

federal income tax purposes; defining terms; and making this Act an emergency measure.

BY adding to

Article - State Finance and Procurement  
Section 8-130  
Annotated Code of Maryland  
(1985 Volume and 1986 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - State Finance and Procurement

8-130.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CODE" MEANS THE INTERNAL REVENUE CODE OF 1986 AND INCLUDES REGULATIONS AND RULINGS ISSUED UNDER THAT CODE.

(3) "PROCEEDS" MEANS MONEYS RECEIVED FROM THE SALE OF STATE BONDS, AND INCLUDES ANY MONEYS DEEMED TO BE PROCEEDS OF STATE BONDS UNDER THE CODE.

(B) THE TREASURER AND THE COMPTROLLER SHALL ESTABLISH AND MAINTAIN FUNDS AND ACCOUNTS FOR THE ADMINISTRATION, MANAGEMENT, INVESTMENT AND ACCOUNTING OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO ESTABLISH OR MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.

(C) THE TREASURER SHALL MANAGE AND INVEST PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, IN A MANNER SO AS TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS. THE TREASURER SHALL RESTRICT THE YIELDS ON INVESTMENTS OF PROCEEDS IF AND TO THE EXTENT NECESSARY TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.

(D) THE TREASURER AND THE COMPTROLLER SHALL PREPARE AND MAINTAIN RECORDS OF THE RECEIPT, DEPOSIT, INVESTMENT, MANAGEMENT, DISBURSEMENT AND APPLICATION OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO MAINTAIN OR VERIFY THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.