

HOUSE BILL 659

C8

71r2065
CF SB 594

By: **Delegates Feldman, Bronrott, Cardin, Dumais, Gutierrez, Hucker, Kramer, Lawton, Lee, Manno, Mizeur, Morhaim, Pena-Melnyk, Taylor, and Waldstreicher**

Introduced and read first time: February 8, 2007

Assigned to: Economic Matters and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Biomedical Product Development Fund**

3 FOR the purpose of establishing the Maryland Biomedical Product Development
4 Fund; providing for the purpose of the Fund; specifying that the Fund is a
5 special, nonlapsing fund; specifying that the State Treasurer shall hold the
6 Fund separately and that the Comptroller shall account for the Fund; specifying
7 that certain proceeds shall be invested and reinvested in a certain manner;
8 specifying that certain earnings shall be paid into the Fund; providing for the
9 composition of the Fund; requiring the Maryland Technology Development
10 Corporation to administer the Fund; providing that money in the Fund may
11 only be used for certain purposes; requiring the Corporation, in consultation
12 with the Department of Health and Mental Hygiene, to evaluate applications
13 for grants from the Fund based on certain criteria; requiring the Corporation to
14 award grants from the Fund in a certain manner; requiring the Corporation to
15 issue a certain report to the Governor and the General Assembly on or before a
16 certain date each year; altering the distribution of tobacco tax revenues;
17 providing for the distribution of certain tobacco tax revenues to the Fund for
18 certain purposes; altering the tobacco tax rate imposed on cigarettes; defining
19 certain terms; providing for the application of this Act; and generally relating to
20 funding of grants to address smoking related diseases.

21 BY adding to

22 Article 83A – Department of Business and Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 5-2C-01 through 5-2C-04 to be under the new subtitle "Subtitle 2C.
2 Maryland Biomedical Product Development Fund"
3 Annotated Code of Maryland
4 (2003 Replacement Volume and 2006 Supplement)

5 BY repealing and reenacting, without amendments,
6 Article – Tax – General
7 Section 2-1601 and 2-1602
8 Annotated Code of Maryland
9 (2004 Replacement Volume and 2006 Supplement)

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 2-1603 and 12-105
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2006 Supplement)

15 BY adding to
16 Article – Tax – General
17 Section 2-1604
18 Annotated Code of Maryland
19 (2004 Replacement Volume and 2006 Supplement)

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

22 **Article 83A – Department of Business and Economic Development**

23 **SUBTITLE 2C. MARYLAND BIOMEDICAL PRODUCT DEVELOPMENT FUND.**

24 **5-2C-01.**

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

27 (B) "CORPORATION" MEANS THE MARYLAND TECHNOLOGY
28 DEVELOPMENT CORPORATION.

29 (C) "FUND" MEANS THE MARYLAND BIOMEDICAL PRODUCT
30 DEVELOPMENT FUND.

1 (D) **“QUALIFIED APPLICANT” MEANS A FOR-PROFIT BUSINESS ENTITY**
2 **THAT ENGAGES IN RESEARCH AND DEVELOPMENT OF BIOMEDICAL**
3 **TREATMENTS OR DEVICES AND THAT HAS A MAJORITY OF ITS EMPLOYEES**
4 **WORKING IN THE STATE.**

5 (E) (1) **“SMOKING-RELATED DISEASE” MEANS A DISEASE THAT HAS A**
6 **SIGNIFICANTLY INCREASED PREVALENCE AMONG CIGARETTE SMOKERS.**

7 (2) **“SMOKING-RELATED DISEASE” INCLUDES:**

8 (I) **LUNG CANCER;**

9 (II) **CHRONIC OBSTRUCTIVE PULMONARY DISEASE; AND**

10 (III) **CARDIOVASCULAR DISEASE.**

11 **5-2C-02.**

12 (A) **THERE IS A MARYLAND BIOMEDICAL PRODUCT DEVELOPMENT**
13 **FUND.**

14 (B) **THE PURPOSE OF THE FUND IS TO SUPPORT THE RESEARCH AND**
15 **DEVELOPMENT OF INNOVATIVE TREATMENTS, THERAPIES, DIAGNOSTICS, AND**
16 **MEDICAL DEVICES THAT ADDRESS A SMOKING RELATED DISEASE.**

17 (C) **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT**
18 **TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

