
By: **Delegate Vaughn (Co-Chair, Task Force on Lending Equity Within
Financial Institutions Providing State Depository Services) and
Delegates Haddaway and Taylor**

Introduced and read first time: January 25, 2006

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Treasurer - Designation of Financial Institution for Banking Services**

3 FOR the purpose of requiring the Treasurer to give a certain percentage of the weight
4 of the decision to certain standards in deciding whether to designate a financial
5 institution as a depository for State money and make an agreement with a
6 financial institution for a banking service; requiring the Treasurer to consider
7 whether a financial institution received a certain rating on its most recent
8 examination under the federal Community Reinvestment Act of 1977; requiring
9 the Treasurer to consider certain Maryland-specific information if a financial
10 institution operates in a state other than Maryland; requiring the Treasurer to
11 consider whether, during a certain period, a court in Maryland has found, in a
12 final adjudication, that a financial institution has violated an
13 antidiscrimination statute or regulation; authorizing the Treasurer to consider
14 whether, during a certain period, a court outside Maryland has found, in a final
15 adjudication, that a financial institution has violated an antidiscrimination
16 statute or regulation; authorizing the Treasurer to determine how to assess a
17 certain violation if the violation was committed by an affiliate of a certain
18 financial institution or an entity acquired by a certain financial institution;
19 requiring the Treasurer to consider whether a certain financial institution has
20 demonstrated that during a certain period the financial institution has met
21 certain criteria; and generally relating to the designation of a financial
22 institution as a depository and an agreement with a financial institution for
23 banking services.

24 BY adding to

25 Article - State Finance and Procurement

26 Section 6-203

27 Annotated Code of Maryland

28 (2001 Replacement Volume and 2005 Supplement)

29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

30 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - State Finance and Procurement**

2 6-203.

3 (A) THE TREASURER SHALL GIVE 15% OF THE WEIGHT OF THE DECISION TO
4 THE STANDARDS ESTABLISHED IN THIS SECTION IN DECIDING WHETHER TO:5 (1) DESIGNATE A FINANCIAL INSTITUTION AS A DEPOSITARY FOR STATE
6 MONEY UNDER § 6-205 OF THIS SUBTITLE; AND7 (2) MAKE AN AGREEMENT WITH A FINANCIAL INSTITUTION FOR A
8 BANKING SERVICE UNDER § 6-229 OF THIS SUBTITLE.9 (B) (1) THE TREASURER SHALL CONSIDER WHETHER THE FINANCIAL
10 INSTITUTION RECEIVED A RATING OF "NEEDS IMPROVEMENT" OR "SUBSTANTIAL
11 NONCOMPLIANCE" IN ITS MOST RECENT EXAMINATION UNDER THE FEDERAL
12 COMMUNITY REINVESTMENT ACT OF 1977, P.L. NUMBER 95-128.13 (2) IF A FINANCIAL INSTITUTION OPERATES IN A STATE OTHER THAN
14 MARYLAND, THE TREASURER SHALL CONSIDER MARYLAND-SPECIFIC INFORMATION
15 THAT IS PROVIDED WITHIN THE ASSESSMENT AREA SECTION OF THE COMMUNITY
16 REINVESTMENT ACT REPORT.17 (C) (1) THE TREASURER SHALL CONSIDER WHETHER, DURING THE
18 PREVIOUS 5 YEARS, A COURT IN MARYLAND HAS FOUND, IN A FINAL ADJUDICATION,
19 THAT A FINANCIAL INSTITUTION HAS VIOLATED ANY ANTIDISCRIMINATION
20 STATUTE OR REGULATION.21 (2) THE TREASURER MAY CONSIDER WHETHER, DURING THE PREVIOUS
22 5 YEARS, A COURT OUTSIDE MARYLAND HAS FOUND, IN A FINAL ADJUDICATION,
23 THAT A FINANCIAL INSTITUTION HAS VIOLATED ANY ANTIDISCRIMINATION
24 STATUTE OR REGULATION.25 (3) THE TREASURER MAY DETERMINE HOW TO ASSESS A VIOLATION
26 UNDER PARAGRAPH (1) OR (2) OF THIS SUBSECTION IF THE VIOLATION WAS
27 COMMITTED BY:

28 (I) AN AFFILIATE OF THE FINANCIAL INSTITUTION; OR

29 (II) AN ENTITY ACQUIRED BY THE FINANCIAL INSTITUTION.

30 (D) THE TREASURER SHALL CONSIDER WHETHER THE FINANCIAL
31 INSTITUTION HAS DEMONSTRATED THAT DURING THE PREVIOUS 5 YEARS, THE
32 FINANCIAL INSTITUTION HAS:33 (1) SUCCESSFULLY MADE LOANS IN MARYLAND THROUGH STATE OR
34 FEDERAL LENDING PROGRAMS DESIGNED TO ASSIST SMALL AND MINORITY-OWNED
35 BUSINESSES;

1 (2) HAD AN ACTIVE OUTREACH PROGRAM TO ASSIST SMALL AND
2 MINORITY-OWNED BUSINESSES THROUGH WHICH THE FINANCIAL INSTITUTION
3 HAS MADE EFFORTS IN MARYLAND; AND

4 (3) ESTABLISHED STRATEGIC PARTNERSHIPS IN MARYLAND WITH
5 ENTITIES WHOSE MISSION IS TO PROVIDE TECHNICAL ASSISTANCE TO SMALL AND
6 MINORITY-OWNED BUSINESSES.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2006.