

# HOUSE BILL 26

C8

(PRE-FILED)

4r0096  
CF SB 215

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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

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 13, 2024

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## CHAPTER \_\_\_\_\_

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**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 5–1501.

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

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

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

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

10 (3) The Comptroller shall:

11 (i) account for the Account; and

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

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

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

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

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

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

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

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

31 **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) OR (I)**  
7 **OF 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

1 ordinary and reasonable expenses for administrative, actuarial, legal, marketing, and  
2 technical services and management fees.

3 (2) The Department shall:

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

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

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

11 (i) the amount of the ~~investment or loan~~ **FINANCIAL**  
12 **ASSISTANCE**; and

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

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

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

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

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

23 (i) declared to be federal disaster areas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **Article – Economic Development**

4 5–1501.

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

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

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

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

13 (3) The Comptroller shall:

14 (i) account for the Account; and

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

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

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

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

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

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

28 (2) **(I)** Subject to the provisions of paragraph (3) of this subsection, the  
29 Department shall make grants to eligible fund managers to provide ~~investment capital~~  
30 and ~~loans~~ **FINANCIAL ASSISTANCE** to small, minority, and women–owned businesses in  
31 the State.

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

3                   **A. A LOAN; OR**

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

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

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

9                   **B. SHALL BE MADE PURSUANT TO SUBSECTION (H) OF**  
10 **THIS SECTION.**

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

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

18           (2) The Department shall make grants to eligible fund managers to provide  
19 ~~investment capital, including direct equity investments and similar investments and~~  
20 ~~loans~~ **FINANCIAL ASSISTANCE** to small, minority, women-owned, and veteran-owned  
21 businesses in the clean energy industry in the State.

22           (e) 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 Department on ~~investment capital and~~  
25 ~~loans~~ **FINANCIAL ASSISTANCE** made pursuant to subsection (c) of this section; and

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

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

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

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

5 (2) The Department shall:

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

8 (ii) make grant allocations to an eligible fund manager as the  
9 manager advises the Department that the manager has approved and prepared to fund an  
10 investment or ~~a loan~~ **PROVIDE FINANCIAL ASSISTANCE.**

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

13 (i) the amount of the ~~investment or loan~~ **FINANCIAL**  
14 **ASSISTANCE;** and

15 (ii) up to an additional 3% of the total ~~investment or loan~~  
16 **FINANCIAL ASSISTANCE** commitment amount as a management fee for the benefit and  
17 compensation of the eligible fund manager.

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

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

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

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

25 (i) declared to be federal disaster areas;

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

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

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



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

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

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

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

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

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

17 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
18 effect on the taking effect of the termination provision specified in Section 3 of Chapters  
19 490 and 491 of the Acts of the General Assembly of 2022. If that termination provision takes  
20 effect, Section 1 of this Act, with no further action required by the General Assembly, shall  
21 be abrogated and of no further force and effect. This Act may not be interpreted to have any  
22 effect on that termination provision.

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

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.