

SENATE BILL 215

C8

(PRE-FILED)

4r0095
CF HB 26

By: **Chair, Finance Committee (By Request – Departmental – Commerce)**

Requested: September 11, 2023

Introduced and read first time: January 10, 2024

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 22, 2024

CHAPTER _____

1 AN ACT concerning

2 **Small, Minority, and Women-Owned Businesses Account – Alterations**

3 FOR the purpose of altering the type of financial assistance that may be provided by eligible
4 fund managers who receive grants from the Small, Minority, and Women-Owned
5 Businesses Account in the Department of Commerce; and generally relating to the
6 Small, Minority, and Women-Owned Businesses Account.

7 BY repealing and reenacting, with amendments,
8 Article – Economic Development
9 Section 5–1501
10 Annotated Code of Maryland
11 (2018 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Economic Development
14 Section 5–1501
15 Annotated Code of Maryland
16 (2018 Replacement Volume and 2023 Supplement)
17 (As enacted by Chapters 490 and 491 of the Acts of the General Assembly of 2022)

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

20 **Article – Economic Development**

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 5–1501.

2 (a) There is a Small, Minority, and Women–Owned Businesses Account under the
3 authority of the Department.

4 (b) (1) (i) The Account shall receive money as required under § 9–1A–27 of
5 the State Government Article.

6 (ii) The Account shall receive money from the Strategic Energy
7 Investment Fund as required under § 9–20B–05 of the State Government Article.

8 (2) Money in the Account shall be invested and reinvested by the Treasurer
9 and interest and earnings shall accrue to the Account.

10 (3) The Comptroller shall:

11 (i) account for the Account; and

12 (ii) on a properly approved transmittal prepared by the Department,
13 issue a warrant to pay out money from the Account in the manner provided under this
14 section.

15 (4) The Account is a special, nonlapsing fund that is not subject to § 7–302
16 of the State Finance and Procurement Article.

17 (5) Expenditures from the Account shall only be made on a properly
18 approved transmittal prepared by the Department as provided under subsection (c) of this
19 section.

20 (c) (1) In this subsection, “eligible fund manager”:

21 (i) means an entity that has significant financial or investment
22 experience, under criteria developed by the Department; and

23 (ii) includes an entity that the Department designates to manage
24 funds received under subsection (b)(1)(i) of this section.

25 (2) (I) Subject to the provisions of paragraph (3) of this subsection and
26 subsection (i) of this section, the Department shall make grants to eligible fund managers
27 to provide ~~investment capital and loans~~ **FINANCIAL ASSISTANCE** to small, minority, and
28 women–owned businesses in the State.

29 (II) 1. **FINANCIAL ASSISTANCE PROVIDED BY ELIGIBLE**
30 **FUND MANAGERS SHALL BE IN THE FORM OF:**

31 **A. A LOAN; OR**

1 **B. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**
2 **SUBPARAGRAPH, A GRANT.**

3 **2. FINANCIAL ASSISTANCE IN THE FORM OF A GRANT:**

4 **A. MAY NOT EXCEED \$10,000 AND SHALL BE ISSUED IN**
5 **CONJUNCTION WITH A LOAN OF ANY AMOUNT; OR**

6 **B. SHALL BE MADE PURSUANT TO SUBSECTION (H) OR (I)**
7 **OF THIS SECTION.**

8 (3) Except for money received from the Strategic Energy Investment Fund,
9 the Department shall ensure that eligible fund managers allocate at least 50% of the funds
10 from this Account to small, minority, and women-owned businesses in the jurisdictions and
11 communities surrounding a video lottery facility.

12 (d) (1) Any money received from the Strategic Energy Investment Fund shall
13 be used to benefit small, minority, women-owned, and veteran-owned businesses in the
14 clean energy industry in the State.

