or instrumentalities;
- 20 (5) an obligation of a county of the State or any of its agencies;
- 21 (6) an obligation of a municipal corporation in the State or any of its  
22 agencies;
- 23 (7) an obligation of any other governmental authority in the State;

- 1           (8)     an obligation of the Inter-America Development Bank;
- 2           (9)     an obligation of the World Bank;
- 3           (10)    AN OBLIGATION OF THE FEDERAL HOME LOAN BANK;
- 4           [(10)] (11)    a surety bond if:
- 5                   (i)     subject to the terms and conditions of the bond, it is irrevocable  
6 and absolute;
- 7                   (ii)    the surety bond is issued by an insurance company authorized  
8 to do business in this State;
- 9                   (iii)   the issuer of the surety bonds does not provide surety bonds for  
10 any one financial institution in an amount that exceeds 10% of the surety bond  
11 insurer's policyholders' surplus and contingency reserve, net of reinsurance; and
- 12                  (iv)    the claims-paying ability of the authorized insurance company  
13 is rated, at all relevant times, in the highest category by at least two nationally  
14 recognized rating agencies acceptable to the Treasurer; or
- 15           [(11)] (12)    an obligation or security of, or other interest in, any open-end  
16 or closed-end management type investment company or investment trust registered  
17 under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. §  
18 80a-1 et seq., if:
- 19                   (i)     the portfolio of the open-end or closed-end management type  
20 investment company or investment trust is limited to direct obligations of the United  
21 States government and to repurchase agreements fully collateralized by United  
22 States government obligations; and
- 23                   (ii)    the open-end or closed-end management type investment  
24 company or investment trust takes delivery of that collateral, either directly or  
25 through an authorized custodian.
- 26    SECTION 2.  AND BE IT FURTHER ENACTED, That this Act shall take  
27 effect July 1, 1998.