

HOUSE BILL 41

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1lr1245

(PRE-FILED)

By: **Delegate Smith**

Requested: October 29, 2020

Introduced and read first time: January 13, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland State Bank Task Force – Establishment**

3 FOR the purpose of establishing the Maryland State Bank Task Force; providing for the
4 composition, chair, and staffing of the Task Force; prohibiting a member of the Task
5 Force from receiving certain compensation, but authorizing the reimbursement of
6 certain expenses; requiring the Task Force to review and evaluate, in a certain
7 manner, the creation of a Maryland State Bank; requiring the Task Force to report
8 its findings and recommendations to the Governor and certain committees of the
9 General Assembly on or before a certain date; providing for the termination of this
10 Act; and generally relating to the creation of the Maryland State Bank Task Force.

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

12 That:

13 (a) There is a Maryland State Bank Task Force.

14 (b) The Task Force consists of the following members:

15 (1) a chair, appointed by the Governor;

16 (2) one member of the Senate Budget and Taxation Committee, appointed
17 by the President of the Senate;

18 (3) one member of the House Appropriations Committee, appointed by the
19 Speaker of the House;

20 (4) the State Treasurer, or the State Treasurer's designee;

21 (5) the Comptroller of Maryland, or the Comptroller's designee;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (6) the Secretary of Commerce, or the Secretary's designee;

2 (7) the Commissioner of Financial Regulation, or the Commissioner's
3 designee;

4 (8) the Director of the Office of Finance Programs, or the Director's
5 designee;

6 (9) the Director of the Maryland Agricultural and Resource-Based
7 Industry Development Corporation, or the Director's designee;

8 (10) the Director of the Maryland Small Business Development Financing
9 Authority, or the Director's designee;

10 (11) the President of the Maryland and District of Columbia Credit Union
11 Association (MDDCCUA), or the President's designee; and

12 (12) the following members, appointed by the Governor:

13 (i) a representative of the labor community;

14 (ii) a representative of an academic and research economic policy
15 institution; and

16 (iii) three members of the public knowledgeable about the State's
17 banking sector, finance, and economic development, of which at least one is a member of
18 the community banking community and one is a member of the consumer advocacy
19 community.

20 (c) The Office of the Commissioner of Financial Regulation shall provide staff
21 support to the Task Force.

22 (d) A member of the Task Force:

23 (1) may not receive compensation as a member of the Task Force; but

24 (2) is entitled to reimbursement for expenses under the Standard State
25 Travel Regulations, as provided in the State budget.

26 (e) (1) The Task Force shall review and evaluate the creation of a Maryland
27 State Bank.

28 (2) The Task Force shall, at a minimum, undertake a review and
29 evaluation of a Maryland State Bank that would:

1 (i) support the economic development of the State by increasing
2 access to capital for businesses and farms within the State in partnership with local
3 financial institutions;

4 (ii) provide stability to the local financial sector without entering
5 into competition with community banks, credit unions, or other financial institutions;

6 (iii) reduce the costs paid by the State for basic banking services; and

7 (iv) return profits, beyond those necessary to accomplish the mission
8 and sound operations of the Bank, to the General Fund of the State.

9 (f) In undertaking the duties imposed under subsection (e) of this section, the
10 Task Force shall:

11 (1) perform a general assessment of the State's current network of public
12 and private financial resources for the purpose of identifying potential areas of State bank
13 focus, including how a State bank may:

14 (i) strengthen the economic and community development needs of
15 Maryland;

16 (ii) provide greater financial stability through its investments in
17 other financial institutions;

18 (iii) reduce the cost paid by State government for banking services;
19 and

20 (iv) generate earnings beyond those necessary for the continued
21 operation of the trust, which could be used to supplement the General Fund of the State;

22 (2) examine how a State bank may support a strong private sector financial
23 community that would provide capital for businesses in Maryland;

24 (3) examine various administrative and operational structures for
25 organizing a State bank, including boards of directors, sources of deposits, oversight and
26 audit of financial activities, and guarantees of financial products;

27 (4) consider options for integrating a State bank model into the existing
28 State financial services network, including ideas such as lending capital to banks, credit
29 unions, and nonprofit community development financial institutions; and

30 (5) examine the long-term impact of creating a Maryland State Bank on
31 economic growth, job creation, and State revenues.

32 (g) On or before December 1, 2021, the Task Force shall report its findings and
33 recommendations to the Governor and, in accordance with § 2-1257 of the State

1 Government Article, the Senate Budget and Taxation Committee and the House
2 Appropriations Committee.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
4 1, 2021. It shall remain effective for a period of 1 year and 1 month and, at the end of June
5 30, 2022, this Act, with no further action required by the General Assembly, shall be
6 abrogated and of no further force and effect.