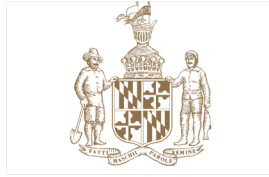


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April 6, 2021

Yaakov E. Weissmann  
Maryland General Assembly  
Office of the Senate President  
State House  
Annapolis, Maryland 21401  
*Via email*

**Re: *House Bill 1210, "Corporate Diversity – Board, Executive Leadership, and Mission"***

Dear Mr. Weissmann:

You asked for advice about House Bill 1210. The bill addresses corporate diversity through a funding restriction, compilation of an equity scorecard, and a reporting requirement. You asked for clarification about the scope of the bill regarding the scorecard and reporting requirement.

The bill provides that "an entity" may not receive "a State benefit" unless the entity is able to demonstrate: "(1) membership of underrepresented communities in the entity's board or executive leadership; or (2) support for underrepresented communities in the entity's mission." New Business Regulation Article ("BR"), § 19-106(c) (page 3, lines 3-8). "Entity" and "State benefit" are defined in the bill. In addition, the bill directs the Department of Commerce and the Office of Small, Minority, and Women Business Affairs to:

- (1) develop, maintain, and post publicly a State Equity scorecard that compiles diversity data for each entity on:
  - (i) the membership of underrepresented communities in the entity's board or executive leadership; and
  - (ii) the support of underrepresented communities in the entity's mission; and

(2) adopt regulations to carry out this section, including directives for State agencies and entities to comply with the requirements in this section.

New BR § 19-106(d) (page 3, lines 3-8).

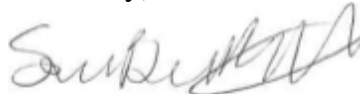
The bill also adds a new provision to an already existing reporting requirement in State law for specified persons:

If the person submitting the report is an entity that is subject to § 19-106 of the Business Regulation Article, the report shall include the diversity data required by the regulations adopted by the Department of Commerce and the Office of Small, Minority, and Women Business Affairs under § 19-106 of the Business Regulation article.

New Tax-Property Article ("TP"), § 11-101(d) (page 4, lines 12-17).

You asked which entities are subject to BR § 19-106(d) and TP § 11-101(d). After looking at the language of the bill as well as listening to the bill sponsor's testimony in the House committee, and that of the sponsor's panel, it is my view that the scorecard and reporting requirement will apply to any "entity" as defined in BR § 19-106(a)(2), excluding a sole proprietor per BR § 19-106(b). That is, the provisions in question are not limited to those entities receiving a State benefit. The legislative process envisioned by HB 1210 appears to be that the Department of Commerce, together with the Office of Small, Minority, and Women Business Affairs, will adopt regulations as to what kind of diversity data needs to be submitted by entities when filing the report required under TP § 11-101(d), which will then be used by those agencies to create a State Equity Scorecard.<sup>1</sup>

Sincerely,



Sandra Benson Brantley  
Counsel to the General Assembly

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<sup>1</sup> The identity of most corporate board members, including nonprofit boards, is required public information.