15 (2) The Department shall make grants to eligible fund managers to provide
16 ~~investment capital, including direct equity investments and similar investments and~~
17 ~~loans~~ **FINANCIAL ASSISTANCE** to small, minority, women-owned, and veteran-owned
18 businesses in the clean energy industry in the State.

19 (e) Fund managers receiving grants under this section shall:

20 (1) keep proper records of funds and accounts;

21 (2) provide an annual report to the Department on ~~investment capital and~~
22 ~~loans~~ **FINANCIAL ASSISTANCE** made pursuant to subsection (c) of this section; and

23 (3) be subject to audit by the Office of Legislative Audits of the Department
24 of Legislative Services.

25 (f) (1) Subject to paragraph (2) of this subsection, an eligible fund manager
26 may use money from grants received under this section to pay expenses for administrative,
27 actuarial, legal, and technical services.

28 (2) The Department shall set the maximum amount of grant money that
29 each eligible fund manager may use under paragraph (1) of this subsection.

30 (g) (1) Subject to paragraphs (2) through (4) of this subsection, an eligible fund
31 manager may use money from a grant received under subsection (d)(1) of this section to pay

1 ordinary and reasonable expenses for administrative, actuarial, legal, marketing, and
2 technical services and management fees.

3 (2) The Department shall:

4 (i) maintain all money received from the Strategic Energy
5 Investment Fund in a single account; and

6 (ii) make grant allocations to an eligible fund manager as the
7 manager advises the Department that the manager has approved and prepared to ~~fund an~~
8 investment or ~~a loan~~ **PROVIDE FINANCIAL ASSISTANCE.**

9 (3) Any allocation that the Department makes to an eligible fund manager
10 from the Strategic Energy Investment Fund shall include:

11 (i) the amount of the ~~investment or loan~~ **FINANCIAL**
12 **ASSISTANCE;** and

13 (ii) up to an additional 3% of the total ~~investment or loan~~
14 **FINANCIAL ASSISTANCE** commitment amount as a management fee for the benefit and
15 compensation of the eligible fund manager.

16 (4) An eligible fund manager that receives an allocation from the Strategic
17 Energy Investment Fund shall retain for the manager's benefit:

18 (i) all management fees paid by the Department; and

19 (ii) all interest earned from a loan made by the eligible fund manager
20 under this subsection.

21 (h) (1) Notwithstanding any provisions in this section to the contrary, this
22 subsection applies to businesses in areas of the State that are:

23 (i) declared to be federal disaster areas;

24 (ii) subject to a federal declaration of emergency; or

25 (iii) subject to an official declaration of emergency by the Governor.

26 (2) In an area of the State described in paragraph (1) of this subsection, an
27 eligible fund manager may:

28 (i) provide financial assistance under this section to a small,
29 minority, or women-owned business in the form of a grant; or

1 (ii) convert to a grant part or all of a loan that was provided to a
2 small, minority, or women–owned business before the area was declared a federal disaster
3 area or became subject to a declaration of emergency.

4 (3) (i) The amount of any grant or loan converted to a grant under this
5 subsection may not exceed \$50,000 for a single business.

6 (ii) The aggregate total of financial assistance provided in the form
7 of grants and loans converted to grants under this subsection may not exceed \$10,000,000
8 in a fiscal year.

9 (i) (1) Notwithstanding any other provision of this section, this subsection
10 applies to businesses and nonprofit organizations in Anne Arundel County and the City of
11 Annapolis when the principal executive officer has declared a local state of emergency
12 under § 14–111 of the Public Safety Article.

13 (2) Subject to paragraph (1) of this subsection, an eligible fund manager
14 may:

15 (i) provide financial assistance under this section to a small,
16 minority, or women–owned business, including nonprofit organizations, in the form of a
17 grant; or

18 (ii) convert to a grant part or all of a loan that was provided to a
19 small, minority, or women–owned business or nonprofit organization before the area
20 became subject to a declaration of emergency.

