

HOUSE BILL 26

C8

(PRE-FILED)

4r0096
CF SB 215

By: **Chair, Ways and Means Committee (By Request – Departmental – Commerce)**

Requested: September 11, 2023

Introduced and read first time: January 10, 2024

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Small, Minority, and Women-Owned Businesses Account – Alterations**

3 FOR the purpose of altering the type of financial assistance that may be provided by eligible
4 fund managers who receive grants from the Small, Minority, and Women-Owned
5 Businesses Account in the Department of Commerce; and generally relating to the
6 Small, Minority, and Women-Owned Businesses Account.

7 BY repealing and reenacting, with amendments,

8 Article – Economic Development

9 Section 5-1501

10 Annotated Code of Maryland

11 (2018 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Economic Development

14 Section 5-1501

15 Annotated Code of Maryland

16 (2018 Replacement Volume and 2023 Supplement)

17 (As enacted by Chapters 490 and 491 of the Acts of the General Assembly of 2022)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Economic Development**

21 5-1501.

22 (a) There is a Small, Minority, and Women-Owned Businesses Account under the
23 authority of the Department.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

7 (3) The Comptroller shall:

8 (i) account for the Account; and

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

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

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

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

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

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

22 (2) (I) Subject to the provisions of paragraph (3) of this subsection and
23 subsection (i) of this section, the Department shall make grants to eligible fund managers
24 to provide [investment capital and loans] FINANCIAL ASSISTANCE to small, minority, and
25 women–owned businesses in the State.

26 (II) 1. FINANCIAL ASSISTANCE PROVIDED BY ELIGIBLE
27 FUND MANAGERS SHALL BE IN THE FORM OF:

28 A. A LOAN; OR

29 B. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS
30 SUBPARAGRAPH, A GRANT.

31 2. FINANCIAL ASSISTANCE IN THE FORM OF A GRANT:

1 **A. MAY NOT EXCEED \$10,000 AND SHALL BE ISSUED IN**
2 **CONJUNCTION WITH A LOAN OF ANY AMOUNT; OR**

3 **B. SHALL BE MADE PURSUANT TO SUBSECTION (H) OR (I)**
4 **OF THIS SECTION.**

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

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

12 (2) The Department shall make grants to eligible fund managers to provide
13 [investment capital, including direct equity investments and similar investments and
14 loans] **FINANCIAL ASSISTANCE** to small, minority, women–owned, and veteran–owned
15 businesses in the clean energy industry in the State.

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

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

18 (2) provide an annual report to the Department on [investment capital and
19 loans] **FINANCIAL ASSISTANCE** made pursuant to subsection (c) of this section; and

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

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

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

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

31 (2) The Department shall:

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

3 (ii) make grant allocations to an eligible fund manager as the
4 manager advises the Department that the manager has approved and prepared to [fund an
5 investment or a loan] **PROVIDE FINANCIAL ASSISTANCE**.

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

8 (i) the amount of the [investment or loan] **FINANCIAL**
9 **ASSISTANCE**; and

10 (ii) up to an additional 3% of the total [investment or loan]
11 **FINANCIAL ASSISTANCE** commitment amount as a management fee for the benefit and
12 compensation of the eligible fund manager.

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

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

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

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

20 (i) declared to be federal disaster areas;

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

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

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

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

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

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

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

4 (i) (1) Notwithstanding any other provision of this section, this subsection
5 applies to businesses and nonprofit organizations in Anne Arundel County and the City of
6 Annapolis when the principal executive officer has declared a local state of emergency
7 under § 14–111 of the Public Safety Article.

8 (2) Subject to paragraph (1) of this subsection, an eligible fund manager
9 may:

10 (i) provide financial assistance under this section to a small,
11 minority, or women–owned business, including nonprofit organizations, in the form of a
12 grant; or

13 (ii) convert to a grant part or all of a loan that was provided to a
14 small, minority, or women–owned business or nonprofit organization before the area
15 became subject to a declaration of emergency.

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

18 (4) The Department shall approve any assistance to a business or nonprofit
19 organization under this subsection before a fund manager distributes a grant or converts a
20 loan to a grant.

21 (5) The Department shall ensure that the financial assistance provided
22 under this section does not exceed the amount of money distributed to the Account from
23 the proceeds of video lottery terminals at the video lottery facility located in Anne Arundel
24 County.

25 (j) In accordance with § 2.5–109 of this article, the Department shall submit a
26 report on amounts received by and expended by the Strategic Energy Investment Fund.

27 (k) The Legislative Auditor shall audit the utilization of the funds that are
28 allocated to small, minority, and women–owned businesses by eligible fund managers
29 under subsection (c)(3) of this section during an audit of the applicable State unit as
30 provided in § 2–1220 of the State Government Article.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
32 as follows:

33 **Article – Economic Development**

34 5–1501.

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

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

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

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

9 (3) The Comptroller shall:

10 (i) account for the Account; and

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

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

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

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

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

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

24 (2) (I) Subject to the provisions of paragraph (3) of this subsection, the
25 Department shall make grants to eligible fund managers to provide [investment capital
26 and loans] **FINANCIAL ASSISTANCE** to small, minority, and women–owned businesses in
27 the State.

28 (II) **1. FINANCIAL ASSISTANCE PROVIDED BY ELIGIBLE**
29 **FUND MANAGERS SHALL BE IN THE FORM OF:**

30 **A. A LOAN; OR**

1 **B. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**
2 **SUBPARAGRAPH, A GRANT.**

3 **2. FINANCIAL ASSISTANCE IN THE FORM OF A GRANT:**

4 **A. MAY NOT EXCEED \$10,000 AND SHALL BE ISSUED IN**
5 **CONJUNCTION WITH A LOAN OF ANY AMOUNT; OR**

6 **B. SHALL BE MADE PURSUANT TO SUBSECTION (H) OF**
7 **THIS SECTION.**

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

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

15 (2) The Department shall make grants to eligible fund managers to provide
16 [investment capital, including direct equity investments and similar investments and
17 loans] **FINANCIAL ASSISTANCE** to small, minority, women–owned, and veteran–owned
18 businesses in the clean energy industry in the State.

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

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

21 (2) provide an annual report to the Department on [investment capital and
22 loans] **FINANCIAL ASSISTANCE** made pursuant to subsection (c) of this section; and

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

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

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

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

1 (2) The Department shall:

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

4 (ii) make grant allocations to an eligible fund manager as the
5 manager advises the Department that the manager has approved and prepared to [fund an
6 investment or a loan] **PROVIDE FINANCIAL ASSISTANCE**.

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

9 (i) the amount of the [investment or loan] **FINANCIAL**
10 **ASSISTANCE**; and

11 (ii) up to an additional 3% of the total [investment or loan]
12 **FINANCIAL ASSISTANCE** commitment amount as a management fee for the benefit and
13 compensation of the eligible fund manager.

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

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

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

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

21 (i) declared to be federal disaster areas;

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

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

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

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

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

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

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

6 (i) 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) In accordance with § 2.5–109 of this article, the Department shall submit a
11 report on amounts received by and expended by the Strategic Energy Investment Fund.

12 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
13 effect on the taking effect of the termination provision specified in Section 3 of Chapters
14 490 and 491 of the Acts of the General Assembly of 2022. If that termination provision takes
15 effect, Section 1 of this Act, with no further action required by the General Assembly, shall
16 be abrogated and of no further force and effect. This Act may not be interpreted to have any
17 effect on that termination provision.

18 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the provisions of
19 Section 3 of this Act, this Act shall take effect July 1, 2024.