

**SB0388/103823/1**

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 388  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “altering” in line 8 down through the semicolon in line 9 and substitute “providing for certain requirements relating to the administration of the Small, Minority, and Women-Owned Businesses Account; providing that the sales and use tax does not apply to the sale of certain information technology services and certain digital codes and digital products under certain circumstances;”; and strike beginning with “allowing” in line 12 down through the semicolon in line 15.

On page 2, in line 15, after “5-509,” insert “5-1501(a).”; in line 29, after the first comma insert “5-1501(d) and (g)(1).”; and in line 40, after the semicolon insert “5-1501(m);”.

On page 4, in line 8, strike “10-725(a) and (b)(2).”; in line 14, after the first comma insert “(c), and (e)(1)”; in the same line, strike “10-725(b)(3) and (d)”; and in line 19, strike “10-725(b)(5) and (k)” and substitute “11-247”.

AMENDMENT NO. 2

On page 9, in line 27, strike the brackets; and in the same line, strike “**21**”.

On page 10, in line 33, after “(l)” insert “**(1)**”.

On page 11, in lines 5, 6, 7, 9, 11, 13, 15, 17, 19, 20, 23, 25, 26, and 28, strike “(1)”, “(i)”, “(ii)”, “(iii)”, “(iv)”, “(2)”, “(3)”, “(i)”, “(ii)”, “(iii)”, “(iv)”, “(v)”, “(4)”, and “(5)”, respectively, and substitute “**(I)**”, “**1.**”, “**2.**”, “**3.**”, “**4.**”, “**(II)**”, “**(III)**”, “**1.**”, “**2.**”, “**3.**”, “**4.**”, “**5.**”, “**(IV)**”, and “**(V)**”, respectively; and after line 29, insert:

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“(2) THE LEGISLATIVE POLICY COMMITTEE SHALL HAVE 60 DAYS TO REVIEW THE INFORMATION PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION AND APPROVE THE PROPOSED USE OF FUNDS BEFORE FUNDS FROM THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH SUBSECTION (K) OF THIS SECTION.”.

On page 23, in line 13, after the first bracket insert “(A)”; in lines 17, 18, 20, and 22, strike “[2)”, “(i)”, “(ii)”, and “(3)”, respectively, and substitute “(B)”, “(1)”, “(2)”, and “(C)”, respectively; in line 18, strike the second “the” and substitute “A”; strike beginning with “as” in line 18 down through “2012,” in line 19; in lines 20 and 21, strike “two additional 5–year terms” and substitute “ONE ADDITIONAL 3–YEAR TERM”; and strike in their entirety lines 24 and 25.

On page 43, in line 24, strike “\$2,000,000” and substitute “\$3,000,000”.

On page 51, after line 10, insert:

“5–1501.

(a) In this section, “eligible fund manager” means:

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

(2) includes an entity that the Department designates to manage funds received under subsection (c)(1) of this section.

(d) (1) (i) Subject to the provisions of paragraph (2) of this subsection, the Department shall make grants to eligible fund managers to provide investment capital and financial assistance to small, minority, and women–owned businesses in the State.

(ii) 1. Financial assistance provided by eligible fund managers shall be in the form of:

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A. a loan; or  
B. subject to subparagraph 2 of this subparagraph, a grant.

2. Financial assistance in the form of a grant:  
A. may not exceed \$10,000 and shall be issued in conjunction with a loan of any amount; or

B. shall be made pursuant to subsection (i) of this section.

**(III) THE DEPARTMENT SHALL APPROVE A LOAN DISBURSEMENT REQUEST FROM AN ELIGIBLE FUND MANAGER WITHIN 30 DAYS OF RECEIVING THE REQUEST.**

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

**(3) WHEN DETERMINING THE GRANT AMOUNT TO AWARD TO AN ELIGIBLE FUND MANAGER, THE DEPARTMENT SHALL CONSIDER PERFORMANCE METRICS, INCLUDING FUND MANAGER ACTIVITY.**

