

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**

Senate Bill 556 (Senator Lawlah, *et al.*)  
 (Joint Committee on the Management of Public Funds)

Budget and Taxation Appropriations

**State Treasurer - Deposit of Physical Securities**

This bill repeals the requirement that the State Treasurer deposit certain physical securities in a box or vault at a financial institution and requires the State Treasurer to deposit the physical securities in a box or vault in the Treasurer's Office.

**Fiscal Summary**

**State Effect:** General fund expenditures would decrease by \$1,390 annually. Revenues would not be affected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(1,390)	(1,390)	(1,390)	(1,390)	(1,390)
Net Effect	\$1,390	\$1,390	\$1,390	\$1,390	\$1,390

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Current Law:** The State Treasurer must deposit with a financial institution all of the physical securities that the State owns; and all of the physical securities that, by State law, the State Treasurer holds, in trust or otherwise, for a corporation or individual. The

State Treasurer, with the approval of the Board of Public Works, must procure a box or vault in a financial institution located in Baltimore City or Annapolis.

**Background:** In an earlier era, it was not uncommon for the State Treasurer to be the custodian of numerous physical securities, such as bonds, Treasury certificates, and stocks held in trust. Over the past decade, with the advent of sophisticated computerized systems, virtually the entire finance industry has shifted away from the possession and exchange of physical securities to the use of “book-entry” possession. As a result, there is a reduced need for a vault to store valuable securities.

**State Fiscal Effect:** The State Treasurer maintains two vaults, one located at Bank of America in Baltimore City and one located at First Union in Annapolis. The annual cost of the vaults total \$1,390 (\$1,040 for the vault at Bank of America and \$350 for the vault at First Union). The State Treasurer intends to transfer the two-key vault at First Union to the Treasurer’s Office. Accordingly, the State Treasurer will be able to deposit physical securities at a vault within the Treasurer’s Office at no additional cost. This change would reduce traveling time by State officials when accessing the two vaults.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 489 (Delegate Heller, *et al.*) – Appropriations.

**Information Source(s):** Maryland State Treasurer’s Office, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2003  
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