

SENATE BILL 847

P2

8lr2979

By: **Senators Conway and Gladden**

Introduced and read first time: February 11, 2008

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Task Force on the Minority Business Enterprise Program and Equity**
3 **Investment Capital**

4 FOR the purpose of establishing a Task Force on the Minority Business Enterprise
5 Program and Equity Investment Capital; providing for the composition of the
6 Task Force; requiring the President of the Senate and the Speaker of the House
7 to select a co-chair from the Senate and House of Delegates; requiring the
8 Department of General Services and the Department of Transportation to
9 provide staff for the Task Force; prohibiting a Task Force member from
10 receiving compensation but allowing a member to be reimbursed for certain
11 expenses; requiring the Task Force to study how to facilitate the acquisition of
12 investment equity capital by minority business enterprises in Maryland in a
13 certain manner; requiring the Task Force to report its recommendations and
14 draft legislation to the Governor and General Assembly on or before a certain
15 date; providing for the termination of this Act; and generally relating to the
16 Minority Business Enterprise Program and equity investment capital.

17 Preamble

18 WHEREAS, Our State has clearly demonstrated a will to use its Minority
19 Business Enterprise Program in a constructive manner;

20 WHEREAS, The most glaring component of disparity between Maryland's
21 minority business enterprises and those in other states is the dearth of equity
22 investment capital that has been infused into Maryland's minority business
23 enterprises;

24 WHEREAS, Nationally, less than 2% of all available private equity is invested
25 in minority firms in any year, yet minorities represent 30% of the population;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, The federal government clearly recognizes the inability of
2 individuals to compete on a level playing field for business capital as a characteristic
3 of a disadvantaged class, by defining “economically disadvantaged persons” as those
4 persons whose ability to compete in the free enterprise system has been impaired due
5 to diminished capital and credit opportunities because of their identity as members of
6 a group without regard to their individual qualities, as compared to others in the same
7 line of business and competitive market area;

8 WHEREAS, Although Maryland permits nonminority investment into minority
9 business enterprises, other restrictions related to minority business enterprise
10 organization and certification have made the acquisition of investment equity capital
11 by minority business enterprises virtually impossible;

12 WHEREAS, The mentoring of minority business enterprise founders can be
13 improved by exposure to professional business investors with aligned interests; and

14 WHEREAS, It is necessary for the minority business enterprise owners to
15 maintain full operational control of the business; now, therefore,

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That:

18 (a) There is a Task Force on the Minority Business Enterprise Program and
19 Equity Investment Capital.

20 (b) The Task Force consists of the following members:

21 (1) two members of the Senate of Maryland, appointed by the
22 President of the Senate;

23 (2) two members of the House of Delegates, appointed by the Speaker
24 of the House; and

25 (3) the following seven members, appointed by the Governor:

26 (i) one representative of the Department of General Services;

27 (ii) one representative of the Department of Transportation;

28 (iii) one representative of the Governor’s Office of Minority
29 Affairs;

30 (iv) one representative of a professional private equity firm;

31 (v) one representative of a law firm with proficiency in business,
32 equity transactions, and corporate governance;

1 (vi) one representative of the business community who has
2 founded and been the chief executive of at least one successful company, has
3 experience with equity transactions from the business side, and has participated in a
4 formal corporate board, preferably recognized for entrepreneurship; and

5 (vii) one representative of the Maryland Small Business
6 Development Financing Authority.

7 (c) The President of the Senate and the Speaker of the House shall designate
8 a Senator and a Delegate to co-chair the Task Force.

9 (d) The Department of General Services and the Department of
10 Transportation shall provide staff for the Task Force.

11 (e) A member of the Task Force:

12 (1) may not receive compensation as a member of the Task Force; but

13 (2) is entitled to reimbursement for expenses under the Standard
14 State Travel Regulations, as provided in the State budget.

15 (f) The Task Force shall:

16 (1) study how to facilitate the acquisition of investment equity capital
17 by minority business enterprises in Maryland in a manner that:

18 (i) allows minority business enterprise owners to retain
19 operational control of the business enterprise; and

20 (ii) provides adequate protection to equity investors;

21 (2) make recommendations regarding the necessary modifications to
22 the Minority Business Enterprise Program that will authorize and encourage equity
23 investment in minority business enterprises in Maryland; and

24 (3) develop draft legislation for the 2010 legislative session to
25 implement the recommendations identified in paragraph (2) of this subsection.

26 (g) On or before December 1, 2009, the Task Force shall report its
27 recommendations and draft legislation to the Governor and, in accordance with §
28 2-1246 of the State Government Article, the General Assembly.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2008. It shall remain effective for a period of 1 year and 2 months and, at
31 the end of December 1, 2009, with no further action required by the General Assembly,
32 this Act shall be abrogated and of no further force and effect.