**(4) THE DEPARTMENT SHALL CONDUCT AN ANNUAL REVIEW OF THE GRANT AMOUNT AWARDED TO EACH ELIGIBLE FUND MANAGER TO DETERMINE WHETHER THE AMOUNT IS SUFFICIENT.**

**(5) AT LEAST ONCE EVERY 3 YEARS, THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS TO ADD NEW ELIGIBLE FUND MANAGERS.**

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

(Over)

**(M) (1) ON OR BEFORE JUNE 30, 2027, AND EACH JUNE 30 THEREAFTER, THE DEPARTMENT SHALL PUBLISH AN ANNUAL FINANCIAL STATUS REPORT ON THE DEPARTMENT’S WEBSITE.**

**(2) THE REPORT UNDER THIS SUBSECTION SHALL INCLUDE:**

**(I) FUND MANAGER ACTIVITY;**

**(II) A FUND MANAGER SATISFACTION SURVEY;**

**(III) FUND MANAGER DESCRIPTIONS; AND**

**(IV) FUND MANAGER DISBURSEMENTS.”.**

On page 65, in line 1, after the semicolon insert “AND”; strike beginning with “the” in line 2 down through “(4)” in line 4; strike beginning with “BE” in line 11 down through “AND” in line 14; and after line 27, insert:

**“Article – Tax – General**

**11-247.**

**(A) (1) IN THIS SECTION, “AFFILIATED GROUP” HAS THE MEANING STATED UNDER § 1504 OF THE INTERNAL REVENUE CODE AND INCLUDES RELATED PARTIES DESCRIBED UNDER § 267(B)(10), (11), OR (12) OF THE INTERNAL REVENUE CODE.**

**(2) FOR THE PURPOSES OF THIS SUBSECTION:**

**(I) ALL REFERENCES TO A CORPORATION OR PARTNERSHIP UNDER § 267(B)(10) OF THE INTERNAL REVENUE CODE INCLUDE AN S CORPORATION; AND**

(II) ALL REFERENCES TO AN S CORPORATION UNDER § 267(B)(10), (11), AND (12) INCLUDE A QUALIFIED SUBCHAPTER S CORPORATION SUBSIDIARY.

(B) THE SALES AND USE TAX IMPOSED ON A TAXABLE SERVICE DESCRIBED UNDER § 11-101(M)(14) OR (15) OF THIS TITLE OR A DIGITAL CODE OR DIGITAL PRODUCT DOES NOT APPLY TO A SALE IF BOTH THE VENDOR AND THE BUYER ARE MEMBERS OF THE SAME AFFILIATED GROUP.”.

On page 66, after line 4, insert:

“(c) If a business entity does not claim an enhanced tax credit under subsection (e) of this section for a focus area employee, for the taxable year in which a business entity satisfies the requirements of § 5-707 or [§ 5-1406] § 10-142 of the Economic Development Article, a credit is allowed that equals:

(1) up to \$3,000 of the wages paid to each qualified employee who:

(i) is an economically disadvantaged individual; and

(ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years; and

(2) up to \$1,000 of the wages paid to each qualified employee who:

(i) is not an economically disadvantaged individual; and

(ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years.

(e) (1) For the taxable year in which a business entity satisfies the requirements of §§ 5-706 and 5-707 or [§ 5-1406] § 10-142 of the Economic Development Article, a credit is allowed that equals:

(Over)

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who: (i) up to \$4,500 of the wages paid to each focus area employee

1. is an economically disadvantaged individual; and
2. is not hired to replace an individual whom the business entity employed in that year or any of the 3 preceding taxable years; and

who: (ii) up to \$1,500 of the wages paid to each focus area employee

1. is not an economically disadvantaged individual; and
2. is not hired to replace an individual whom the business entity employed in that year or any of the 3 preceding taxable years.”.

On pages 67 through 70, strike in their entirety the lines beginning with line 19 on page 67 through line 15 on page 70, inclusive.