

Chapter 68

(House Bill 26)

AN ACT concerning

Small, Minority, and Women–Owned Businesses Account – Alterations

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

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

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 Article – Economic Development
 Section 5–1501
 Annotated Code of Maryland
 (2018 Replacement Volume and 2023 Supplement)
 (As enacted by Chapters 490 and 491 of the Acts of the General Assembly of 2022)

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

Article – Economic Development

5–1501.

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

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

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

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

(3) The Comptroller shall:

(i) account for the Account; and

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

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

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

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

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

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

(2) **(I)** Subject to the provisions of paragraph (3) of this subsection and subsection (i) of this section, the Department shall make grants to eligible fund managers to provide ~~investment capital and loans~~ **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:

A. A LOAN; OR

B. SUBJECT TO SUBSUBPARAGRAPH 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 (H) OR (I) OF THIS SECTION.

(3) 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.

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

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

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

(1) keep proper records of funds and accounts;

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

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

(f) (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, and technical services.

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

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

(2) The Department shall:

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

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

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

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

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

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

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

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

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

(i) declared to be federal disaster areas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article – Economic Development

5–1501.

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

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

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

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

(3) The Comptroller shall:

(i) account for the Account; and

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

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

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

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

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

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

(2) **(I)** Subject to the provisions of paragraph (3) of this subsection, the Department shall make grants to eligible fund managers to provide ~~investment capital and loans~~ **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:

A. A LOAN; OR

B. SUBJECT TO SUBSUBPARAGRAPH 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 (H) OF THIS SECTION.

(3) 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.

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

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

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

(1) keep proper records of funds and accounts;

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

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

(f) (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, and technical services.

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

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

(2) The Department shall:

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

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

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

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

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

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

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

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

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

(i) declared to be federal disaster areas;

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, April 9, 2024.