

# HOUSE BILL 386

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CF SB 310

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By: **Delegates D. Jones, Henson, and Watson**

Introduced and read first time: January 19, 2022

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Small, Minority, and Women–Owned Businesses Account – Local State of**  
3 **Emergency**

4 FOR the purpose of expanding the eligible uses of the Small, Minority, and Women–Owned  
5 Businesses Account to include the provision of certain grants and the conversion of  
6 certain loan amounts into grants in areas declared a local state of emergency;  
7 limiting the amount of certain grants and loan amounts converted to grants that  
8 may be provided to a certain business; and generally relating to the Small, Minority,  
9 and Women–Owned Businesses Account.

10 BY repealing and reenacting, with amendments,  
11 Article – Economic Development  
12 Section 5–1501  
13 Annotated Code of Maryland  
14 (2018 Replacement Volume and 2021 Supplement)

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

17 **Article – Economic Development**

18 5–1501.

19 (a) There is a Small, Minority, and Women–Owned Businesses Account under the  
20 authority of the Department.

21 (b) (1) (i) The Account shall receive money as required under § 9–1A–27 of  
22 the State Government Article.

23 (ii) The Account shall receive money from the Strategic Energy  
24 Investment Fund as required under § 9–20B–05 of the State Government Article.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3           (3) The Comptroller shall:

4           (i) account for the Account; and

5           (ii) on a properly approved transmittal prepared by the Department,  
6 issue a warrant to pay out money from the Account in the manner provided under this  
7 section.

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

10          (5) Expenditures from the Account shall only be made on a properly  
11 approved transmittal prepared by the Department as provided under subsection (c) of this  
12 section.

13          (c) (1) In this subsection, “eligible fund manager”:

14           (i) means an entity that has significant financial or investment  
15 experience, under criteria developed by the Department; and

16           (ii) includes an entity that the Department designates to manage  
17 funds received under subsection (b)(1)(i) of this section.

18          (2) Subject to the provisions of paragraph (3) of this subsection and  
19 subsection (i) of this section, the Department shall make grants to eligible fund managers  
20 to provide investment capital and loans to small, minority, and women–owned businesses  
21 in the State.

22          (3) Except for money received from the Strategic Energy Investment Fund,  
23 the Department shall ensure that eligible fund managers allocate at least 50% of the funds  
24 from this Account to small, minority, and women–owned businesses in the jurisdictions and  
25 communities surrounding a video lottery facility.

26          (d) (1) Any money received from the Strategic Energy Investment Fund shall  
27 be used to benefit small, minority, women–owned, and veteran–owned businesses in the  
28 clean energy industry in the State.

29          (2) The Department shall make grants to eligible fund managers to provide  
30 investment capital, including direct equity investments and similar investments and loans  
31 to small, minority, women–owned, and veteran–owned businesses in the clean energy  
32 industry in the State.

33          (e) Fund managers receiving grants under this section shall:

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

2 (2) provide an annual report to the Governor and, in accordance with §  
3 2–1257 of the State Government Article, the General Assembly on investment capital and  
4 loans made pursuant to subsection (c) of this section; and

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

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

10 (2) The Department shall set the maximum amount of grant money that  
11 each eligible fund manager may use under paragraph (1) of this subsection.

12 (g) (1) Subject to paragraphs (2) through (4) of this subsection, an eligible fund  
13 manager may use money from a grant received under subsection (d)(1) of this section to pay  
14 ordinary and reasonable expenses for administrative, actuarial, legal, marketing, and  
15 technical services and management fees.

16 (2) The Department shall:

17 (i) maintain all money received from the Strategic Energy  
18 Investment Fund in a single account; and

19 (ii) make grant allocations to an eligible fund manager as the  
20 manager advises the Department that the manager has approved and prepared to fund an  
21 investment or a loan.

22 (3) Any allocation that the Department makes to an eligible fund manager  
23 from the Strategic Energy Investment Fund shall include:

24 (i) the amount of the investment or loan; and

25 (ii) up to an additional 3% of the total investment or loan  
26 commitment amount as a management fee for the benefit and compensation of the eligible  
27 fund manager.

28 (4) An eligible fund manager that receives an allocation from the Strategic  
29 Energy Investment Fund shall retain for the manager's benefit:

30 (i) all management fees paid by the Department; and

31 (ii) all interest earned from a loan made by the eligible fund manager  
32 under this subsection.

