

HOUSE BILL 844

I1, I2, L6

0lr2712
CF SB 777

By: **Delegates Conway, Mathias, and Rudolph**

Introduced and read first time: February 9, 2010

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2010

CHAPTER _____

1 AN ACT concerning

2 **Local Government Funds – Redeposit into Insured Accounts**

3 FOR the purpose of authorizing a local government to deposit unexpended or surplus
4 money in any federally insured bank or savings and loan association without
5 certain security under certain conditions; and generally relating to the deposit
6 of local government funds.

7 BY repealing and reenacting, with amendments,
8 Article 95 – Treasurer
9 Section 22–O
10 Annotated Code of Maryland
11 (2003 Replacement Volume and 2009 Supplement)

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

14 **Article 95 – Treasurer**

15 22–O.

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

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

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 (3) “Local government” means:

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

3 (ii) A county board of education;

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

6 (iv) The Upper Potomac River Commission; or

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

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

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

12 (ii) Bank incorporated under federal law;

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

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

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

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

21 (2) The State financial institution selected by the depositor arranges
22 for the further deposit of the money into one or more certificates of deposit, each in an
23 amount of not more than the applicable Federal Deposit Insurance Corporation
24 maximum insurance coverage limit, in one or more federally insured banks or savings
25 and loan associations for the account of the depositor;

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

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

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

7 **(C) NOTWITHSTANDING THE PROVISIONS OF § 22 OF THIS ARTICLE, A
8 LOCAL GOVERNMENT MAY DEPOSIT UNEXPENDED OR SURPLUS MONEY IN ANY
9 FEDERALLY INSURED BANK OR SAVINGS AND LOAN ASSOCIATION WITHOUT THE
10 SECURITY REQUIRED IN § 22(A) OF THIS ARTICLE IF:**

11 **(1) THE UNEXPENDED OR SURPLUS MONEY IS INITIALLY PLACED
12 FOR DEPOSIT WITH A STATE FINANCIAL INSTITUTION THAT IS SELECTED BY THE
13 DEPOSITOR TO ARRANGE FOR THE REDEPOSIT OF THE MONEY THROUGH A
14 DEPOSIT PLACEMENT PROGRAM THAT MEETS THE REQUIREMENTS UNDER THIS
15 SUBSECTION;**

16 **(2) ON OR AFTER THE DATE THAT THE LOCAL GOVERNMENT
17 MONEY IS RECEIVED, THE STATE FINANCIAL INSTITUTION SELECTED BY THE
18 DEPOSITOR:**

19 **(I) ARRANGES FOR THE REDEPOSIT OF THE MONEY INTO
20 ONE OR MORE DEPOSIT ACCOUNTS, EACH IN AN AMOUNT OF NOT MORE THAN
21 THE APPLICABLE FEDERAL DEPOSIT INSURANCE CORPORATION MAXIMUM
22 INSURANCE COVERAGE LIMIT, IN ONE OR MORE FEDERALLY INSURED BANKS OR
23 SAVINGS AND LOAN ASSOCIATIONS FOR THE ACCOUNT OF THE DEPOSITOR; AND**

24 **(II) ~~SERVES~~ ACTS AS CUSTODIAN FOR THE DEPOSITOR
25 WITH RESPECT TO THE MONEY DEPOSITED INTO THE ACCOUNTS;**

26 **(3) ANY LOCAL GOVERNMENT MONEY DEPOSITED INTO A STATE
27 FINANCIAL INSTITUTION IN ACCORDANCE WITH THIS SUBSECTION AND HELD BY
28 THAT STATE FINANCIAL INSTITUTION AT THE CLOSE OF A BUSINESS DAY THAT
29 IS IN EXCESS OF THE AMOUNT INSURED BY THE FEDERAL DEPOSIT INSURANCE
30 CORPORATION IS SECURED IN ACCORDANCE WITH THIS ARTICLE;**

31 **(4) THE FULL AMOUNT OF THE LOCAL GOVERNMENT MONEY
32 REDEPOSITED BY THE STATE FINANCIAL INSTITUTION INTO DEPOSIT
33 ACCOUNTS IN FEDERALLY INSURED BANKS OR SAVINGS AND LOAN
34 ASSOCIATIONS UNDER THIS SUBSECTION IS INSURED BY THE FEDERAL
35 DEPOSIT INSURANCE CORPORATION; AND**

1 **(5) ON THE SAME DATE THAT THE MONEY OF THE LOCAL**
 2 **GOVERNMENT IS REDEPOSITED UNDER THIS SUBSECTION, THE STATE**
 3 **FINANCIAL INSTITUTION SELECTED BY THE DEPOSITOR RECEIVES AN AMOUNT**
 4 **OF DEPOSITS FROM CUSTOMERS OF OTHER BANKS OR SAVINGS AND LOANS IN**
 5 **ACCORDANCE WITH THE DEPOSIT PLACEMENT PROGRAM THAT IS EQUAL TO**
 6 **THE AMOUNT OF THE LOCAL GOVERNMENT MONEY REDEPOSITED BY THE**
 7 **SELECTED STATE FINANCIAL INSTITUTION.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 9 October 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.