



House Bill 846

State Investment Portfolio - Investment Standards

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Appropriations Committee

Date: February 28, 2024

From: Kevin Kinnally and Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS HB 846 WITH AMENDMENTS**. This bill would modify the process for amending the State's guidelines for investment of public funds. Since these standards apply by reference to local governments, counties seek an amendment to specify that such proposed changes would happen following a consultation with affected local governments.

Maryland law sensibly guides the investment policy for the State and its management of fund balances and other public funds. Public investment should follow established and reasonable guidelines to impart a certain sense of risk-aversion appropriate for the duty to act in the public interest.

HB 846 offers a process where the Office of the State Treasurer may alter the specifics of this investment policy, including the range of allowable investment vehicles, through regulatory means, with sensible standards set in statute. Counties do not express concern with this proposed model.

These State investment standards, however, also apply by reference to local government investment policies. So, a change in the allowable vehicles for the State triggers a comparable change to county policies, meaning in some cases a local revision being obligatory. MACo has offered amendment language to allow a consultation with affected local governments in advance of any such change, which the Office of the State Treasurer has accepted as friendly. MACo believes this consultation is appropriate and merited, and attends to our concerns of these secondary effects.

For these reasons, MACo urges the Committee to give HB 846 a report of **FAVORABLE WITH AMENDMENTS** to grant a consultation to affected local governments ahead of future changes in state and local investment guidelines.