1 (h) (1) Notwithstanding any provisions in this section to the contrary, this  
2 subsection applies to businesses in areas of the State that are:

3 (i) declared to be federal disaster areas;

4 (ii) subject to a federal declaration of emergency; or

5 (iii) subject to an official declaration of emergency by the Governor.

6 (2) In an area of the State described in paragraph (1) of this subsection, an  
7 eligible fund manager may:

8 (i) provide financial assistance under this section to a small,  
9 minority, or women-owned business in the form of a grant; or

10 (ii) convert to a grant part or all of a loan that was provided to a  
11 small, minority, or women-owned business before the area was declared a federal disaster  
12 area or became subject to a declaration of emergency.

13 (3) (i) The amount of any grant or loan converted to a grant under this  
14 subsection may not exceed \$50,000 for a single business.

15 (ii) The aggregate total of financial assistance provided in the form  
16 of grants and loans converted to grants under this subsection may not exceed \$10,000,000  
17 in a fiscal year.

18 **(I) (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,**  
19 **THIS SUBSECTION APPLIES TO BUSINESSES AND NONPROFIT ORGANIZATIONS IN**  
20 **AREAS OF THE STATE WHERE THE PRINCIPAL EXECUTIVE OFFICER HAS DECLARED**  
21 **A LOCAL STATE OF EMERGENCY UNDER § 14-111 OF THE PUBLIC SAFETY ARTICLE.**

22 **(2) IN AN AREA OF THE STATE DESCRIBED IN PARAGRAPH (1) OF THIS**  
23 **SUBSECTION, AN ELIGIBLE FUND MANAGER MAY:**

24 **(I) PROVIDE FINANCIAL ASSISTANCE UNDER THIS SECTION TO**  
25 **A SMALL, MINORITY, OR WOMEN-OWNED BUSINESS, INCLUDING NONPROFIT**  
26 **ORGANIZATIONS, IN THE FORM OF A GRANT; OR**

27 **(II) CONVERT TO A GRANT PART OR ALL OF A LOAN THAT WAS**  
28 **PROVIDED TO A SMALL, MINORITY, OR WOMEN-OWNED BUSINESS OR NONPROFIT**  
29 **ORGANIZATION BEFORE THE AREA BECAME SUBJECT TO A DECLARATION OF**  
30 **EMERGENCY.**

31 **(3) THE AMOUNT OF ANY GRANT OR LOAN CONVERTED TO A GRANT**

1 UNDER THIS SUBSECTION MAY NOT EXCEED \$50,000 FOR A SINGLE BUSINESS OR  
2 NONPROFIT ORGANIZATION.

3 (4) THE DEPARTMENT SHALL APPROVE ANY ASSISTANCE TO A  
4 BUSINESS OR NONPROFIT ORGANIZATION UNDER THIS SUBSECTION BEFORE A FUND  
5 MANAGER DISTRIBUTES A GRANT OR CONVERTS A LOAN TO A GRANT.

6 [(i)] (J) The Legislative Auditor shall audit the utilization of the funds that are  
7 allocated to small, minority, and women-owned businesses by eligible fund managers  
8 under subsection (c)(3) of this section during an audit of the applicable State unit as  
9 provided in § 2-1220 of the State Government Article.

10 [(j)] (K) (1) On or before October 1 each year, the Department shall submit a  
11 report on the status of money received from the Strategic Energy Investment Fund under  
12 subsection (d) of this section to the Senate Finance Committee and the House Economic  
13 Matters Committee, in accordance with § 2-1257 of the State Government Article.

14 (2) With respect to the preceding fiscal year and each relevant prior fiscal  
15 year, the report shall include:

- 16 (i) the amounts received from the Fund;
- 17 (ii) the amounts placed as grants with eligible fund managers; and
- 18 (iii) with respect to each eligible fund manager:
- 19 1. the identity of the manager;
- 20 2. the money provided to the manager;
- 21 3. the investments made by the manager;
- 22 4. the amounts retained by the manager as expenses and  
23 management fees;
- 24 5. the small, minority, women-owned, and veteran-owned  
25 businesses receiving the investments; and
- 26 6. the status of the investments listed under item 5 of this  
27 item, along with any return made on each investment.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
29 1, 2022.