

HOUSE BILL 158

C8

2lr0710

(PRE-FILED)

By: **Delegate J. Lewis**

Requested: October 7, 2021

Introduced and read first time: January 12, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland New Start Act of 2022**

3 FOR the purpose of establishing the Maryland New Start Pilot Program in the Department
4 of Commerce to provide certain grants to organizations to create or support certain
5 entrepreneurship development programs to provide assistance to certain formerly
6 imprisoned individuals and to provide loans to certain individuals participating in
7 those programs; establishing the Maryland New Start Pilot Program Fund as a
8 special, nonlapsing fund; requiring the Governor, for certain fiscal years, to include
9 an appropriation in the annual budget bill for the Fund; requiring interest earnings
10 of the Fund to be credited to the Fund; and generally relating to the Maryland New
11 Start Pilot Program.

12 BY adding to
13 Article – Economic Development
14 Section 5–1901 through 5–1907 to be under the new subtitle “Subtitle 19. Maryland
15 New Start Pilot Program”
16 Annotated Code of Maryland
17 (2018 Replacement Volume and 2021 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – State Finance and Procurement
20 Section 6–226(a)(2)(i)
21 Annotated Code of Maryland
22 (2021 Replacement Volume)

23 BY repealing and reenacting, with amendments,
24 Article – State Finance and Procurement
25 Section 6–226(a)(2)(ii)144. and 145.
26 Annotated Code of Maryland
27 (2021 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)146.
Annotated Code of Maryland
(2021 Replacement Volume)

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

Article – Economic Development

SUBTITLE 19. MARYLAND NEW START PILOT PROGRAM.

5–1901.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(B) “COVERED INDIVIDUAL” MEANS AN INDIVIDUAL WHO:

(1) HAS BEEN CONVICTED OF A CRIMINAL OFFENSE AND COMPLETED
A TERM OF IMPRISONMENT IN FEDERAL PRISON OR A STATE OR LOCAL
CORRECTIONAL FACILITY; AND

(2) MEETS THE OFFENSE ELIGIBILITY REQUIREMENTS SET FORTH IN
ANY APPLICABLE POLICY NOTICE OR OTHER GUIDANCE ISSUED BY THE SMALL
BUSINESS ADMINISTRATION FOR THE FEDERAL MICROLOAN PROGRAM
ESTABLISHED UNDER 15 U.S.C. § 636(M).

(C) “FUND” MEANS THE MARYLAND NEW START PILOT PROGRAM FUND.

(D) “PROGRAM” MEANS THE MARYLAND NEW START PILOT PROGRAM.

5–1902.

(A) THERE IS A MARYLAND NEW START PILOT PROGRAM.

(B) THE PURPOSE OF THE PROGRAM IS TO:

(1) PROVIDE MULTIYEAR GRANTS TO ORGANIZATIONS TO CREATE OR
SUPPORT EXISTING ENTREPRENEURSHIP DEVELOPMENT PROGRAMS TO PROVIDE
ASSISTANCE TO COVERED INDIVIDUALS; AND

1 **(2) PROVIDE LOANS TO COVERED INDIVIDUALS PARTICIPATING IN**
2 **THE ENTREPRENEURSHIP DEVELOPMENT PROGRAMS.**

3 **(C) THE DEPARTMENT, IN CONSULTATION WITH THE GOVERNOR'S OFFICE**
4 **OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, SHALL ADMINISTER THE**
5 **PROGRAM.**

6 **5-1903.**

7 **(A) TO CARRY OUT THE PURPOSE OF THE PROGRAM, THE DEPARTMENT**
8 **SHALL MAKE GRANTS IN ACCORDANCE WITH THIS SECTION TO AT LEAST FIVE**
9 **ELIGIBLE ORGANIZATIONS.**

10 **(B) (1) (I) AN ORGANIZATION MAY APPLY FOR A GRANT UNDER THE**
11 **PROGRAM.**

12 **(II) AN ORGANIZATION MAY PARTNER WITH ANOTHER**
13 **ORGANIZATION FOR PURPOSES OF APPLYING FOR A GRANT UNDER THE PROGRAM**
14 **AND CONDUCTING ENTREPRENEURIAL DEVELOPMENT PROGRAMMING.**

