

SENATE BILL 617

L6

EMERGENCY BILL

9lr2192

CF 9lr2188

By: **Senators DeGrange, Astle, Brinkley, King, Kramer, Madaleno, Munson, Peters, and Stoltzfus**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Government – Deposits of Unexpended or Surplus Money**

3 FOR the purpose of altering the conditions under which certain local governments
4 may deposit certain unexpended or surplus money with certain federally
5 insured banks or savings and loan associations; making this Act an emergency
6 measure; and generally relating to local governments and deposits of
7 unexpended or surplus money.

8 BY repealing and reenacting, with amendments,
9 Article 95 – Treasurer
10 Section 22–O
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2008 Supplement)

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

15 **Article 95 – Treasurer**

16 22–O.

17 (a) (1) In this section, the following words have the meanings indicated.

18 (2) “Depositor” means a local government or its authorized
19 acknowledged agent making a deposit of unexpended or surplus money as provided in
20 this section.

21 (3) “Local government” means:

22 (i) The governing body of a county or municipal corporation;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ii) A county board of education;
- 2 (iii) The governing body of a road, drainage, improvement,
3 construction, or soil conservation district or commission in the State;
- 4 (iv) The Upper Potomac River Commission; or
- 5 (v) Any other political subdivision or body politic of the State.

6 (4) "State financial institution" means any of the following institutions
7 that have a branch in the State that takes deposits:

- 8 (i) Bank, trust company, or savings bank incorporated under
9 the laws of the State;
- 10 (ii) Bank incorporated under federal law;
- 11 (iii) Bank incorporated under the laws of any other state; or
- 12 (iv) Savings and loan association incorporated under the laws of
13 the State or of the United States.

14 (b) Notwithstanding the provisions of § 22 of this article, a local government
15 may deposit unexpended or surplus money in any federally insured bank or savings
16 and loan association without the security required in § 22(a) of this article if:

17 (1) The unexpended or surplus money is initially placed for deposit
18 with a State financial institution selected by the depositor;

19 (2) The State financial institution selected by the depositor arranges
20 for the further deposit of the money into one or more certificates of deposit, **EACH IN**
21 **AN AMOUNT** of not more than [\$100,000 each] **THE APPLICABLE FEDERAL**
22 **DEPOSIT INSURANCE CORPORATION MAXIMUM INSURANCE COVERAGE LIMIT,**
23 in one or more federally insured banks or savings and loan associations for the account
24 of the depositor;

25 (3) At the same time the money is deposited and the certificates of
26 deposit are issued for the benefit of the depositor by other banks or savings and loan
27 associations, the State financial institution selected by the depositor receives an
28 amount of deposits from customers of other banks or savings and loan associations
29 equal to the amount of money initially deposited by the depositor;

30 (4) Each certificate of deposit issued for the depositor's account is
31 insured by the Federal Deposit Insurance Corporation for 100% of the principal and
32 accrued interest of the certificate of deposit; and

1 (5) The State financial institution selected by the depositor acts as
2 custodian for the depositor with respect to the certificates of deposit issued for the
3 depositor's account.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
5 measure, is necessary for the immediate preservation of the public health or safety,
6 has been passed by a yea and nay vote supported by three-fifths of all the members
7 elected to each of the two Houses of the General Assembly, and shall take effect from
8 the date it is enacted.