

HOUSE BILL 1196

C7

7lr2117

By: **Delegate Hornberger**

Introduced and read first time: February 9, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Lottery Facilities – Small, Minority, and Women–Owned Businesses**
3 **Account – Targeted Areas**

4 FOR the purpose of requiring the Board of Public Works to procure, on or before a certain
5 date, the services of at least one eligible fund manager that is based in certain
6 targeted areas surrounding a video lottery facility for purposes of the Small,
7 Minority, and Women–Owned Businesses Account; requiring the Board to report
8 certain information to the General Assembly on or before a certain date under certain
9 circumstances; requiring that certain funds in the Account be allocated in a certain
10 manner to certain targeted areas; authorizing the transfer of certain funds in the
11 Account to certain fund managers representing certain targeted areas under certain
12 circumstances; defining a certain term; and generally relating to the Small, Minority,
13 and Women–Owned Businesses Account under the authority of the Board of Public
14 Works.

15 BY repealing and reenacting, with amendments,
16 Article – State Government
17 Section 9–1A–35
18 Annotated Code of Maryland
19 (2014 Replacement Volume and 2016 Supplement)

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

22 **Article – State Government**

23 9–1A–35.

24 (a) There is a Small, Minority, and Women–Owned Businesses Account under the
25 authority of the Board of Public Works.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) The Account shall receive money as required under § 9–1A–27 of this
2 subtitle.

3 (2) Money in the Account shall be invested and reinvested by the Treasurer
4 and interest and earnings shall accrue to the Account.

5 (3) The Comptroller shall:

6 (i) account for the Account; and

7 (ii) on a properly approved transmittal prepared by the Board of
8 Public Works, issue a warrant to pay out money from the Account in the manner provided
9 under this section.

10 (4) The Account is a special, nonlapsing fund that is not subject to § 7–302
11 of the State Finance and Procurement Article.

12 (5) Expenditures from the Account shall only be made on a properly
13 approved transmittal prepared by the Board of Public Works as provided under subsection
14 (c) of this section.

15 (c) (1) **(I) In this subsection[,] THE FOLLOWING WORDS HAVE THE**
16 **MEANINGS INDICATED.**

17 **(II) [“eligible] “ELIGIBLE fund manager” means an entity that has**
18 **significant financial or investment experience, under criteria developed by the Board of**
19 **Public Works.**

20 **(III) “TARGETED AREA” MEANS A GEOGRAPHICAL AREA**
21 **DETERMINED BY THE BOARD OF PUBLIC WORKS TO REPRESENT THE**
22 **JURISDICTIONS AND COMMUNITIES SURROUNDING A VIDEO LOTTERY FACILITY.**

23 (2) **(I) Subject to the provisions of paragraph (3) of this subsection, the**
24 **Board of Public Works shall make grants to eligible fund managers to provide investment**
25 **capital and loans to small, minority, and women–owned businesses in the State.**

26 **(II) ON OR BEFORE JUNE 30, 2018, THE BOARD OF PUBLIC**
27 **WORKS SHALL PROCURE THE SERVICES OF AT LEAST ONE ELIGIBLE FUND MANAGER**
28 **BASED IN EACH TARGETED AREA.**

29 **(III) 1. IF THE BOARD OF PUBLIC WORKS IS UNABLE TO**
30 **PROCURE AN ELIGIBLE FUND MANAGER IN A TARGETED AREA AS REQUIRED UNDER**
31 **SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE BOARD SHALL REPORT TO THE**
32 **GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THIS ARTICLE, ON OR**
33 **BEFORE JUNE 30, 2018.**

1 **2. THE REPORT REQUIRED UNDER THIS**
2 **SUBPARAGRAPH SHALL INCLUDE A DETAILED JUSTIFICATION FOR THE BOARD'S**
3 **NONCOMPLIANCE.**

4 (3) (I) [The] **SUBJECT TO SUBPARAGRAPH (II) OF THIS**
5 **PARAGRAPH, THE** Board of Public Works shall ensure that eligible fund managers allocate
6 at least 50% of the funds from this Account to small, minority, and women-owned
7 businesses in the jurisdictions and communities surrounding a video lottery facility.

8 **(II) THE FUNDS ALLOCATED UNDER SUBPARAGRAPH (I) OF**
9 **THIS PARAGRAPH SHALL BE MADE AVAILABLE FOR INVESTMENTS AND LOANS IN**
10 **EACH TARGETED AREA SURROUNDING A VIDEO LOTTERY FACILITY IN DIRECT**
11 **PROPORTION TO THE FACILITY'S CONTRIBUTIONS TO THE ACCOUNT UNDER §**
12 **9-1A-27 OF THIS SUBTITLE.**

13 **(III) FUNDS IN THE ACCOUNT DEDICATED TO A TARGETED AREA**
14 **UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY BE TRANSFERRED TO**
15 **ELIGIBLE FUND MANAGERS REPRESENTING THE REMAINING TARGETED AREAS IF:**

16 **1. THE FUNDS HAVE BEEN ON DEPOSIT IN THE ACCOUNT**
17 **FOR AT LEAST 1 YEAR; AND**

18 **2. THE ELIGIBLE FUND MANAGER THAT SERVES THE**
19 **TARGETED AREA CAN DEMONSTRATE THAT, DESPITE THE FUND MANAGER'S**
20 **OUTREACH IN THE TARGETED AREA, AN ELIGIBLE BUSINESS HAS NOT APPLIED FOR**
21 **A LOAN OR INVESTMENT FROM THE ACCOUNT.**

22 (d) Fund managers receiving grants under this section shall:

23 (1) keep proper records of funds and accounts;

24 (2) provide an annual report to the Governor and, in accordance with §
25 2-1246 of this article, the General Assembly on investment capital and loans made
26 pursuant to subsection (c) of this section; and

27 (3) be subject to audit by the Office of Legislative Audits of the Department
28 of Legislative Services.

29 (e) (1) Subject to paragraph (2) of this subsection, an eligible fund manager
30 may use money from grants received under this section to pay expenses for administrative,
31 actuarial, legal, and technical services.

32 (2) The Board of Public Works shall set the maximum amount of grant
33 money that each eligible fund manager may use under paragraph (1) of this subsection.

1 (f) The Legislative Auditor shall audit the utilization of the funds that are
2 allocated to small, minority, and women-owned businesses by eligible fund managers
3 under subsection (c)(3) of this section during an audit of the applicable State unit as
4 provided in § 2-1220 of this article.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2017.