21 (3) The amount of any grant or loan converted to a grant under this
22 subsection may not exceed \$50,000 for a single business or nonprofit organization.

23 (4) The Department shall approve any assistance to a business or nonprofit
24 organization under this subsection before a fund manager distributes a grant or converts a
25 loan to a grant.

26 (5) The Department shall ensure that the financial assistance provided
27 under this section does not exceed the amount of money distributed to the Account from
28 the proceeds of video lottery terminals at the video lottery facility located in Anne Arundel
29 County.

30 (j) In accordance with § 2.5–109 of this article, the Department shall submit a
31 report on amounts received by and expended by the Strategic Energy Investment Fund.

32 (k) The Legislative Auditor shall audit the utilization of the funds that are
33 allocated to small, minority, and women–owned businesses by eligible fund managers
34 under subsection (c)(3) of this section during an audit of the applicable State unit as
35 provided in § 2–1220 of the State Government Article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
2 as follows:

3 **Article – Economic Development**

4 5–1501.

5 (a) There is a Small, Minority, and Women–Owned Businesses Account under the
6 authority of the Department.

7 (b) (1) (i) The Account shall receive money as required under § 9–1A–27 of
8 the State Government Article.

9 (ii) The Account shall receive money from the Strategic Energy
10 Investment Fund as required under § 9–20B–05 of the State Government Article.

11 (2) Money in the Account shall be invested and reinvested by the Treasurer
12 and interest and earnings shall accrue to the Account.

13 (3) The Comptroller shall:

14 (i) account for the Account; and

15 (ii) on a properly approved transmittal prepared by the Department,
16 issue a warrant to pay out money from the Account in the manner provided under this
17 section.

18 (4) The Account is a special, nonlapsing fund that is not subject to § 7–302
19 of the State Finance and Procurement Article.

20 (5) Expenditures from the Account shall only be made on a properly
21 approved transmittal prepared by the Department as provided under subsection (c) of this
22 section.

23 (c) (1) In this subsection, “eligible fund manager”:

24 (i) means an entity that has significant financial or investment
25 experience, under criteria developed by the Department; and

26 (ii) includes an entity that the Department designates to manage
27 funds received under subsection (b)(1)(i) of this section.

28 (2) **(I)** Subject to the provisions of paragraph (3) of this subsection, the
29 Department shall make grants to eligible fund managers to provide ~~fin~~ investment capital
30 and ~~loans~~ **FINANCIAL ASSISTANCE** to small, minority, and women–owned businesses in
31 the State.

1 **(II) 1. FINANCIAL ASSISTANCE PROVIDED BY ELIGIBLE**
2 **FUND MANAGERS SHALL BE IN THE FORM OF:**

3 **A. A LOAN; OR**

4 **B. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**
5 **SUBPARAGRAPH, A GRANT.**

6 **2. FINANCIAL ASSISTANCE IN THE FORM OF A GRANT:**

7 **A. MAY NOT EXCEED \$10,000 AND SHALL BE ISSUED IN**
8 **CONJUNCTION WITH A LOAN OF ANY AMOUNT; OR**

9 **B. SHALL BE MADE PURSUANT TO SUBSECTION (H) OF**
10 **THIS SECTION.**

11 (3) Except for money received from the Strategic Energy Investment Fund,
12 the Department shall ensure that eligible fund managers allocate at least 50% of the funds
13 from this Account to small, minority, and women-owned businesses in the jurisdictions and
14 communities surrounding a video lottery facility.

15 (d) (1) Any money received from the Strategic Energy Investment Fund shall
16 be used to benefit small, minority, women-owned, and veteran-owned businesses in the
17 clean energy industry in the State.

18 (2) The Department shall make grants to eligible fund managers to provide
19 ~~investment capital, including direct equity investments and similar investments and~~
20 ~~loans~~ **FINANCIAL ASSISTANCE** to small, minority, women-owned, and veteran-owned
21 businesses in the clean energy industry in the State.

