

Chapter 490

(House Bill 386)

AN ACT concerning

Anne Arundel County and City of Annapolis – Small, Minority, and Women–Owned Businesses Account – Local State of Emergency

FOR the purpose of expanding the eligible uses of the Small, Minority, and Women–Owned Businesses Account to include the provision of certain grants and the conversion of certain loan amounts into grants in ~~areas~~ Anne Arundel County and the City of Annapolis when in a declared ~~a~~ local state of emergency; limiting the amount of certain grants and loan amounts converted to grants that may be provided to a certain business; establishing the Workgroup to Study the Establishment of a State Disaster Relief Fund; 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 2021 Supplement)

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) Subject to the provisions of paragraph (3) of this subsection ~~and subsection (i) of this section~~ **AND SUBJECT TO SUBSECTION (I) OF THIS SECTION**, the Department shall make grants to eligible fund managers to provide investment capital and loans to small, minority, and women–owned businesses in the State.

(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 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 Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly on investment capital and loans 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.

(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; and

(ii) up to an additional 3% of the total investment or loan 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 ~~AREAS OF THE STATE WHERE THE PRINCIPAL EXECUTIVE OFFICER~~ 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) ~~IN AN AREA OF THE STATE DESCRIBED IN~~ 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.

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

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

- (i) the amounts received from the Fund;
- (ii) the amounts placed as grants with eligible fund managers; and
- (iii) with respect to each eligible fund manager:
 1. the identity of the manager;
 2. the money provided to the manager;
 3. the investments made by the manager;
 4. the amounts retained by the manager as expenses and management fees;
 5. the small, minority, women-owned, and veteran-owned businesses receiving the investments; and
 6. the status of the investments listed under item 5 of this item, along with any return made on each investment.

SECTION 2. AND BE IT FURTHER ENACTED, That:

- (a) There is a Workgroup to Study the Establishment of a State Disaster Relief Fund.
- (b) The Workgroup consists of the following members:
- (1) four representatives from county emergency management agencies, designated by the Maryland Association of Counties;
 - (2) two county government representatives with familiarity with county purchasing and finance, designated by the Maryland Association of Counties;
 - (3) two representatives from the Maryland Emergency Management Association, designated by the President of the Association;
 - (4) the Secretary of Emergency Management, or the Secretary's designee;
 - (5) the Secretary of Human Services, or the Secretary's designee;
 - (6) two members of the Maryland Municipal League, appointed by the President of the Maryland Municipal League; and
 - (7) two members to represent the Governor's Emergency Management Advisory Committee, appointed by the Governor.
- (c) The Workgroup shall elect the chair of the Workgroup.
- (d) The Maryland Department of Emergency Management shall provide staff for the Workgroup.
- (e) A member of the Workgroup:
- (1) may not receive compensation as a member of the Workgroup; but
 - (2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.
- (f) The Workgroup shall study and make recommendations regarding:
- (1) the efficacy and sustainability of existing emergency fund sources; and
 - (2) the potential establishment of a State Disaster Relief Fund.
- (g) On or before December 31, 2022, the Workgroup shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022. Section 1 of this Act shall remain effective for a period of 2 years and, at the end of June 30, 2024, Section 1 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect. Section 2 of this Act shall remain effective for a period of 1 year and, at the end of June 30, 2023, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 29, 2022.