

HOUSE BILL 575

L6, P1

2lr2711
CF SB 542

By: **Delegates Gutierrez, Bobo, Conway, Guzzone, Howard, Proctor, and Serafini**

Introduced and read first time: February 3, 2012

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 2012

CHAPTER _____

1 AN ACT concerning

2 **Local Government Investment Pool – Authorized Participants**

3 FOR the purpose of ~~renaming the Local Government Investment Pool to be the~~
4 ~~Investment Pool~~; expanding the list of participants that may place certain funds
5 in the Local Government Investment Pool to include certain units of State
6 government or certain entities created by the State in addition to certain local
7 governmental entities; making stylistic changes; defining certain terms; and
8 generally relating to ~~investment pools~~ the Local Government Investment Pool.

9 BY repealing and reenacting, with amendments,
10 Article 95 – Treasurer
11 Section 22G
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2011 Supplement)

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

16 **Article 95 – Treasurer**

17 22G.

18 (a) (1) **(I) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
19 **MEANINGS INDICATED.**

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 (II) "AUTHORIZED PARTICIPANT" MEANS:

2 1. THE GOVERNING BODY OF EACH COUNTY OR
3 MUNICIPALITY;

4 2. A COUNTY BOARD OF EDUCATION;

5 3. THE GOVERNING BODY OF EACH ROAD,
6 DRAINAGE, IMPROVEMENT, CONSTRUCTION, OR SOIL CONSERVATION DISTRICT
7 OR COMMISSION IN THE STATE;

8 4. THE UPPER POTOMAC RIVER COMMISSION;

9 5. ANY OTHER POLITICAL SUBDIVISION OR BODY
10 POLITIC OF THE STATE;

11 6. A LOCAL GOVERNMENT INSURANCE POOL
12 FORMED UNDER TITLE 19, SUBTITLE 6 OF THE INSURANCE ARTICLE; OR

13 7. ON APPROVAL OF THE TREASURER, A UNIT OF
14 STATE GOVERNMENT OR AN ENTITY CREATED BY THE STATE IF THE FUNDS OF
15 THE UNIT OR ENTITY ARE NOT STATE MONEY OVER WHICH THE TREASURER
16 HAS INVESTMENT AUTHORITY.

17 (III) "POOL" MEANS THE LOCAL GOVERNMENT
18 INVESTMENT POOL.

19 (2) There is ~~is~~ ~~a Local Government~~ ~~AN~~ Investment Pool.

20 (3) The [Local Government Investment] Pool consists of [the
21 aggregate of]:

22 (I) [all] ALL funds from ~~local governments~~ AUTHORIZED
23 PARTICIPANTS that are placed in the custody of the State; and

24 (II) [any] ANY funds of the State that are placed in the [Local
25 Government Investment] Pool by the Treasurer [for investment and reinvestment].

26 [(2)] (4) The investment policies for the [Local Government
27 Investment] Pool shall be established by the Treasurer.

28 [(3)] (5) The Treasurer shall administer the [Local Government
29 Investment] Pool on behalf of the [participating local governments] AUTHORIZED

1 **PARTICIPANTS** and, to the extent that State [funds are] **MONEY IS** included, on
2 behalf of the State.

3 [(4)] (6) The Treasurer shall develop such procedures necessary for
4 the efficient administration of the Pool, including:

5 (i) Specification of minimum **AND MAXIMUM** amounts [which]
6 **THAT** may be deposited **BY ANY AUTHORIZED PARTICIPANT** in the Pool and
7 minimum periods of time for which deposits shall be retained in the Pool;

8 (ii) Payment of amounts equivalent to administrative expenses
9 from the earnings of the Pool; and

10 (iii) Distribution of the earnings in excess of expenses, or
11 allocation of losses, to the [several] **AUTHORIZED** participants in a manner [which]
12 **THAT** equitably reflects the differing amount of their respective investments and the
13 differing periods of time for which the amounts were in the custody of the Pool.

14 (b) (1) The Treasurer shall invest moneys in the [Local Government
15 Investment] Pool in accordance with the provisions set forth in §§ 6-222 and 6-223 of
16 the State Finance and Procurement Article.

