

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1077 (Delegate Ruth, *et al.*)
 Economic Matters

Office of Small, Minority, and Women Business Affairs – Small Business Climate Change Coordinator – Establishment

This bill creates the position of Small Business Climate Change Coordinator in the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA) to support the State’s small, minority, and women-owned business community on matters related to climate change, as specified.

Fiscal Summary

State Effect: General fund expenditures increase by \$77,900 in FY 2025 to create the required position; out-years reflect annualization, inflation, and ongoing operating expenses. No effect on revenues. **This bill establishes a mandated appropriation beginning in FY 2026.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	77,900	92,700	96,800	101,100	105,500
Net Effect	(\$77,900)	(\$92,700)	(\$96,800)	(\$101,100)	(\$105,500)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The Small Business Climate Change Coordinator may:

- conduct surveys, focus groups, or any other research to determine how best to address the needs of small, minority, and women-owned businesses relating to climate change;
- coordinate with other State agencies about the needs of small, minority, and women-owned businesses relating to climate change;
- develop information resources for small, minority, and women-owned businesses on specified topics; and
- distribute information resources electronically or in print, as specified.

On request, the coordinator must advise the Governor, the Special Secretary for the office, and the General Assembly on matters relating to the impacts of climate change and the transition to advanced clean energy on small businesses in the State.

Current Law:

Governor's Office of Small, Minority, and Women Business Affairs

GOSBA is established in statute in the Executive Department. The head of the office is the Special Secretary, who is appointed by and serves at the pleasure of the Governor. Among other responsibilities, GOSBA oversees the implementation of various procurement preference programs, including the Minority Business Enterprise (MBE) Program, the Small Business Reserve Program, and the Veteran-owned Small Business Preference Program.

Chapters 155 and 156 of 2022 established the position of MBE Ombudsman in GOSBA to (1) assist procurement officers to resolve disputes between MBEs and prime contractors; (2) serve as a resource to MBE liaisons, procurement officers, prime contractors, and MBEs; and (3) conduct trainings for State procurement officers, as specified.

Greenhouse Gas Emissions Reduction Targets and the Climate Solutions Now Act of 2022

The Climate Solutions Now Act (Chapter 38 of 2022) made broad changes to the State's approach to reducing statewide greenhouse gas (GHG) emissions and addressing climate change. Among other things, the Act accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act by requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031 and (2) achieve net-zero statewide GHG emissions by 2045.

In December 2023, the Maryland Department of the Environment published [*Maryland's Climate Pollution Reduction Plan*](#), which was developed to implement Chapter 38.

State Expenditures: The bill establishes a new position that does not currently exist in GOSBA. Therefore, general fund expenditures increase by \$77,933 in fiscal 2025, which accounts for the bill’s October 1, 2024, effective date. This estimate reflects the cost of hiring the Small Business Climate Change Coordinator to perform the functions described above. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$70,677
Operating Expenses	<u>7,256</u>
Total FY 2025 State Expenditures	\$77,933

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Small Business Effect: The bill has no direct effect on small businesses, but they may benefit from the coordinator’s collaboration with other agencies, dissemination of information, and overall advocacy on their behalf.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Governor’s Office of Small, Minority, and Women Business Affairs; Maryland Department of the Environment; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2024
km/lgc

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