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By: **Senator Currie (Joint Committee on the Management of Public Funds)**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 4, 1998

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **State Treasurer - Permissible Investments - Money Market Mutual Funds**

3 FOR the purpose of altering the characteristics of certain money market mutual  
4 funds in which the State Treasurer may invest or reinvest unexpended or  
5 surplus money under certain circumstances; making stylistic changes; and  
6 generally relating to permissible investments in money market mutual funds by  
7 the State Treasurer.

8 BY repealing and reenacting, with amendments,  
9 Article - State Finance and Procurement  
10 Section 6-222(a)  
11 Annotated Code of Maryland  
12 (1995 Replacement Volume and 1997 Supplement)

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

15 **Article - State Finance and Procurement**

16 6-222.

17 (a) The Treasurer may invest or reinvest unexpended or surplus money over  
18 which the Treasurer has custody in:

19 (1) an obligation for which the United States has pledged its faith and  
20 credit for the payment of the principal and interest;

1 (2) an obligation that a federal agency or a federal instrumentality has  
2 issued in accordance with an act of Congress;

3 (3) a repurchase agreement collateralized in an amount not less than  
4 102% of the principal amount by an obligation of the United States, its agencies or  
5 instrumentalities, provided the collateral is held by a custodian other than the seller  
6 designated by the buyer;

7 (4) bankers' acceptances guaranteed by a financial institution with a  
8 short-term debt rating in the highest letter and numerical rating by at least one  
9 nationally recognized statistical rating organization as designated by either the  
10 United States Securities and Exchange Commission or the Treasurer;

11 (5) with respect to amounts treated by the Internal Revenue Service as  
12 bond sale proceeds only, bonds, notes, or other obligations of investment grade in the  
13 highest quality letter and numerical rating by at least one nationally recognized  
14 statistical rating organization as designated by the United States Securities and  
15 Exchange Commission issued by or on behalf of this or any other state or any agency,  
16 department, county, municipal or public corporation, special district, authority, or  
17 political subdivision thereof, or in any fund or trust that invests only in securities of  
18 the type described in this paragraph;

19 (6) commercial paper that has received the highest letter and numerical  
20 rating by at least one nationally recognized statistical rating organization as  
21 designated by the United States Securities and Exchange Commission, provided that  
22 such commercial paper may not exceed 5% of the total investments made by the  
23 Treasurer under this subsection;

24 (7) money market mutual funds THAT:

25 (I) CONTAIN ONLY SECURITIES OF THE ORGANIZATIONS LISTED IN  
26 ITEMS (1), (2), AND (3) OF THIS SUBSECTION;

27 (II) ARE registered with the Securities and Exchange Commission  
28 under the Investment Company Act of 1940, 15 U.S.C. § 80(a), as amended[,] and

29 (III) ARE operated in accordance with Rule 2A-7 of the Investment  
30 Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

31 (8) any investment portfolio created under the Maryland Local  
32 Government Investment Pool defined under Article 95, § 22G of the Code that is  
33 administered by the Office of the State Treasurer.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 October 1, 1998.

