



## Senate Bill 776

### *State Investment Portfolio - Investment Standards*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: February 14, 2024

From: Michael Sanderson and Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 776 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.

SB 776 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 SB 776 a report of **FAVORABLE WITH AMENDMENTS** to grant a consultation to affected local governments ahead of future changes in state and local investment guidelines.