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By: **Senator Jones (Co-Chair, Task Force on Lending Equity Within  
Financial Institutions Providing State Depository Services) and  
Senators DeGrange, Gladden, and Hooper**

Introduced and read first time: January 20, 2006

Assigned to: Finance

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 28, 2006

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CHAPTER \_\_\_\_\_

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

1 Section 6-203  
2 Annotated Code of Maryland  
3 (2001 Replacement Volume and 2005 Supplement)

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

6 **Article - State Finance and Procurement**

7 6-203.

8 (A) THE TREASURER SHALL GIVE 15% OF THE WEIGHT OF THE DECISION TO  
9 THE STANDARDS ESTABLISHED IN THIS SECTION IN DECIDING WHETHER TO:

10 (1) DESIGNATE A FINANCIAL INSTITUTION AS A DEPOSITARY FOR STATE  
11 MONEY UNDER § 6-205 OF THIS SUBTITLE; AND

12 (2) MAKE AN AGREEMENT WITH A FINANCIAL INSTITUTION FOR A  
13 BANKING SERVICE UNDER § 6-229 OF THIS SUBTITLE.

14 (B) (1) THE TREASURER SHALL CONSIDER WHETHER THE FINANCIAL  
15 INSTITUTION RECEIVED A RATING OF "NEEDS IMPROVEMENT" OR "SUBSTANTIAL  
16 NONCOMPLIANCE" IN ITS MOST RECENT EXAMINATION UNDER THE FEDERAL  
17 COMMUNITY REINVESTMENT ACT OF 1977, P.L. NUMBER 95-128.

18 (2) IF A FINANCIAL INSTITUTION OPERATES IN A STATE OTHER THAN  
19 MARYLAND, THE TREASURER SHALL CONSIDER MARYLAND-SPECIFIC INFORMATION  
20 THAT IS PROVIDED WITHIN THE ASSESSMENT AREA SECTION OF THE COMMUNITY  
21 REINVESTMENT ACT REPORT.

22 (C) (1) THE TREASURER SHALL CONSIDER WHETHER, DURING THE  
23 PREVIOUS 5 YEARS, A COURT IN MARYLAND HAS FOUND, IN A FINAL ADJUDICATION,  
24 THAT A FINANCIAL INSTITUTION HAS VIOLATED ANY ANTIDISCRIMINATION  
25 STATUTE OR REGULATION.

26 (2) THE TREASURER MAY CONSIDER WHETHER, DURING THE PREVIOUS  
27 5 YEARS, A COURT OUTSIDE MARYLAND HAS FOUND, IN A FINAL ADJUDICATION,  
28 THAT A FINANCIAL INSTITUTION HAS VIOLATED ANY ANTIDISCRIMINATION  
29 STATUTE OR REGULATION.

30 (3) THE TREASURER MAY DETERMINE HOW TO ASSESS A VIOLATION  
31 UNDER PARAGRAPH (1) OR (2) OF THIS SUBSECTION IF THE VIOLATION WAS  
32 COMMITTED BY:

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

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

1 (D) THE TREASURER SHALL CONSIDER WHETHER THE FINANCIAL  
2 INSTITUTION HAS DEMONSTRATED THAT DURING THE PREVIOUS 5 YEARS, THE  
3 FINANCIAL INSTITUTION HAS:

4 (1) SUCCESSFULLY MADE LOANS IN MARYLAND THROUGH STATE OR  
5 FEDERAL LENDING PROGRAMS DESIGNED TO ASSIST SMALL AND MINORITY-OWNED  
6 BUSINESSES;

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

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

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