

SENATE BILL 252

C8, P2

1lr1537

(PRE-FILED)

By: **Senator Ellis**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Development Financing Authority – Minority**
3 **Business Enterprise Procurement Contract Financing Program**

4 FOR the purpose of establishing a Minority Business Enterprise Procurement Contract
5 Financing Program in the Maryland Small Business Development Financing
6 Authority; providing for the purpose of the Program; requiring the Authority to
7 manage, supervise, and administer the Program, provide loans and award grants to
8 certain minority business enterprises for a certain purpose, and adopt certain
9 regulations; establishing the Minority Business Enterprise Procurement Contract
10 Financing Fund as a special, nonlapsing fund; specifying the purpose of the Fund;
11 requiring the Authority to administer the Fund; requiring the State Treasurer to hold
12 the Fund and the Comptroller to account for the Fund; specifying the contents of the
13 Fund; specifying the purpose for which the Fund may be used; providing for the
14 investment of money in and expenditures from the Fund; requiring the Authority to
15 keep separate records for the Program and the Fund; defining certain terms; and
16 generally relating to the Minority Business Enterprise Procurement Contract
17 Financing Program.

18 BY repealing and reenacting, without amendments,
19 Article – Economic Development
20 Section 5–501 and 5–505
21 Annotated Code of Maryland
22 (2018 Replacement Volume and 2020 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Economic Development
25 Section 5–512(c)
26 Annotated Code of Maryland
27 (2018 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Economic Development
3 Section 5–578 through 5–580 to be under the new part “Part VII. Minority Business
4 Enterprise Procurement Contract Financing Program”
5 Annotated Code of Maryland
6 (2018 Replacement Volume and 2020 Supplement)

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

9 **Article – Economic Development**

10 5–501.

- 11 (a) In this subtitle the following words have the meanings indicated.
- 12 (b) “Authority” means the Maryland Small Business Development Financing
13 Authority.
- 14 (c) “Financial institution” means:
- 15 (1) a financial institution, as defined in § 1–101 of the Financial
16 Institutions Article; and
- 17 (2) any other lender that the Authority approves.
- 18 (d) (1) “Loan document” means an instrument or agreement that evidences,
19 secures, or guarantees a loan.
- 20 (2) “Loan document” includes a note, financing statement, mortgage,
21 pledge, assignment, loan and security agreement, or guaranty.
- 22 (e) (1) “Working capital” means money used to meet the cash needs of an
23 operating business entity.
- 24 (2) “Working capital” does not include money used for a capital purchase.

25 5–505.

26 There is a Maryland Small Business Development Financing Authority in the
27 Department.

28 5–512.

- 29 (c) The Authority shall:
- 30 (1) in its internal functions, follow the procedures of the State that govern

1 the purchase of office space, supplies, facilities, materials, equipment, and professional
2 services;

3 (2) keep proper records of its accounts;

4 (3) keep separate records for:

5 (i) the Small Business Development Contract Financing Fund
6 under Part III of this subtitle;

7 (ii) the Small Business Development Guaranty Fund under Part IV
8 of this subtitle;

9 (iii) the Equity Participation Investment Program Fund under Part
10 V of this subtitle; [and]

11 (iv) the Small Business Surety Bond Fund under Part VI of this
12 subtitle; and

13 (V) **THE MINORITY BUSINESS ENTERPRISE PROCUREMENT**
14 **CONTRACT FINANCING PROGRAM AND FUND UNDER PART VII OF THIS SUBTITLE;**
15 **AND**

16 (4) in accordance with § 2.5–109 of this article, submit a report on its
17 condition and operations.

