

# SENATE BILL 958

P6

3lr3098

---

By: **Senators Benson and Muse**  
Introduced and read first time: February 26, 2023  
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 FOR the purpose of requiring the Investment Committee of the State Retirement Agency  
5 to use minority business enterprises to provide a certain percentage of brokerage and  
6 investment management services to the Board of Trustees for the State Retirement  
7 and Pension System and to manage a certain percentage of system assets; and  
8 generally relating to the use of minority business enterprises in the State Retirement  
9 and Pension System.

10 BY repealing and reenacting, without amendments,  
11 Article – State Personnel and Pensions  
12 Section 21–116(a)  
13 Annotated Code of Maryland  
14 (2015 Replacement Volume and 2022 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – State Personnel and Pensions  
17 Section 21–116(d)  
18 Annotated Code of Maryland  
19 (2015 Replacement Volume and 2022 Supplement)

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

22 **Article – State Personnel and Pensions**

23 21–116.

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

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



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

7 **(II) THE USE OF MINORITY BUSINESS ENTERPRISES UNDER**  
8 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL CONSIST OF:**

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

11 **2. MANAGEMENT OF AT LEAST 20% OF THE ASSETS OF**  
12 **THE SEVERAL SYSTEMS.**

13 **[(ii)] (III)** For the fiscal year beginning July 1, 2022, and each fiscal  
14 year thereafter, the Board of Trustees shall assess the use of minority business enterprises  
15 as required under this subsection.

16 **[(iii)] (IV)** For purposes of this subsection, brokerage and investment  
17 management services shall include services relating to all allocated asset classes.

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

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

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

33 (4) On or before September 1 each year, the Investment Committee shall  
34 submit a report to the Board of Trustees, the Governor's Office of Small, Minority, and  
35 Women Business Affairs and, subject to § 2-1257 of the State Government Article, the  
36 General Assembly on:

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

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
11 1, 2023.