SENATE BILL 954

By: Senator Benson
Introduced and read first time: February 14, 2022
Assigned to: Rules

A BILL ENTITLED

AN ACT concerning

State Retirement and Pension System – Investment Committee – Use of Minority Business Enterprises
(Diversity Among Asset Managers Act of 2022)

FOR the purpose of requiring the Investment Committee of the State Retirement Agency to use minority business enterprises to provide a certain percentage of brokerage and investment management services to the Board of Trustees for the State Retirement and Pension System and to manage a certain percentage of system assets; requiring the Investment Committee to assess the use of minority business enterprises beginning on a certain date; and generally relating to the use of minority business enterprises in the State Retirement and Pension System.

BY repealing and reenacting, without amendments,
Article – State Personnel and Pensions
Section 21–116(a)
Annotated Code of Maryland
(2015 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 21–116(d)
Annotated Code of Maryland
(2015 Replacement Volume and 2021 Supplement)

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

Article – State Personnel and Pensions

21–116.
(a) By resolution, the Board of Trustees shall specify the powers of the Investment Committee.

(d) (1) (i) Consistent with minority business purchasing standards applicable to units of State government under the State Finance and Procurement Article and consistent with the fiduciary duties of the Board of Trustees, the Board of Trustees shall direct the Investment Committee to [attempt to] use [to the greatest extent feasible] minority business enterprises to provide brokerage and investment management services to the Board IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH.

(ii) THE USE OF MINORITY BUSINESS ENTERPRISES UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL CONSIST OF:

1. AT LEAST 20% OF BROKERAGE AND INVESTMENT MANAGEMENT SERVICES TO THE BOARD; AND

2. MANAGEMENT OF AT LEAST 20% OF THE ASSETS OF THE SEVERAL SYSTEMS.

(III) FOR THE FISCAL YEAR BEGINNING JULY 1, 2022, AND EACH FISCAL YEAR THEREAFTER, THE BOARD OF TRUSTEES SHALL ASSESS THE USE OF MINORITY BUSINESS ENTERPRISES AS REQUIRED UNDER THIS SUBSECTION.

(IV) For purposes of this subsection, brokerage and investment management services shall include services relating to all allocated asset classes.

(2) (i) To assist it in achieving the [goal] GOALS described under paragraph (1) of this subsection, the Investment Committee shall undertake measures to remove any barriers that limit full participation by minority business enterprises in brokerage and investment management services opportunities afforded under this title.

(ii) The measures undertaken by the Investment Committee shall include the use of a wide variety of media, including the State Retirement Agency’s website, to provide notice to a broad and varied range of potential providers about the brokerage and investment management services opportunities afforded by the State Retirement Agency.

(3) In consultation with the Governor’s Office of Small, Minority, and Women Business Affairs and the Investment Committee, the Board of Trustees shall develop guidelines to assist the Investment Committee in identifying and evaluating qualified minority business enterprises in order to help the State Retirement Agency achieve the objective for greater use of minority business enterprises for brokerage and investment management services.

(4) On or before September 1 each year, the Investment Committee shall submit a report to the Board of Trustees, the Governor’s Office of Small, Minority, and
Women Business Affairs and, subject to § 2–1257 of the State Government Article, the General Assembly on:

(i) the identity of the minority business enterprise brokerage and investment management services firms used by the Investment Committee in the immediately preceding fiscal year;

(ii) the percentage and dollar value of the assets that are under the control of the Investment Committee that are under the investment control of minority business enterprise brokerage and investment management services firms for each allocated asset class; and

(iii) the measures the Investment Committee undertook in the immediately preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022.