



Senate Bill 631

Local Facility Closure Reserve Funds – Investments and Reinvestments

MACo Position: **SUPPORT**

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To: Budget & Taxation Committee

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The Maryland Association of Counties (MACo) **SUPPORTS** SB 631. This legislation will allow local governments to invest facility closure reserve funds like long-term funds, outside the tight restrictions placed on short-term “public funds” investments.

Currently, state law sets two policies for state and local investments. “Public funds” are day-to-day government funds that must be invested conservatively and for liquidity. Several exceptions of longer term funds (like pensions) are segregated from general funds, and are authorized to be invested in equities, bonds, and other long-term instruments. In general, longer-term investing sacrifices immediate availability but allows higher yield expectations for the longer term.

MACo supports this legislation as a reasonable and appropriate extension of current local government investment policy. The current list of exceptions to the “public funds” definition has been opened up piecemeal to allow counties to invest postemployment benefits, trust funds, and self-insurance funds following guidelines for pension fund investments. In each case the investments are still subject to a locally approved investment policy.

This bill’s additional exception for local facility closure reserve funds fits with the state’s policy intent, and allows county governments to invest these funds accordingly. The bill’s fiscal note identifies the widespread nature of these long term obligations – SB 631 would provide an extra incentive for local governments to responsibly commit current funds toward these liabilities.

While landfill closure reserve funds are the case currently at hand, this legislation creates an exception for other types of local facilities that require reserve funds for closure. This language would cover closure reserves for locally operated composting or other similar facilities without the need for additional legislation.

For these reasons, MACo requests the Committee give a **FAVORABLE** report to SB 631.