

HB0898/353620/1

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL 898
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “altering” in line 8 down through the semicolon in line 9 and substitute “altering the distribution of certain video lottery terminal proceeds; providing for certain requirements relating to the administration of the Small, Minority, and Women–Owned Businesses Account; providing that the sales and use tax does not apply to the sale of certain information technology services and certain digital codes and digital products under certain circumstances;”; and strike beginning with “allowing” in line 12 down through the semicolon in line 15.

On pages 1 and 2, strike beginning with “altering” in line 18 on page 1 down through the semicolon in line 1 on page 2.

On page 2, in line 29, after “5–509,” insert “5–1501(a).”; and in line 43, after the first comma insert “5–1501(d) and (g)(1).”.

On page 3, in line 5, after “2.5–109(g)” insert a semicolon; in the same line, strike “and”; and in the same line, after “5–515;” insert “and 5–1501(m);”.

On page 4, in line 28, strike “10–725(a) and (b)(2),”; in line 34, strike “10–725(b)(3) and (d),”; in the same line, strike “and (f)”; and in line 40, strike “10–725(b)(5), and 10–730(a–1)” and substitute “10–730(a–1), and 11–247”.

AMENDMENT NO. 2

On page 12, in line 24, strike the brackets; and in the same line, strike “**30**”.

On page 13, in line 30, after “(l)” insert “**(1)**”.

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On page 14, in lines 1, 2, 3, 5, 7, 9, 11, 13, 15, 16, 19, 21, 22, and 24, strike “(1)”, “(i)”, “(ii)”, “(iii)”, “(iv)”, “(2)”, “(3)”, “(i)”, “(ii)”, “(iii)”, “(iv)”, “(v)”, “(4)”, and “(5)”, respectively, and substitute “**(I)**”, “**1.**”, “**2.**”, “**3.**”, “**4.**”, “**(II)**”, “**(III)**”, “**1.**”, “**2.**”, “**3.**”, “**4.**”, “**5.**”, “**(IV)**”, and “**(V)**”, respectively; and after line 25, insert:

“(2) THE LEGISLATIVE POLICY COMMITTEE SHALL HAVE 60 DAYS TO REVIEW THE INFORMATION PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION AND APPROVE THE PROPOSED USE OF FUNDS BEFORE FUNDS FROM THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH SUBSECTION (K) OF THIS SECTION.”.

On page 54, after line 18, insert:

“5-1501.

(a) In this section, “eligible fund manager” means:

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

(2) includes an entity that the Department designates to manage funds received under subsection (c)(1) of this section.

(d) (1) (i) Subject to the provisions of paragraph (2) of this subsection, the Department shall make grants to eligible fund managers to provide investment capital and financial assistance to small, minority, and women-owned businesses in the State.

(ii) 1. Financial assistance provided by eligible fund managers shall be in the form of:

A. a loan; or

B. subject to subparagraph 2 of this subparagraph, a grant.

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2. Financial assistance in the form of a grant:

A. may not exceed \$10,000 and shall be issued in conjunction with a loan of any amount; or

B. shall be made pursuant to subsection (i) of this section.

(III) THE DEPARTMENT SHALL APPROVE A LOAN DISBURSEMENT REQUEST FROM AN ELIGIBLE FUND MANAGER WITHIN 30 DAYS OF RECEIVING THE REQUEST.

(2) 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.

(3) WHEN DETERMINING THE GRANT AMOUNT TO AWARD TO AN ELIGIBLE FUND MANAGER, THE DEPARTMENT SHALL CONSIDER PERFORMANCE METRICS, INCLUDING FUND MANAGER ACTIVITY.

(4) THE DEPARTMENT SHALL CONDUCT AN ANNUAL REVIEW OF THE GRANT AMOUNT AWARDED TO EACH ELIGIBLE FUND MANAGER TO DETERMINE WHETHER THE AMOUNT IS SUFFICIENT.

(5) AT LEAST ONCE EVERY 3 YEARS, THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS TO ADD NEW ELIGIBLE FUND MANAGERS.

(g) (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, **MARKETING**, and technical services.

(M) (1) ON OR BEFORE JUNE 30, 2027, AND EACH JUNE 30 THEREAFTER, THE DEPARTMENT SHALL PUBLISH AN ANNUAL FINANCIAL STATUS REPORT ON THE DEPARTMENT'S WEBSITE.

(2) THE REPORT UNDER THIS SUBSECTION SHALL INCLUDE:

(Over)

- (I) FUND MANAGER ACTIVITY;**
- (II) A FUND MANAGER SATISFACTION SURVEY;**
- (III) FUND MANAGER DESCRIPTIONS; AND**
- (IV) FUND MANAGER DISBURSEMENTS.”.**

On page 69, strike beginning with “BE” in line 10 down through “AND” in line 13 and substitute “**BE DISTRIBUTED:**”

(I) \$5,000,000 TO THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING FUND ESTABLISHED UNDER § 5-515 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND

(II) THE REMAINDER TO”;

and after line 26, insert:

“Article – Tax – General

11-247.

(A) (1) IN THIS SECTION, “AFFILIATED GROUP” HAS THE MEANING STATED UNDER § 1504 OF THE INTERNAL REVENUE CODE AND INCLUDES RELATED PARTIES DESCRIBED UNDER § 267(B)(10), (11), OR (12) OF THE INTERNAL REVENUE CODE.

(2) FOR THE PURPOSES OF THIS SUBSECTION:

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(I) ALL REFERENCES TO A CORPORATION OR PARTNERSHIP UNDER § 267(B)(10) OF THE INTERNAL REVENUE CODE INCLUDE AN S CORPORATION; AND

(II) ALL REFERENCES TO AN S CORPORATION UNDER § 267(B)(10), (11), AND (12) INCLUDE A QUALIFIED SUBCHAPTER S CORPORATION SUBSIDIARY.

(B) THE SALES AND USE TAX IMPOSED ON A TAXABLE SERVICE DESCRIBED UNDER § 11-101(M)(14) OR (15) OF THIS TITLE OR A DIGITAL CODE OR DIGITAL PRODUCT DOES NOT APPLY TO A SALE IF BOTH THE VENDOR AND THE BUYER ARE MEMBERS OF THE SAME AFFILIATED GROUP.”.

On pages 72 through 75, strike in their entirety the lines beginning with line 10 on page 72 through line 4 on page 75, inclusive.

On pages 77 and 78, strike in their entirety the lines beginning with line 29 on page 77 through line 25 on page 78, inclusive.