

SENATE BILL 789

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By: **Senator Raskin**

Introduced and read first time: February 4, 2011

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland State Bank Commission – Study and Report**

3 FOR the purpose of establishing the Maryland State Bank Commission to review and
4 evaluate the creation of a Maryland State Bank; providing for the membership
5 and staffing of the Commission; prohibiting members of the Commission from
6 receiving certain compensation, but authorizing the reimbursement of certain
7 expenses; requiring a final report by a certain date; providing for the
8 termination of this Act; and generally relating to the creation of a Maryland
9 State Bank Commission.

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

12 (a) There is a Maryland State Bank Commission.

13 (b) The Commission consists of the following members:

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

15 (2) one member of the Senate Judicial Proceedings Committee,
16 appointed by the President of the Senate;

17 (3) one member of the House Economic Matters Committee, appointed
18 by the Speaker of the House;

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

20 (5) the Secretary of Business and Economic Development, or the
21 Secretary's designee;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (6) the Commissioner of Financial Regulation, or the Commissioner's
2 designee;

3 (7) the Director of the State Department of Assessments and Taxation,
4 or the Director's designee;

5 (8) a representative of the Maryland Association of Counties;

6 (9) a representative of the Maryland Municipal League;

7 (10) a representative of the Maryland Chamber of Commerce;

8 (11) a representative of the labor community; and

9 (12) three members of the public, knowledgeable about the State's
10 banking sector and economy, appointed by the Governor, of which at least one is a
11 member of the banking community and one is a member of the consumer advocacy
12 community.

13 (c) The Department of Labor, Licensing, and Regulation shall provide staff
14 support to the Commission.

15 (d) A member of the Commission:

16 (1) may not receive compensation as a member of the Commission; but

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

19 (e) (1) The Commission shall review and evaluate the creation of a
20 Maryland State Bank.

21 (2) The Commission's shall, at a minimum, undertake a review and
22 evaluation of a Maryland State Bank that would:

23 (i) purchase, guarantee, or hold loans made by private banks,
24 credit unions, or other financial institutions doing business in Maryland;

25 (ii) make loans in the form of participation loans with Maryland
26 community banks to qualified individuals and businesses residing or doing business in
27 Maryland when the originator of the loan is a private bank, credit union, or other
28 financial institution;

29 (iii) serve as a banker's bank for Maryland chartered banks by
30 providing correspondent banking services and other related services in keeping with
31 its mission;

1 (iv) accept deposits related to such transactions from banks and
2 other financial institutions; and

3 (v) be authorized to issue bank stock loans to
4 Maryland-chartered banks.

5 (3) The Commission also shall review and evaluate the creation of a
6 Maryland State Bank, the mission of which would be:

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

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

13 (iii) to reduce the costs paid by the State for basic banking
14 services; and

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

17 (f) In undertaking the duties imposed by subsection (e) of this Act, the
18 Commission shall:

19 (1) study the Bank of North Dakota;

20 (2) determine whether other states have state banks or are currently
21 considering the creation of a state bank;

22 (3) evaluate the effectiveness and usefulness of existing state banks,
23 specifically examining the economic impact of having a state bank;

24 (4) determine the costs and revenues associated with the Bank of
25 North Dakota and any other existing state banks;

26 (5) estimate the short-term operating costs and projected revenues of
27 a Maryland State Bank; and

28 (6) examine the long-term broad economic impact and long-term job
29 creation and State revenue impacts of having a Maryland State Bank.

30 (g) On or before October 1, 2011, the Commission shall report its findings
31 and recommendations to the Governor and, in accordance with § 2-1246 of the State
32 Government Article, the General Assembly.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2011. It shall remain effective for a period of 5 months and, at the end of
3 October 31, 2011, with no further action required by the General Assembly, this Act
4 shall be abrogated and of no further force and effect.