

CHAPTER 463

(Senate Bill 847)

AN ACT concerning

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

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

Preamble

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) one representative of the Department of Transportation;

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

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

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

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

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

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

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

(e) A member of the Task Force:

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

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

(f) The Task Force shall:

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

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

(ii) provides adequate protection to equity investors;

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

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

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

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

Approved by the Governor, May 13, 2008.