17 (2) Notwithstanding any provisions of law to the contrary or any
18 limitation or restriction contained in any other law, the Treasurer may invest, redeem,
19 sell, exchange, and reinvest moneys in the [Local Government Investment] Pool in
20 bankers' acceptances guaranteed by banking institutions.

21 (c) (1) The governing authority of any [local government] **AUTHORIZED**
22 **PARTICIPANT** having funds which are available for investment and which are not
23 required by law or by any covenant or agreement with bondholders or others to be
24 segregated and invested in a different manner may direct its financial officer to remit
25 funds to the Treasurer for investment as part of the [Local Government Investment]
26 Pool.

27 (2) The governing authority of any [local government] **AUTHORIZED**
28 **PARTICIPANT** having funds intended for other postemployment benefits that are
29 available for investment, as authorized under § 22 of this article, may direct its
30 financial officer to remit those funds to the Treasurer for investment as part of the
31 [Investment] Pool.

32 (3) Upon determination by the [local] governing authority **OF AN**
33 **AUTHORIZED PARTICIPANT** that it is in the best interest of the [local government]
34 **AUTHORIZED PARTICIPANT** to deposit funds in the [Investment] Pool, it shall adopt
35 and file with the Treasurer a certified copy of a resolution or ordinance authorizing
36 investment of its funds in the [Investment] Pool. The resolution or ordinance shall

1 name the [local government] official or officials **OF THE AUTHORIZED PARTICIPANT**
2 **WHO ARE** responsible for deposit and withdrawal of such funds.

3 (4) The resolution or ordinance filed with the Treasurer shall be
4 accompanied by a statement as to the approximate cash flow requirements of the
5 [local government] **AUTHORIZED PARTICIPANT** for the invested funds. Subsequent
6 deposits into the [Investment] Pool shall be accompanied by a statement as to the
7 intended duration of the investment or the anticipated date of withdrawal of the funds
8 from the Pool.

9 (d) A separate account designated by name or number for each
10 **AUTHORIZED** participant in the [fund] **POOL**, including the State, shall be kept to
11 record individual transactions and totals of all investments belonging to each
12 **AUTHORIZED** participant. A monthly report showing the changes in investments
13 made during the preceding month shall be furnished to each **AUTHORIZED** participant
14 in the [Investment] Pool. Details of any investment transaction shall be furnished to
15 any **AUTHORIZED** participant upon request.

16 (e) The principal and credited income of each account maintained for [a] **AN**
17 **AUTHORIZED** participant in the [Investment] Pool shall be subject to payment from
18 the Pool upon request, provided that the request for payment is made in accordance
19 with the terms of the deposit. Accumulated income shall be credited to each
20 **AUTHORIZED** participant account at least monthly.

21 (f) Except as provided in this section, all instruments of title of all
22 investments of the [Investment] Pool shall remain in the custody of the Treasurer.
23 The Treasurer may deposit with one or more fiscal agents or banks those instruments
24 of title [he] **THE TREASURER** considers advisable, to be held in safekeeping by the
25 agents or banks for collection of the principal and interest or other income, or of the
26 proceeds of sale. The Treasurer shall collect the principal and interest or other income
27 from investments of the [Investment] Pool, the instruments of title to which are in
28 [his] **THE TREASURER'S** custody, when due and payable.

29 (g) A payment may not be issued upon any account in an amount greater
30 than the sum total of the particular account to which it applies. If such payment is
31 issued, it shall be refunded by the distributee.

32 (h) (1) Subject to the objectives and requirements of this section, the
33 Treasurer shall formulate procedures for the investment and reinvestment of funds in
34 the [Investment] Pool and the acquisition, retention, management, and disposition of
35 investments of the [Investment] Pool.

36 (2) (i) The Treasurer may enter into a contractual agreement with
37 a qualified Maryland fiscal agent and may compensate the agent for services rendered.

1 (ii) The agent may perform investment and administrative
2 services which the Treasurer is authorized by this section to perform.

3 (i) Funds placed in the [Local Government Investment] Pool, other than
4 funds of the State, may not be considered to be [Treasury funds] **MONEY OF THE**
5 **STATE.**

6 [(j) For the purposes of this section, "local government" includes all of the
7 legal entities, bodies, and agencies set out in § 22 of this article and local government
8 insurance pools formed under Title 19, Subtitle 6 of the Insurance Article, but does not
9 include the State and agencies of the State.]

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.