

# SENATE BILL 301

C1, P2

(PRE-FILED)

1r1466  
CF 1r2200

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By: **Senator Sydnor**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Corporations – Board Members and Executive Officers Diversity – Procurement**  
3 **Preference and Reporting**

4 FOR the purpose of requiring the Board of Public Works to establish, by regulation, a  
5 certain threshold and process for determining certain demographics based on certain  
6 data; requiring the Board to adopt certain regulations that require certain units of  
7 the executive branch of State government to establish a certain corporate diversity  
8 percentage price preference; requiring a certain corporate diversity percentage price  
9 preference to be based on the official demographic percentages established by the  
10 Department of Planning; requiring a procurement officer to apply a certain corporate  
11 diversity percentage price preference to certain bids if a certain bidder meets the  
12 diversity threshold established by the Board; requiring certain corporations  
13 submitting a certain annual report to the State Department of Assessments and  
14 Taxation to include certain information relating to racial diversity and  
15 representation on the corporation's board of directors; requiring certain corporations  
16 to submit with the annual report the corporation's Consolidated EEO-1 Report;  
17 requiring the Department to report to the Board on or before a certain date each  
18 year; requiring the Department to make the report publicly available on the  
19 Department's website; and generally relating to the racial diversity of the board  
20 members and executive officers of certain corporations.

21 BY adding to  
22 Article – State Finance and Procurement  
23 Section 14-417  
24 Annotated Code of Maryland  
25 (2015 Replacement Volume and 2020 Supplement)

26 BY repealing and reenacting, with amendments,  
27 Article – Tax – Property  
28 Section 11-101

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2019 Replacement Volume and 2020 Supplement)

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

5 **Article – State Finance and Procurement**

6 **14-417.**

7 **(A) (1) THE BOARD SHALL ADOPT REGULATIONS THAT:**

8 **(I) ESTABLISH A THRESHOLD AT WHICH THE DEMOGRAPHICS**  
9 **OF BOARD MEMBERS AND EXECUTIVE OFFICERS OF A CORPORATION ARE**  
10 **SUBSTANTIALLY SIMILAR TO THE DEMOGRAPHICS OF THE STATE;**

11 **(II) ESTABLISH A PROCESS FOR DETERMINING THE**  
12 **DEMOGRAPHICS OF BOARD MEMBERS AND EXECUTIVE OFFICERS OF A**  
13 **CORPORATION, BASED ON THE DATA REPORTED TO THE STATE DEPARTMENT OF**  
14 **ASSESSMENTS AND TAXATION UNDER § 11-101(D) OF THE TAX – PROPERTY**  
15 **ARTICLE; AND**

16 **(III) REQUIRE EACH UNIT TO ESTABLISH A CORPORATE**  
17 **DIVERSITY PERCENTAGE PRICE PREFERENCE NOT TO EXCEED 5%.**

18 **(2) THE PERCENTAGE PRICE PREFERENCE SHALL BE DETERMINED**  
19 **BASED ON THE OFFICIAL DEMOGRAPHIC PERCENTAGES RECOGNIZED BY THE**  
20 **DEPARTMENT OF PLANNING.**

21 **(B) A PROCUREMENT OFFICER SHALL APPLY A CORPORATE DIVERSITY**  
22 **PERCENTAGE PRICE PREFERENCE TO A RESPONSIVE BID IF THE RESPONSIBLE**  
23 **BIDDER MEETS THE DIVERSITY THRESHOLD ESTABLISHED BY THE BOARD.**

24 **Article – Tax – Property**

25 **11-101.**

26 **(a) On or before April 15 of each year, a person shall submit an annual report to**  
27 **the Department if:**

28 **(1) the person is a business trust, statutory trust, domestic corporation,**  
29 **limited liability company, limited liability partnership, or limited partnership;**

30 **(2) the person is a foreign corporation, foreign statutory trust, foreign**  
31 **limited liability company, foreign limited liability partnership, or foreign limited**

1 partnership registered or qualified to do business in the State; or

2 (3) the person owns or during the preceding calendar year owned property  
3 that is subject to property tax.