18 **5–576. RESERVED.**

19 **5–577. RESERVED.**

20 **PART VII. MINORITY BUSINESS ENTERPRISE PROCUREMENT CONTRACT**
21 **FINANCING PROGRAM.**

22 **5–578.**

23 (A) **IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

25 (B) **“FUND” MEANS THE MINORITY BUSINESS ENTERPRISE PROCUREMENT**
26 **CONTRACT FINANCING FUND.**

27 (C) **“MINORITY BUSINESS ENTERPRISE” HAS THE MEANING STATED IN §**
28 **14–301 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

29 (D) **“PROGRAM” MEANS THE MINORITY BUSINESS ENTERPRISE**

1 **PROCUREMENT CONTRACT FINANCING PROGRAM.**

2 (E) **“QUALIFIED MINORITY BUSINESS ENTERPRISE” MEANS A MINORITY**
3 **BUSINESS ENTERPRISE THAT IS:**

4 (1) **CERTIFIED IN ACCORDANCE WITH TITLE 14, SUBTITLE 3 OF THE**
5 **STATE FINANCE AND PROCUREMENT ARTICLE; AND**

6 (2) **HAS A NET WORTH THAT DOES NOT EXCEED \$2,000,000.**

7 **5-579.**

8 (A) **THERE IS A MINORITY BUSINESS ENTERPRISE CONTRACT FINANCING**
9 **PROGRAM IN THE AUTHORITY.**

10 (B) **THE PURPOSE OF THE PROGRAM IS TO PROVIDE WORKING CAPITAL TO**
11 **QUALIFIED MINORITY BUSINESS ENTERPRISES IN ORDER TO FACILITATE THEIR**
12 **ABILITY TO ENTER INTO AND COMPLETE PERFORMANCE UNDER STATE**
13 **PROCUREMENT CONTRACTS.**

14 (C) **THE AUTHORITY SHALL:**

15 (1) **MANAGE, SUPERVISE, AND ADMINISTER THE PROGRAM;**

16 (2) **PROVIDE LOANS AND AWARD GRANTS IN ACCORDANCE WITH THE**
17 **PURPOSE OF THE PROGRAM; AND**

18 (3) **ADOPT REGULATIONS TO:**

19 (I) **ENSURE THAT LOANS AND GRANTS TO QUALIFIED MINORITY**
20 **BUSINESS ENTERPRISES CARRY OUT THE PURPOSES OF THE PROGRAM;**

21 (II) **PROVIDE FOR APPLICATION PROCEDURES FOR GRANTS**
22 **AND LOANS UNDER THE PROGRAM;**

23 (III) **ATTACH SPECIFIC TERMS TO ANY LOAN OR GRANT THAT ARE**
24 **CONSIDERED NECESSARY TO ENSURE THAT THE PURPOSE OF THE PROGRAM IS**
25 **FULFILLED; AND**

26 (IV) **PROVIDE FOR PROCEDURES FOR THE REPAYMENT OF**
27 **LOANS MADE UNDER THE PROGRAM.**

28 **5-580.**

1 **(A) THERE IS A MINORITY BUSINESS ENTERPRISE CONTRACT FINANCING**
2 **FUND IN THE AUTHORITY.**

3 **(B) THE AUTHORITY SHALL ADMINISTER THE FUND.**

4 **(C) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
5 **SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND**
6 **PROCUREMENT ARTICLE.**

7 **(2) THE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE**
8 **COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

9 **(D) THE FUND CONSISTS OF:**

10 **(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

11 **(2) IF THE GENERAL ASSEMBLY ENACTS LEGISLATION**
12 **IMPLEMENTING SPORTS AND EVENTS WAGERING IN THE STATE, AN AMOUNT EQUAL**
13 **TO 10% OF ANY PROCEEDS RECEIVED BY THE STATE FROM SPORTS AND EVENTS**
14 **WAGERING IN THE STATE;**

15 **(3) FEDERAL MONEY ALLOCATED OR GRANTED TO THE FUND;**

16 **(4) REPAYMENTS AND PREPAYMENTS OF PRINCIPAL AND INTEREST**
17 **ON LOANS MADE FROM THE FUND; AND**

18 **(5) ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE**
19 **BENEFIT OF THE FUND.**

20 **(E) THE FUND MAY BE USED ONLY FOR:**

21 **(1) LOANS AND GRANTS PROVIDED UNDER THE PROGRAM; AND**

22 **(2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.**

23 **(F) (1) THE TREASURER SHALL INVEST THE MONEY IN THE FUND IN THE**
24 **SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

25 **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED**
26 **TO THE GENERAL FUND OF THE STATE.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

1 October 1, 2021.