

# SENATE BILL 770

C7, C8

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By: **Senators Patterson and Augustine**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – Small, Minority, and Women–Owned Businesses**  
3 **Account – Distribution**

4 FOR the purpose of requiring that the Department of Commerce ensure that certain fund  
5 managers distribute a certain portion of the Small, Minority, and Women–Owned  
6 Businesses Account to the communities and jurisdictions surrounding a video lottery  
7 facility in a certain manner; and generally relating to the Small, Minority, and  
8 Women–Owned Businesses Account.

9 BY repealing and reenacting, without amendments,  
10 Article – State Government  
11 Section 9–1A–27(a)(6)  
12 Annotated Code of Maryland  
13 (2014 Replacement Volume and 2019 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Economic Development  
16 Section 5–1501  
17 Annotated Code of Maryland  
18 (2018 Replacement Volume and 2019 Supplement)

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

21 **Article – State Government**

22 9–1A–27.

23 (a) Except as provided in subsections (b) and (c) of this section and §  
24 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the  
25 Commission, the Comptroller shall pay the following amounts from the proceeds of video

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



lottery terminals at each video lottery facility:

(6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

(ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017;

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9–1A–30 of this subtitle; and

(iv) beginning in fiscal year 2021, from the amount paid to the Small, Minority, and Women–Owned Businesses Account under item (i) of this item, up to 5%, not to exceed \$1,000,000, to the Nonprofit, Interest–Free, Micro Bridge Loan (NIMBL) Account established under § 5–1204 of the Economic Development Article;

#### **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

1 section.

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

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

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

7 (2) Subject to the provisions of paragraph (3) of this subsection, the  
8 Department shall make grants to eligible fund managers to provide investment capital and  
9 loans to small, minority, and women-owned businesses in the State.

10 (3) Except for money received from the Strategic Energy Investment Fund,  
11 the Department shall ensure that eligible fund managers allocate at least 50% of the funds  
12 from this Account:

13 (I) to small, minority, and women-owned businesses in the  
14 jurisdictions and communities surrounding a video lottery facility; AND

15 (II) IN PROPORTION TO THE PERCENTAGE OF THE ACCOUNT  
16 GENERATED THROUGH VIDEO LOTTERY TERMINAL REVENUE IN EACH RESPECTIVE  
17 JURISDICTION AND COMMUNITY SURROUNDING A VIDEO LOTTERY FACILITY.

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

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

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

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

27 (2) provide an annual report to the Governor and, in accordance with §  
28 2-1257 of the State Government Article, the General Assembly on investment capital and  
29 loans made pursuant to subsection (c) of this section; and

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

32 (f) (1) Subject to paragraph (2) of this subsection, an eligible fund manager

1 may use money from grants received under this section to pay expenses for administrative,  
2 actuarial, legal, and technical services.

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

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

9 (2) The Department shall:

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

12 (ii) make grant allocations to an eligible fund manager as the  
13 manager advises the Department that the manager has approved and prepared to fund an  
14 investment or a loan.

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

17 (i) the amount of the investment or loan; and

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

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

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

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

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

30 (i) (1) On or before October 1 each year, the Department shall submit a report  
31 on the status of money received from the Strategic Energy Investment Fund under  
32 subsection (d) of this section to the Senate Finance Committee and the House Economic  
33 Matters Committee, in accordance with § 2-1257 of the State Government Article.

1                   (2)     With respect to the preceding fiscal year and each relevant prior fiscal  
2 year, the report shall include:

3                   (i)     the amounts received from the Fund;

4                   (ii)    the amounts placed as grants with eligible fund managers; and

5                   (iii)   with respect to each eligible fund manager:

6                   1.     The identity of the manager;

7                   2.     The money provided to the manager;

8                   3.     The investments made by the manager;

9                   4.     The amounts retained by the manager as expenses and  
10 management fees;

11                   5.     The small, minority, women-owned, and veteran-owned  
12 businesses receiving the investments; and

13                   6.     The status of the investments listed under item 5 of this  
14 item, along with any return made on each investment.

15               SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
16 1, 2020.