22 (e) Fund managers receiving grants under this section shall:

23 (1) keep proper records of funds and accounts;

24 (2) provide an annual report to the Department on ~~investment capital and~~
25 ~~loans~~ **FINANCIAL ASSISTANCE** made pursuant to subsection (c) of this section; and

26 (3) be subject to audit by the Office of Legislative Audits of the Department
27 of Legislative Services.

28 (f) (1) Subject to paragraph (2) of this subsection, an eligible fund manager
29 may use money from grants received under this section to pay expenses for administrative,
30 actuarial, legal, and technical services.

31 (2) The Department shall set the maximum amount of grant money that
32 each eligible fund manager may use under paragraph (1) of this subsection.

1 (g) (1) Subject to paragraphs (2) through (4) of this subsection, an eligible fund
2 manager may use money from a grant received under subsection (d)(1) of this section to pay
3 ordinary and reasonable expenses for administrative, actuarial, legal, marketing, and
4 technical services and management fees.

5 (2) The Department shall:

6 (i) maintain all money received from the Strategic Energy
7 Investment Fund in a single account; and

8 (ii) make grant allocations to an eligible fund manager as the
9 manager advises the Department that the manager has approved and prepared to fund an
10 investment or ~~a loan~~ **PROVIDE FINANCIAL ASSISTANCE.**

11 (3) Any allocation that the Department makes to an eligible fund manager
12 from the Strategic Energy Investment Fund shall include:

13 (i) the amount of the ~~investment or loan~~ **FINANCIAL**
14 **ASSISTANCE;** and

15 (ii) up to an additional 3% of the total ~~investment or loan~~
16 **FINANCIAL ASSISTANCE** commitment amount as a management fee for the benefit and
17 compensation of the eligible fund manager.

18 (4) An eligible fund manager that receives an allocation from the Strategic
19 Energy Investment Fund shall retain for the manager's benefit:

20 (i) all management fees paid by the Department; and

21 (ii) all interest earned from a loan made by the eligible fund manager
22 under this subsection.

23 (h) (1) Notwithstanding any provisions in this section to the contrary, this
24 subsection applies to businesses in areas of the State that are:

25 (i) declared to be federal disaster areas;

26 (ii) subject to a federal declaration of emergency; or

27 (iii) subject to an official declaration of emergency by the Governor.

28 (2) In an area of the State described in paragraph (1) of this subsection, an
29 eligible fund manager may:

1 (i) provide financial assistance under this section to a small,
2 minority, or women-owned business in the form of a grant; or

3 (ii) convert to a grant part or all of a loan that was provided to a
4 small, minority, or women-owned business before the area was declared a federal disaster
5 area or became subject to a declaration of emergency.

6 (3) (i) The amount of any grant or loan converted to a grant under this
7 subsection may not exceed \$50,000 for a single business.

8 (ii) The aggregate total of financial assistance provided in the form
9 of grants and loans converted to grants under this subsection may not exceed \$10,000,000
10 in a fiscal year.

11 (i) The Legislative Auditor shall audit the utilization of the funds that are
12 allocated to small, minority, and women-owned businesses by eligible fund managers
13 under subsection (c)(3) of this section during an audit of the applicable State unit as
14 provided in § 2-1220 of the State Government Article.

15 (j) In accordance with § 2.5-109 of this article, the Department shall submit a
16 report on amounts received by and expended by the Strategic Energy Investment Fund.

17 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
18 effect on the taking effect of the termination provision specified in Section 3 of Chapters
19 490 and 491 of the Acts of the General Assembly of 2022. If that termination provision takes
20 effect, Section 1 of this Act, with no further action required by the General Assembly, shall
21 be abrogated and of no further force and effect. This Act may not be interpreted to have any
22 effect on that termination provision.

23 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the provisions of
24 Section 3 of this Act, this Act shall take effect July 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.