4 (b) The report shall:

5 (1) be in the form that the Department requires;

6 (2) be under oath as the Department requires; and

7 (3) contain the information that the Department requires.

8 (c) (1) This subsection does not apply to a privately held company if at least  
9 75% of the company's shareholders are family members.

10 (2) If the person submitting the report is a tax-exempt, domestic nonstock  
11 corporation with an operating budget exceeding \$5,000,000, or a domestic stock corporation  
12 with total sales exceeding \$5,000,000, the report required by the Department shall include  
13 the number of female board members and the total number of members on the person's  
14 board of directors.

15 **(D) (1) IF THE PERSON SUBMITTING THE REPORT IS A PUBLICLY HELD**  
16 **DOMESTIC OR FOREIGN CORPORATION OR A NONSTOCK CORPORATION WITH TOTAL**  
17 **ASSETS EXCEEDING \$100,000,000 THE REPORT REQUIRED BY THE DEPARTMENT**  
18 **SHALL INCLUDE:**

19 **(I) THE NUMBER OF BOARD MEMBERS WHO SELF-IDENTIFY AS**  
20 **A RACIAL OR ETHNIC MINORITY AND WHICH RACE OR ETHNICITY THE BOARD**  
21 **MEMBER BELONGS;**

22 **(II) A DESCRIPTION OF THE CORPORATION'S PROCESS FOR**  
23 **IDENTIFYING AND EVALUATING NOMINEES FOR THE BOARD OF DIRECTORS,**  
24 **INCLUDING IF DEMOGRAPHIC DIVERSITY IS CONSIDERED;**

25 **(III) A DESCRIPTION OF THE CORPORATION'S PROCESS FOR**  
26 **IDENTIFYING AND APPOINTING EXECUTIVE OFFICERS, INCLUDING IF**  
27 **DEMOGRAPHIC DIVERSITY IS CONSIDERED; AND**

28 **(IV) A DESCRIPTION OF THE CORPORATION'S POLICIES AND**  
29 **PRACTICES FOR PROMOTING DIVERSITY, EQUITY, AND INCLUSION AMONG ITS**  
30 **BOARD OF DIRECTORS AND EXECUTIVE OFFICERS.**

31 **(2) A CORPORATION REQUIRED TO SUBMIT A REPORT UNDER THIS**  
32 **SUBSECTION SHALL SUBMIT TO THE DEPARTMENT THE CORPORATION'S**

1 **CONSOLIDATED EEO-1 REPORT.**

2 **(E) (1) ON OR BEFORE JANUARY 1 EACH YEAR, THE DEPARTMENT SHALL**  
3 **REPORT TO THE BOARD OF PUBLIC WORKS AND THE GENERAL ASSEMBLY, IN**  
4 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON:**

5 **(I) THE PERCENTAGE OF RACIAL AND ETHNIC DIVERSITY ON**  
6 **THE BOARDS OF DIRECTORS OF ALL ENTITIES FILING A REPORT WITH THE**  
7 **INFORMATION REQUIRED UNDER SUBSECTION (D) OF THIS SECTION; AND**

8 **(II) IDENTIFIED STRATEGIES FOR PROMOTING DIVERSITY AND**  
9 **INCLUSION AMONG BOARDS OF DIRECTORS AND CORPORATE EXECUTIVE OFFICERS.**

10 **(2) THE DEPARTMENT SHALL MAKE THE REPORT PUBLICLY**  
11 **AVAILABLE ON THE DEPARTMENT'S WEBSITE.**

12 **[(d)] (F)** On or before December 31, 2019, the Department shall adopt  
13 regulations on the granting of exemptions from the reporting requirement under this  
14 section.

15 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect  
16 **October 1, 2021.**