

HOUSE BILL 694

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1998 Regular Session
8lr2124
CF 8lr1491

By: **Delegate Heller (Joint Committee on the Management of Public Funds)**

Introduced and read first time: February 11, 1998

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 1998

CHAPTER _____

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 clarifying that obligations of certain government-sponsored enterprises may be
5 used to secure public funds on deposit with financial institutions.

6 BY repealing and reenacting, with amendments,

7 Article - State Finance and Procurement

8 Section 6-202

9 Annotated Code of Maryland

10 (1995 Replacement Volume and 1997 Supplement)

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

13 **Article - State Finance and Procurement**

14 6-202.

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

16 (1) an obligation of the United States or any of its agencies;

17 (2) an obligation guaranteed by the United States or by any of its
18 agencies;

19 (3) an obligation insured by the United States;

- 1 (4) an obligation of the State or any of its units or instrumentalities;
- 2 (5) an obligation of a county of the State or any of its agencies;
- 3 (6) an obligation of a municipal corporation in the State or any of its
4 agencies;
- 5 (7) an obligation of any other governmental authority in the State;
- 6 (8) an obligation of the Inter-America Development Bank;
- 7 (9) an obligation of the World Bank;
- 8 (10) AN OBLIGATION OF THE ~~FEDERAL HOME LOAN BANK~~ FOLLOWING
9 GOVERNMENT-SPONSORED ENTERPRISES:

10 (I) THE FEDERAL HOME LOAN BANK SYSTEM;

11 (II) THE FEDERAL HOME LOAN MORTGAGE CORPORATION;

12 (III) THE FEDERAL NATIONAL MORTGAGE ASSOCIATION;

13 (IV) THE FARM CREDIT SYSTEM;

14 (V) THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION; AND

15 (VI) THE STUDENT LOAN MARKETING ASSOCIATION;

16 [(10)] (11) a surety bond if:

17 (i) subject to the terms and conditions of the bond, it is irrevocable
18 and absolute;

19 (ii) the surety bond is issued by an insurance company authorized
20 to do business in this State;

21 (iii) the issuer of the surety bonds does not provide surety bonds for
22 any one financial institution in an amount that exceeds 10% of the surety bond
23 insurer's policyholders' surplus and contingency reserve, net of reinsurance; and

24 (iv) the claims-paying ability of the authorized insurance company
25 is rated, at all relevant times, in the highest category by at least two nationally
26 recognized rating agencies acceptable to the Treasurer; or

27 [(11)] (12) an obligation or security of, or other interest in, any open-end
28 or closed-end management type investment company or investment trust registered
29 under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. §
30 80a-1 et seq., if:

31 (i) the portfolio of the open-end or closed-end management type
32 investment company or investment trust is limited to direct obligations of the United

1 States government and to repurchase agreements fully collateralized by United
2 States government obligations; and

3 (ii) the open-end or closed-end management type investment
4 company or investment trust takes delivery of that collateral, either directly or
5 through an authorized custodian.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
7 effect July 1, 1998.