

# HOUSE BILL 1210

C2, P2, Q1

1lr2245

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By: **The Speaker**

Introduced and read first time: February 8, 2021

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Diversity – Board, Executive Leadership, and Mission**

3 FOR the purpose of prohibiting an entity from qualifying for certain State benefits unless  
4 certain criteria relating to underrepresented communities are met; requiring the  
5 Department of Commerce and the Office of Small, Minority, and Women Business  
6 Affairs to develop, maintain, and publicly post a certain Scorecard; requiring the  
7 Department and the Office to promulgate regulations to carry out this Act; requiring  
8 a certain entity to include certain diversity data in a certain annual report; providing  
9 for a delayed effective date; providing for the application of this Act; making the  
10 provisions of this Act severable; defining certain terms; and generally relating to  
11 corporate boards and underrepresented communities.

12 BY adding to

13 Article – Business Regulation

14 Section 19–106

15 Annotated Code of Maryland

16 (2015 Replacement Volume and 2020 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Tax – Property

19 Section 11–101

20 Annotated Code of Maryland

21 (2019 Replacement Volume and 2020 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
23 That the Laws of Maryland read as follows:

24 **Article – Business Regulation**

25 **19–106.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
2 **INDICATED.**

3                   **(2) “ENTITY” MEANS:**

4                           **(I) A COMMERCIAL ENTERPRISE OR BUSINESS THAT IS IN GOOD**  
5 **STANDING WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION AND IS:**

6                                   **1. INCORPORATED IN THE STATE; OR**

7                                   **2. REGISTERED TO DO BUSINESS IN THE STATE; OR**

8                                   **(II) A CORPORATION, FOUNDATION, SCHOOL, HOSPITAL, OR**  
9 **OTHER LEGAL ENTITY FOR WHICH NONE OF THE NET EARNINGS INURE TO THE**  
10 **BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL HOLDING AN INTEREST IN**  
11 **THE ENTITY.**

12                   **(3) “STATE BENEFIT” MEANS:**

13                           **(I) STATE CAPITAL GRANT FUNDING TOTALING \$1,000,000 OR**  
14 **MORE IN A SINGLE FISCAL YEAR;**

15                           **(II) STATE TAX CREDITS TOTALING \$1,000,000 OR MORE IN A**  
16 **SINGLE FISCAL YEAR; OR**

17                           **(III) THE RECEIPT OF A STATE CONTRACT WITH A TOTAL VALUE**  
18 **OF \$1,000,000 OR MORE.**

19                           **(4) “UNDERREPRESENTED COMMUNITY” MEANS A COMMUNITY**  
20 **WHOSE MEMBERS SELF-IDENTIFY AS BLACK, AFRICAN AMERICAN, HISPANIC,**  
21 **LATINO, ASIAN, PACIFIC ISLANDER, NATIVE AMERICAN, NATIVE HAWAIIAN, OR**  
22 **ALASKA NATIVE.**

23           **(B) AN ENTITY MAY NOT QUALIFY FOR A STATE BENEFIT UNLESS THE**  
24 **ENTITY IS ABLE TO DEMONSTRATE:**

25                           **(1) MEMBERSHIP OF UNDERREPRESENTED COMMUNITIES IN THE**  
26 **ENTITY’S BOARD OR EXECUTIVE LEADERSHIP; OR**

27                           **(2) SUPPORT FOR UNDERREPRESENTED COMMUNITIES IN THE**  
28 **ENTITY’S MISSION.**

1           **(C) THE DEPARTMENT OF COMMERCE AND THE OFFICE OF SMALL,**  
2 **MINORITY, AND WOMEN BUSINESS AFFAIRS SHALL:**

3           **(1) DEVELOP, MAINTAIN, AND POST PUBLICLY A STATE EQUITY**  
4 **SCORECARD THAT COMPILES DIVERSITY DATA FOR EACH ENTITY ON:**

5                   **(I) THE MEMBERSHIP OF UNDERREPRESENTED COMMUNITIES**  
6 **IN THE ENTITY'S BOARD OR EXECUTIVE LEADERSHIP; AND**

7                   **(II) THE SUPPORT OF UNDERREPRESENTED COMMUNITIES IN**  
8 **THE ENTITY'S MISSION; AND**

9           **(2) PROMULGATE REGULATIONS TO CARRY OUT THIS SECTION,**  
10 **INCLUDING DIRECTIVES FOR STATE AGENCIES AND ENTITIES TO COMPLY WITH THE**  
11 **REQUIREMENTS IN THIS SECTION.**

12                                   **Article – Tax – Property**

13 11–101.

14           (a) On or before April 15 of each year, a person shall submit an annual report to  
15 the Department if:

16                   (1) the person is a business trust, statutory trust, domestic corporation,  
17 limited liability company, limited liability partnership, or limited partnership;

18                   (2) the person is a foreign corporation, foreign statutory trust, foreign  
19 limited liability company, foreign limited liability partnership, or foreign limited  
20 partnership registered or qualified to do business in the State; or

21                   (3) the person owns or during the preceding calendar year owned property  
22 that is subject to property tax.

23           (b) The report shall:

24                   (1) be in the form that the Department requires;

25                   (2) be under oath as the Department requires; and

26                   (3) contain the information that the Department requires.

27           (c) (1) This subsection does not apply to a privately held company if at least  
28 75% of the company's shareholders are family members.

29                   (2) If the person submitting the report is a tax–exempt, domestic nonstock  
30 corporation with an operating budget exceeding \$5,000,000, or a domestic stock corporation

1 with total sales exceeding \$5,000,000, the report required by the Department shall include  
2 the number of female board members and the total number of members on the person's  
3 board of directors.

4 **(D) IF THE PERSON SUBMITTING THE REPORT IS AN ENTITY THAT IS**  
5 **SUBJECT TO § 19-106 OF THE BUSINESS REGULATION ARTICLE, THE REPORT**  
6 **SHALL INCLUDE THE DIVERSITY DATA REQUIRED BY THE REGULATIONS**  
7 **PROMULGATED BY THE DEPARTMENT OF COMMERCE AND THE OFFICE OF SMALL,**  
8 **MINORITY, AND WOMEN BUSINESS AFFAIRS UNDER § 19-106 OF THE BUSINESS**  
9 **REGULATION ARTICLE.**

10 **[(d)] (E)** On or before December 31, 2019, the Department shall adopt  
11 regulations on the granting of exemptions from the reporting requirement under this  
12 section.

13 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General  
14 Assembly that an entity that proposes to locate within a tax increment financing district or  
15 enter into a payment in lieu of taxes agreement with a local jurisdiction first demonstrate  
16 the membership of underrepresented communities in the entity's board or executive  
17 leadership or support for underrepresented communities in the entity's mission.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
19 apply only prospectively and may not be applied or interpreted to have any effect on or  
20 application to any State contracts or grants applied for or awarded, tax credits applied for,  
21 claimed, or awarded, or tax credit certificates applied for or approved before the effective  
22 date of this Act.

23 SECTION 4. AND BE IT FURTHER ENACTED, That, if any provision of this Act or  
24 the application thereof to any person or circumstance is held invalid for any reason in a  
25 court of competent jurisdiction, the invalidity does not affect other provisions or any other  
26 application of this Act that can be given effect without the invalid provision or application,  
27 and for this purpose the provisions of this Act are declared severable.

28 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
29 1, 2022.