

# SENATE BILL 847

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By: **Senators Conway and Gladden**

Introduced and read first time: February 11, 2008

Assigned to: Rules

Re-referred to: Education, Health, and Environmental Affairs, February 18, 2008

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 21, 2008

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

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

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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 investment capital that has been infused into Maryland's minority business  
2 enterprises;

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

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

12 WHEREAS, Although Maryland permits nonminority investment into minority  
13 business enterprises, other restrictions related to minority business enterprise  
14 organization and certification have made the acquisition of investment equity capital  
15 by minority business enterprises virtually impossible;

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

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

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
21 MARYLAND, That:

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

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

25 (1) two members of the Senate of Maryland, appointed by the  
26 President of the Senate;

27 (2) two members of the House of Delegates, appointed by the Speaker  
28 of the House; and

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

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

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

32 (iii) one representative of the Governor's Office of Minority  
33 Affairs;

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

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

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

8 (vii) one representative of the Maryland Small Business  
9 Development Financing Authority.

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

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

14 (e) A member of the Task Force:

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

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

18 (f) The Task Force shall:

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

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

23 (ii) provides adequate protection to equity investors;

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

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

29 (g) On or before December 1, 2009, the Task Force shall report its  
30 recommendations and draft legislation to the Governor and, in accordance with §  
31 2-1246 of the State Government Article, the General Assembly.

**SENATE BILL 847**

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.