15 **(2) AN APPLICATION FOR A GRANT UNDER THE PROGRAM SHALL:**

16 **(I) DEMONSTRATE STRONG COMMUNITY TIES, INCLUDING**
17 **THOSE WITH THE COVERED INDIVIDUAL COMMUNITY AND LOCAL BUSINESSES;**

18 **(II) DEMONSTRATE AN ABILITY TO PROVIDE A FULL RANGE OF**
19 **ENTREPRENEURIAL DEVELOPMENT PROGRAMMING ON AN ONGOING BASIS;**

20 **(III) INCLUDE A PLAN FOR REACHING COVERED INDIVIDUALS,**
21 **INCLUDING BY IDENTIFYING PARTICULAR TARGET POPULATIONS WITHIN THE**
22 **COMMUNITY;**

23 **(IV) CLEARLY DEFINE ENTREPRENEURIAL DEVELOPMENT**
24 **CAPABILITIES, INCLUDING COORDINATION WITH EXISTING LOCAL RESOURCE**
25 **PARTNERS OF THE DEPARTMENT FOR ADDITIONAL TRAINING AS NECESSARY;**

26 **(V) PRESENT AN ENTREPRENEURSHIP DEVELOPMENT**
27 **CURRICULUM, WHICH MAY BE A NATIONALLY RECOGNIZED MODEL OR BASED ON A**
28 **NATIONALLY RECOGNIZED MODEL;**

29 **(VI) INCLUDE A LIST OF EACH PARTNER ORGANIZATION; AND**

(VII) INCLUDE A COMPREHENSIVE PLAN FOR THE USE OF GRANT FUNDS, INCLUDING ESTIMATES FOR ADMINISTRATIVE AND OUTREACH COSTS OF RUNNING AND EVALUATING THE ENTREPRENEURSHIP DEVELOPMENT PROGRAM.

(3) THE DEPARTMENT MAY PROVIDE SPECIFIC ADDITIONAL ELIGIBILITY AND APPLICATION REQUIREMENTS FOR A GRANT UNDER THE PROGRAM.

(C) AN ENTREPRENEURSHIP DEVELOPMENT PROGRAM FOR COVERED INDIVIDUALS IMPLEMENTED UNDER THE PROGRAM SHALL INCLUDE:

(1) A BUSINESS PLAN COMPETITION FOR IMPRISONED INDIVIDUALS;

(2) REENTRY SERVICES, INCLUDING A WORK-READINESS PROGRAM;

(3) EXECUTIVE MENTORING WITH LOCAL BUSINESS OWNERS;

(4) ENTREPRENEURIAL TRAINING; AND

(5) IN ACCORDANCE WITH § 5-1904 OF THIS SUBTITLE, ACCESS TO FINANCING.

(D) IN DETERMINING WHETHER TO AWARD A GRANT UNDER THE PROGRAM, THE DEPARTMENT MAY GIVE PRIORITY TO AN APPLICATION SUBMITTED IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION BASED ON:

(1) WHETHER THE APPLICATION INCLUDES A COMMITMENT FROM AN EXISTING OR NEW NON-STATE FUNDING SOURCE TO MEET THE MATCHING REQUIREMENT UNDER SUBSECTION (E) OF THIS SECTION;

(2) WHETHER THE APPLICATION TAKES INTO ACCOUNT LOCAL ECONOMIES AND MARKETS AS A PART OF THE EDUCATIONAL COMPONENT OF THE ENTREPRENEURSHIP DEVELOPMENT PROGRAM; AND

(3) THE ABILITY OR PLAN OF THE APPLICANT TO PROVIDE ENTREPRENEURIAL DEVELOPMENT SERVICES CONCURRENT WITH EMPLOYMENT OR JOB TRAINING SERVICES.

(E) (1) AS A CONDITION OF A GRANT PROVIDED UNDER THE PROGRAM, THE DEPARTMENT SHALL REQUIRE THE RECIPIENT OF THE GRANT TO CONTRIBUTE AN AMOUNT EQUAL TO 25% OF THE AMOUNT OF THE GRANT, OBTAINED SOLELY FROM EXISTING OR NEW NON-STATE SOURCES.

