

trust company which renders services to the State in the capacity of depository for State monies must post collateral for the protection of these monies in the event of the financial failure of the bank or trust company; and

WHEREAS, This collateral, which is limited to bonds or securities of the United States and certain Federal authorities and instrumentalities; the State of Maryland, the State Roads Commission, Baltimore City, and any county or municipal corporation in the State, must be purchased by the bank or trust company acting as a depository in an amount equal to at least 100 percent of the amount of State monies on deposit; and

WHEREAS, This collateral requirement represents a considerable expense to the bank or trust company and, in addition, results in the freezing of assets in such a manner that the bank or trust company is unable to take advantage of the fluctuating money market for investment purposes; and

WHEREAS, This collateral requirement also represents a considerable expense to the State of Maryland which must account for and record collateral held by banks and trust companies which have State funds on deposit; and

WHEREAS, In the United States Congress, a Resolution has been introduced in the House of Representatives, has recently passed the appropriate House committee, and is expected to clear the House without difficulty; and

WHEREAS, This Resolution (HR 11221) calls for full Federal coverage, through the Federal Deposit Insurance Corporation, of all deposits of public monies, whether State, county, or local, in banks and trust companies used as depositories for such funds; and

WHEREAS, If enacted, this Federal legislation would eliminate the need for the banks and trust companies in Maryland to post collateral for State funds they hold on deposit, with a resulting savings of expense to both the State of Maryland and the banks; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Maryland Delegation in the United States Congress be urged to support the passage of House Resolution 11221 calling for 100 percent Federal coverage of all deposits of public funds through the Federal Deposit Insurance Corporation; and be it further

RESOLVED, That copies of this Resolution be forwarded by the Secretary of the State of Maryland to the Honorable Charles M. Mathias, Jr., the Honorable J. Glenn Beall, Jr., the Honorable Clarence D. Long, the