

# SENATE BILL 617

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EMERGENCY BILL

9lr2192  
CF HB 1191

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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

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 26, 2009

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CHAPTER \_\_\_\_\_

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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

4           (3) “Local government” means:

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

6                   (ii) A county board of education;

7                   (iii) The governing body of a road, drainage, improvement,  
8 construction, or soil conservation district or commission in the State;

9                   (iv) The Upper Potomac River Commission; or

10                   (v) Any other political subdivision or body politic of the State.

11           (4) “State financial institution” means any of the following institutions  
12 that have a branch in the State that takes deposits:

13                   (i) Bank, trust company, or savings bank incorporated under  
14 the laws of the State;

15                   (ii) Bank incorporated under federal law;

16                   (iii) Bank incorporated under the laws of any other state; or

17                   (iv) Savings and loan association incorporated under the laws of  
18 the State or of the United States.

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

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

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

30                   (3) At the same time the money is deposited and the certificates of  
31 deposit are issued for the benefit of the depositor by other banks or savings and loan  
32 associations, the State financial institution selected by the depositor receives an

1 amount of deposits from customers of other banks or savings and loan associations  
2 equal to the amount of money initially deposited by the depositor;

3 (4) Each certificate of deposit issued for the depositor’s account is  
4 insured by the Federal Deposit Insurance Corporation for 100% of the principal and  
5 accrued interest of the certificate of deposit; and

6 (5) The State financial institution selected by the depositor acts as  
7 custodian for the depositor with respect to the certificates of deposit issued for the  
8 depositor’s account.

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.