1 (2) IN ADDITION TO CASH OR OTHER DIRECT FUNDING, THE
2 CONTRIBUTION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY
3 INCLUDE INDIRECT COSTS OR IN-KIND CONTRIBUTIONS PAID FOR UNDER
4 NON-STATE PROGRAMS.

5 (F) THE DEPARTMENT SHALL AWARD AN ELIGIBLE APPLICANT A GRANT
6 FOR A PERIOD OF 5 YEARS.

7 5-1904.

8 (A) TO CARRY OUT THE PURPOSE OF THE PROGRAM, THE DEPARTMENT
9 MAY ISSUE LOANS IN ACCORDANCE WITH THIS SECTION TO QUALIFIED COVERED
10 INDIVIDUALS.

11 (B) (1) ON A REFERRAL BY AN ORGANIZATION CONDUCTING AN
12 ENTREPRENEURIAL DEVELOPMENT PROGRAM UNDER THE PROGRAM AND SUBJECT
13 TO AVAILABILITY OF FUNDS IN THE FUND, A COVERED INDIVIDUAL PARTICIPATING
14 IN THAT ENTREPRENEURIAL DEVELOPMENT PROGRAM MAY APPLY FOR A LOAN TO
15 ESTABLISH A BUSINESS.

16 (2) THE REFERRAL SHALL INCLUDE A RECOMMENDATION BY THE
17 ORGANIZATION CONDUCTING THE ENTREPRENEURIAL DEVELOPMENT PROGRAM
18 FOR THE AMOUNT OF THE LOAN TO BE ISSUED BY THE DEPARTMENT.

19 (C) A LOAN ISSUED UNDER THIS SECTION MAY NOT EXCEED \$50,000.

20 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
21 DEPARTMENT SHALL SPECIFY THE TERMS OF THE LOAN.

22 (2) THE LOAN MAY NOT REQUIRE THE PROVISION OF ANY
23 COLLATERAL.

24 5-1905.

25 (A) THERE IS A MARYLAND NEW START PILOT PROGRAM FUND.

26 (B) THE PURPOSE OF THE FUND IS TO PROVIDE:

27 (1) GRANTS TO ORGANIZATIONS IN ACCORDANCE WITH § 5-1903 OF
28 THIS SUBTITLE; AND

29 (2) LOANS TO COVERED INDIVIDUALS IN ACCORDANCE WITH § 5-1904
30 OF THIS SUBTITLE.

1 **(C) THE SECRETARY SHALL ADMINISTER THE FUND.**

2 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
3 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

4 **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**
5 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

6 **(E) THE FUND CONSISTS OF:**

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

8 **(2) REPAYMENTS OF LOANS MADE THROUGH THE PROGRAM;**

9 **(3) ANY INTEREST EARNINGS OF THE FUND; AND**

10 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
11 **THE BENEFIT OF THE FUND.**

12 **(F) (1) THE FUND MAY BE USED ONLY FOR:**

13 **(I) ADMINISTRATIVE COSTS OF THE PROGRAM;**

14 **(II) THE FUNDING OF GRANTS AWARDED UNDER § 5-1903 OF**
15 **THIS SUBTITLE; AND**

16 **(III) THE ISSUANCE OF LOANS UNDER § 5-1904 OF THIS**
17 **SUBTITLE.**

18 **(2) DURING EACH FISCAL YEAR, THE DEPARTMENT MAY AWARD NOT**
19 **MORE THAN 20% OF THE MONEY APPROPRIATED TO THE FUND IN GRANTS UNDER §**
20 **5-1903 OF THIS SUBTITLE.**

21 **(G) IN FISCAL YEARS 2024, 2025, 2026, 2027, AND 2028, THE GOVERNOR**
22 **SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION TO THE FUND.**

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

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

1 **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
2 **WITH THE STATE BUDGET.**

3 **5-1906.**

4 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, AN ORGANIZATION**
5 **AWARDED A GRANT BY THE DEPARTMENT UNDER THE PROGRAM SHALL SUBMIT AN**
6 **ANNUAL REPORT TO THE DEPARTMENT ON THE USE OF GRANT FUNDS RECEIVED**
7 **UNDER THE PROGRAM.**

