
By: **Senator Mitchell**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Investments - Mortgages for Low**
3 **and Middle Income Individuals**

4 FOR the purpose of requiring the Board of Trustees of the State Retirement and
5 Pension System to implement a certain pilot program to invest certain amounts
6 in mortgage loans and closing assistance for certain low and middle income
7 individuals; requiring the Board of Trustees, in consultation with the
8 Department of Housing and Community Development, to adopt certain
9 regulations; requiring a certain report; providing for the termination of this Act;
10 and generally relating to investments by the Board of Trustees of the State
11 Retirement and Pension System in mortgage loans.

12 BY repealing and reenacting, with amendments,
13 Article - State Personnel and Pensions
14 Section 21-123(c)
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

17 BY adding to
18 Article - State Personnel and Pensions
19 Section 21-123(h)
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 1998 Supplement)

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

24 **Article - State Personnel and Pensions**

25 21-123.

26 (c) (1) (i) Subject to subparagraph (ii) of this paragraph AND
27 SUBSECTION (H) OF THIS SECTION, the Board of Trustees may invest assets of the
28 several systems subject to the conditions that it imposes.

1 (ii) Not more than 25% of the assets that the Board of Trustees
2 invests in common stocks may be invested in nondividend paying common stocks.

3 (2) The Board of Trustees shall include the conditions that it adopts
4 under paragraph (1) of this subsection in the investment operations manual required
5 by § 21-116(c) of this subtitle.

6 (H) (1) THE BOARD OF TRUSTEES SHALL IMPLEMENT A PILOT PROGRAM
7 FOR INVESTING IN MORTGAGE LOANS AND CLOSING ASSISTANCE FOR LOW AND
8 MIDDLE INCOME INDIVIDUALS AS PROVIDED IN THIS SUBSECTION.

9 (2) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE BOARD OF
10 TRUSTEES SHALL INVEST AT LEAST \$25,000,000 IN MORTGAGE LOANS AND CLOSING
11 ASSISTANCE TO LOW AND MIDDLE INCOME INDIVIDUALS.

12 (3) THE INVESTMENTS SHALL BE MADE THROUGH EXISTING OR NEWLY
13 DEVELOPED PUBLIC OR NOT-FOR-PROFIT PROGRAMS.

14 (4) NOT LESS THAN 20% OF THESE MONEYS SHALL BE EXPENDED IN
15 FEDERALLY DESIGNATED, LOW INCOME TARGET AREAS.

16 (5) THE BOARD OF TRUSTEES, IN CONSULTATION WITH THE
17 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, SHALL ADOPT
18 REGULATIONS THAT:

19 (I) SPECIFY THE INCOME AND OTHER REQUIREMENTS FOR
20 RECIPIENTS OF THE LOANS;

21 (II) ENSURE THAT THESE MONEYS ARE INVESTED SO AS TO
22 PROVIDE A RATE OF RETURN THAT IS AT LEAST THE RATE OF RETURN ON
23 INVESTMENTS INCLUDED IN THE ACTUARIAL ASSUMPTIONS ADOPTED BY THE
24 BOARD OF TRUSTEES UNDER § 21-125 OF THIS SUBTITLE; AND

25 (III) PROVIDE FOR ANY OTHER PROVISIONS NECESSARY TO
26 IMPLEMENT THIS SUBSECTION.

27 (6) ON OR BEFORE OCTOBER 1, 2000, AND ON OR BEFORE OCTOBER 1 OF
28 EACH YEAR THEREAFTER, THE DEPARTMENT OF HOUSING AND COMMUNITY
29 DEVELOPMENT, IN CONSULTATION WITH THE BOARD OF TRUSTEES, SHALL, SUBJECT
30 TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, SUBMIT A REPORT TO THE
31 APPROPRIATIONS COMMITTEE AND THE BUDGET AND TAXATION COMMITTEE OF
32 THE GENERAL ASSEMBLY THAT STATES:

33 (I) THE AMOUNT INVESTED BY THE BOARD OF TRUSTEES UNDER
34 THIS SUBSECTION;

35 (II) THE RATE OF RETURN ON THE INVESTMENTS; AND

36 (III) A DESCRIPTION OF THE AREAS AND PROGRAMS IN WHICH THE
37 MONEY IS INVESTED.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 1999. It shall remain effective for a period of 3 years and, at the end of
3 June 30, 2002, with no further action required by the General Assembly, this Act shall
4 be abrogated and of no further force and effect.