

SENATE BILL 954

P6

2lr3117
CF HB 542

By: **Senator Benson**

Introduced and read first time: February 14, 2022

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Investment Committee – Use of**
3 **Minority Business Enterprises**
4 **(Diversity Among Asset Managers Act of 2022)**

5 FOR the purpose of requiring the Investment Committee of the State Retirement Agency
6 to use minority business enterprises to provide a certain percentage of brokerage and
7 investment management services to the Board of Trustees for the State Retirement
8 and Pension System and to manage a certain percentage of system assets; requiring
9 the Investment Committee to assess the use of minority business enterprises
10 beginning on a certain date; and generally relating to the use of minority business
11 enterprises in the State Retirement and Pension System.

12 BY repealing and reenacting, without amendments,
13 Article – State Personnel and Pensions
14 Section 21–116(a)
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2021 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – State Personnel and Pensions
19 Section 21–116(d)
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2021 Supplement)

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

24 **Article – State Personnel and Pensions**

25 21–116.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) By resolution, the Board of Trustees shall specify the powers of the Investment
2 Committee.

3 (d) (1) (i) Consistent with minority business purchasing standards
4 applicable to units of State government under the State Finance and Procurement Article
5 and consistent with the fiduciary duties of the Board of Trustees, the Board of Trustees
6 shall direct the Investment Committee to [attempt to] use [to the greatest extent feasible]
7 minority business enterprises to provide brokerage and investment management services
8 to the Board **IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH.**

9 (ii) **THE USE OF MINORITY BUSINESS ENTERPRISES UNDER**
10 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL CONSIST OF:**

11 **1. AT LEAST 20% OF BROKERAGE AND INVESTMENT**
12 **MANAGEMENT SERVICES TO THE BOARD; AND**

13 **2. MANAGEMENT OF AT LEAST 20% OF THE ASSETS OF**
14 **THE SEVERAL SYSTEMS.**

15 **(III) FOR THE FISCAL YEAR BEGINNING JULY 1, 2022, AND EACH**
16 **FISCAL YEAR THEREAFTER, THE BOARD OF TRUSTEES SHALL ASSESS THE USE OF**
17 **MINORITY BUSINESS ENTERPRISES AS REQUIRED UNDER THIS SUBSECTION.**

18 **(IV)** For purposes of this subsection, brokerage and investment
19 management services shall include services relating to all allocated asset classes.

20 (2) (i) To assist it in achieving the [goal] **GOALS** described under
21 paragraph (1) of this subsection, the Investment Committee shall undertake measures to
22 remove any barriers that limit full participation by minority business enterprises in
23 brokerage and investment management services opportunities afforded under this title.

24 (ii) The measures undertaken by the Investment Committee shall
25 include the use of a wide variety of media, including the State Retirement Agency's website,
26 to provide notice to a broad and varied range of potential providers about the brokerage
27 and investment management services opportunities afforded by the State Retirement
28 Agency.

29 (3) In consultation with the Governor's Office of Small, Minority, and
30 Women Business Affairs and the Investment Committee, the Board of Trustees shall
31 develop guidelines to assist the Investment Committee in identifying and evaluating
32 qualified minority business enterprises in order to help the State Retirement Agency
33 achieve the objective for greater use of minority business enterprises for brokerage and
34 investment management services.

35 (4) On or before September 1 each year, the Investment Committee shall
36 submit a report to the Board of Trustees, the Governor's Office of Small, Minority, and

1 Women Business Affairs and, subject to § 2–1257 of the State Government Article, the
2 General Assembly on:

3 (i) the identity of the minority business enterprise brokerage and
4 investment management services firms used by the Investment Committee in the
5 immediately preceding fiscal year;

6 (ii) the percentage and dollar value of the assets that are under the
7 control of the Investment Committee that are under the investment control of minority
8 business enterprise brokerage and investment management services firms for each
9 allocated asset class; and

10 (iii) the measures the Investment Committee undertook in the
11 immediately preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2022.