8 **(B) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
9 **SHALL CONTAIN, WITH RESPECT TO THE ENTREPRENEURSHIP DEVELOPMENT**
10 **PROGRAM CREATED OR SUPPORTED BY THE ORGANIZATION UNDER THE PROGRAM:**

11 **(1) A LIST OF OTHER ORGANIZATIONS, IF ANY, WITH WHICH THE**
12 **PERSON HAS PARTNERED TO CONDUCT AN ENTREPRENEURIAL DEVELOPMENT**
13 **PROGRAM;**

14 **(2) THE CHARACTERISTICS OF COVERED INDIVIDUALS ASSISTED**
15 **UNDER THE ENTREPRENEURSHIP DEVELOPMENT PROGRAM, INCLUDING THE RACE**
16 **AND ETHNICITY, GENDER, AGE, MARITAL STATUS, PARENTAL STATUS, EMPLOYMENT**
17 **STATUS, INCOME, BANKING AND CREDIT HISTORY, AND PRIOR BUSINESS**
18 **EXPERIENCE OF THE INDIVIDUALS;**

19 **(3) THE PARTICIPATION AND ATTENDANCE RATES FOR ALL**
20 **COMPONENTS OF THE ENTREPRENEURSHIP DEVELOPMENT PROGRAM;**

21 **(4) THE PROGRAM RETENTION RATE;**

22 **(5) THE PERCENTAGE OF PARTICIPANTS WHO HAVE NOT BEEN**
23 **CHARGED WITH A NEW CRIMINAL VIOLATION OR A VIOLATION OF A CONDITION OF**
24 **PAROLE OR PROBATION DURING THE CALENDAR YEAR OF THE PROGRAM;**

25 **(6) THE LEVEL OF THE COVERED INDIVIDUALS' UNDERSTANDING OF**
26 **BUSINESS CONCEPTS AND PRINCIPLES;**

27 **(7) THE LEVEL OF THE COVERED INDIVIDUALS' GREATER**
28 **CONFIDENCE IN LEADERSHIP STRENGTHS, INCLUDING THE RESULTS OF AN**
29 **INDUSTRY-RECOGNIZED BEHAVIORAL ASSESSMENT;**

30 **(8) THE PROGRESS MADE BY COVERED INDIVIDUALS TOWARD**
31 **ESTABLISHING A BUSINESS;**

(9) THE EXPERIENCES AND PERCEPTIONS OF THE COVERED INDIVIDUALS;

(10) THE NUMBER AND DOLLAR AMOUNT OF LOANS MADE TO QUALIFIED COVERED INDIVIDUALS; AND

(11) ANY ADDITIONAL INFORMATION THAT THE DEPARTMENT MAY REQUIRE.

(c) ON OR BEFORE JANUARY 1, 2029, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON:

(1) THE FUNDS INCLUDED IN THE STATE BUDGET AND APPROPRIATED FOR THE FUND FOR EACH FISCAL YEAR DURING THE LIFE OF THE PROGRAM;

(2) THE SERVICES THAT GRANT RECIPIENTS PROVIDED TO COVERED INDIVIDUALS ASSISTED UNDER ENTREPRENEURSHIP DEVELOPMENT PROGRAMS;

(3) OVERSIGHT OF THE PROGRAM BY THE DEPARTMENT, INCLUDING POLICIES AND PROCEDURES FOR MONITORING THE COMPLIANCE BY GRANT RECIPIENTS WITH PROGRAM REQUIREMENTS AND AN ASSESSMENT OF THE EFFECTIVENESS OF THE PROGRAM; AND

(4) THE OVERALL PERFORMANCE OF THE PROGRAM AND THE IMPACTS OF THE PROGRAM ON GRANT RECIPIENTS.

5-1907.

THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

Article – State Finance and Procurement

6-226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

1 (ii) The provisions of subparagraph (i) of this paragraph do not apply
2 to the following funds:

3 144. the Health Equity Resource Community Reserve Fund;
4 [and]

5 145. the Access to Counsel in Evictions Special Fund; AND

6 **146. THE MARYLAND NEW START PILOT PROGRAM FUND.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2022. It shall remain effective for a period of 7 years and, at the end of June 30, 2029,
9 this Act, with no further action required by the General Assembly, shall be abrogated and
10 of no further force and effect.