

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1118
Economic Matters

(Delegate B. Robinson, *et al.*)

Public Utilities - Utility Supplier Diversity - Data Submission and Task Force

This bill establishes the Task Force to Study Utility Supplier Diversity. The Public Service Commission (PSC) must provide staff for the task force. By December 15, 2016, the task force must report its findings and recommendations to the Governor, the Senate Finance Committee, and the House Economic Matters Committee. Unless otherwise ordered by PSC, a public service company that is a signatory of the Model Utility Supplier Diversity Memorandum of Understanding (MOU) may not establish a new rate or change in rate unless the company provides specified data to PSC related to spending on diverse suppliers in the previous calendar year.

The bill takes effect June 1, 2016. Provisions related to the task force terminate May 31, 2017.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for PSC are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must:

- evaluate data collected as part of the Supplier Diversity Program that is administered by PSC to determine whether a majority of signatories to the MOU have substantially complied with the goal of awarding 25% of their total spending to diverse utility suppliers;
- evaluate the appropriateness of altering the 25% diversity spending goal to encourage more spending for diverse utility suppliers;
- study the feasibility, costs, benefits, and legal or constitutional considerations of establishing a diversity spending requirement or incentive for utility suppliers; and
- make findings and recommendations based on any information collected under the above requirements.

Current Law/Background: For more than 20 years, PSC has administered a Supplier Diversity Program, which seeks to encourage regulated public service companies throughout the State to promote contracting opportunities for minority-, women-, and service-disabled-veteran-owned businesses. Historically, this has been solely through the MOU referenced in the bill. However, regulations establishing the Maryland PSC Supplier Diversity Program became effective in February 2016. The regulations generally formalize the process that had already been in place.

According to the most recent PSC staff [report](#) on PSC's website, there were 19 companies in the program in 2014. Of those companies, 16 filed their 2014 annual reports and annual plans with PSC. In 2014, exclusive of AT&T, the companies that supplied data procured \$540.6 million in services from diverse businesses, which was 16.7% of total procurement spending by those companies. With AT&T, it was 26.5%. This is roughly consistent with the recent five-year trend. For context, major Executive Branch agencies had a 27.3% participation rate in the State Minority Business Enterprise program in fiscal 2014.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Department of Legislative Services

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