

HOUSE BILL 897

P1

71r1246

By: **Delegates Elmore, Barkley, Cane, Costa, Eckardt, George, Haddaway,
Mathias, McConkey, Smigiel, and Sossi**

Introduced and read first time: February 9, 2007

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Designation as a State Lender**

3 FOR the purpose of authorizing certain financial institutions to request, within a
4 certain period of time, the State Treasurer to make certain designations;
5 requiring the Treasurer to issue certain requests for proposals by a certain date
6 and distribute those requests for proposals to certain financial institutions;
7 defining a certain term; and generally relating to the Treasurer designating
8 financial institutions as State lenders.

9 BY repealing and reenacting, without amendments,
10 Article – State Finance and Procurement
11 Section 6–205 and 6–229
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2006 Supplement)

14 BY adding to
15 Article – State Finance and Procurement
16 Section 6–230
17 Annotated Code of Maryland
18 (2006 Replacement Volume and 2006 Supplement)

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

21 **Article – State Finance and Procurement**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 6-205.

2 (a) Subject to the limitations in this subtitle and in any other law, the
3 Treasurer may designate any financial institution as a depository for State money.

4 (b) The Treasurer may designate foreign banks and similar institutions as
5 depositaries for the purpose of conducting State government activities outside the
6 United States. The deposits in such institutions may not exceed the amount
7 appropriated in the budget for conducting State government activities outside the
8 United States.

9 6-229.

10 (a) The Treasurer may make an agreement with a financial institution as to
11 terms, conditions, and compensation for a banking service that the financial
12 institution provides to the State or any State agency.

13 (b) An agreement under this section:

14 (1) shall specify the charges to be paid for a banking service;

15 (2) may allow the deposit of money with the financial institution in an
16 amount determined by the Treasurer that permits the financial institution to earn
17 sufficient compensation to offset the charges for its banking service; and

18 (3) shall require the financial institution to invest any money on
19 deposit that exceeds any amount allowed by the Treasurer under item (2) of this
20 subsection and unless otherwise specifically provided by law to pay to the State the
21 proceeds of the investment to the General Fund of the State.

22 (c) The Treasurer, with the concurrence of the Comptroller, may authorize a
23 State agency to open and maintain an account with a financial institution that has an
24 agreement with the Treasurer under this section.

25 (d) An account established under subsection (c) of this section shall comply
26 with the provisions of this subtitle and regulations and policies adopted by the
27 Treasurer and the Comptroller.

28 **6-230.**

1 **(A) IN THIS SECTION, “APPROVED FINANCIAL INSTITUTION” MEANS ANY**
2 **FINANCIAL INSTITUTION THAT THE TREASURER HAS:**

3 **(1) DESIGNATED AS A DEPOSITARY FOR STATE MONEY UNDER §**
4 **6-205 OF THIS SUBTITLE; OR**

5 **(2) DESIGNATED AS A FINANCIAL INSTITUTION THAT PROVIDES**
6 **BANKING SERVICES UNDER § 6-229 OF THIS SUBTITLE.**

7 **(B) IF A FINANCIAL INSTITUTION NO LONGER MAINTAINS ITS STATUS AS**
8 **AN APPROVED FINANCIAL INSTITUTION UNDER SUBSECTION (A) OF THIS**
9 **SECTION, WITHIN 1 YEAR OF THE FINANCIAL INSTITUTION LOSING ITS**
10 **APPROVED STATUS, THE FINANCIAL INSTITUTION MAY REQUEST THE**
11 **TREASURER TO:**

12 **(1) DESIGNATE THE FINANCIAL INSTITUTION AS A DEPOSITARY**
13 **FOR STATE MONEY UNDER § 6-205 OF THIS SUBTITLE; OR**

14 **(2) ENTER INTO AN AGREEMENT WITH THE FINANCIAL**
15 **INSTITUTION FOR BANKING SERVICES UNDER § 6-229 OF THIS SUBTITLE.**

16 **(C) ON JULY 1 OF EACH YEAR, THE TREASURER SHALL ISSUE A**
17 **REQUEST FOR PROPOSAL IN RESPONSE TO ALL REQUESTS MADE IN**
18 **ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION FOR THE IMMEDIATELY**
19 **PRECEDING YEAR.**

20 **(D) (1) A FINANCIAL INSTITUTION THAT MAKES A REQUEST UNDER**
21 **SUBSECTION (B) OF THIS SECTION SHALL RECEIVE A COPY OF THE REQUEST**
22 **FOR PROPOSAL FOR COMPLETION.**

23 **(2) A FINANCIAL INSTITUTION THAT HAS NOT MADE A REQUEST**
24 **UNDER SUBSECTION (B) OF THIS SECTION MAY RECEIVE AND COMPLETE THE**
25 **REQUEST FOR PROPOSAL IF THE FINANCIAL INSTITUTION CONTACTS THE**
26 **TREASURER PRIOR TO JULY 1 AND REQUESTS A COPY OF THE REQUEST FOR**
27 **PROPOSAL.**

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2007.