19 (D) **THE STATE TREASURER SHALL HOLD THE FUND AND THE**
20 **COMPTRROLLER SHALL ACCOUNT FOR THE FUND.**

21 (E) **THE PROCEEDS OF THE FUND SHALL BE INVESTED AND**
22 **REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS.**

23 (F) **ANY INVESTMENT EARNINGS SHALL BE PAID INTO THE FUND.**

24 (G) **THE FUND CONSISTS OF:**

1 **(1) THE TOBACCO TAX REVENUES DISTRIBUTED TO THE FUND**
2 **UNDER § 2-1604 OF THE TAX – GENERAL ARTICLE; AND**

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

5 **(H) THE CORPORATION, IN CONSULTATION WITH THE DEPARTMENT OF**
6 **HEALTH AND MENTAL HYGIENE, SHALL ADMINISTER THE FUND.**

7 **(I) MONEY IN THE FUND MAY ONLY BE EXPENDED TO:**

8 **(1) AWARD GRANTS FOR RESEARCH AND DEVELOPMENT OF**
9 **INNOVATIVE TREATMENTS, THERAPIES, OR DIAGNOSTICS THAT ADDRESS ONE**
10 **OR MORE SMOKING-RELATED DISEASES, AS PROVIDED IN § 5-2C-03 OF THIS**
11 **SUBTITLE; AND**

12 **(2) PAY THE COSTS NECESSARY TO ADMINISTER THE FUND.**

13 **5-2C-03.**

14 **(A) THE CORPORATION, IN CONSULTATION WITH THE DEPARTMENT OF**
15 **HEALTH AND MENTAL HYGIENE, SHALL EVALUATE APPLICATIONS FOR GRANTS**
16 **FROM THE FUND AND AWARD GRANTS FROM THE FUND TO QUALIFIED**
17 **APPLICANTS.**

18 **(B) THE CORPORATION SHALL EVALUATE APPLICATIONS FOR GRANTS**
19 **FROM THE FUND BASED ON THE FOLLOWING CRITERIA:**

20 **(1) THE SCIENTIFIC AND TECHNICAL MERIT OF THE PROPOSED**
21 **PROJECT;**

22 **(2) THE EXTENT TO WHICH THE PROPOSED PROJECT WOULD**
23 **ADDRESS AN UNMET MEDICAL NEED FOR A SMOKING-RELATED DISEASE;**

24 **(3) THE INNOVATION AND NOVELTY OF THE PROPOSED PROJECT;**
25 **AND**

26 **(4) THE ANTICIPATED ECONOMIC IMPACT FOR THE STATE.**

1 (c) (1) A GRANT AWARDED FROM THE FUND SHALL BE BETWEEN
2 \$150,000 AND \$1,500,000.

3 (2) IF A GRANT AWARDED IS GREATER THAN \$250,000, THEN THE
4 CORPORATION SHALL PAY THE GRANT IN PHASES BASED ON ACHIEVEMENT OF
5 NEGOTIATED TECHNICAL AND SCIENTIFIC MILESTONES.

6 (3) THE DURATION OF A FUNDED PROJECT SHALL BE BETWEEN 6
7 MONTHS AND 3 YEARS.

8 (4) A QUALIFIED APPLICANT OR ITS COMMONLY OWNED OR
9 CONTROLLED AFFILIATES MAY NOT RECEIVE MORE THAN \$1,000,000 IN A YEAR
10 OR \$3,000,000 OVER 5 YEARS FROM THE FUND.

11 (D) A GRANT AWARDED UNDER THIS SUBTITLE SHALL BE CONTINGENT
12 ON ENTRANCE INTO A MEMORANDUM OF UNDERSTANDING BETWEEN THE
13 GRANTEE AND THE CORPORATION THAT:

14 (1) ESTABLISHES THE SCOPE OF THE STATE'S OWNERSHIP OR
15 OTHER FINANCIAL INTEREST IN THE COMMERCIALIZATION AND OTHER
16 BENEFITS OF THE RESULTS, PRODUCTS, INVENTIONS, AND DISCOVERIES OF
17 FUNDED PROJECTS; AND

18 (2) TO THE EXTENT CONSISTENT WITH FEDERAL AND STATE LAW,
19 REFLECTS THE INTELLECTUAL PROPERTY POLICIES OF THE GRANTEE.

20 **5-2C-04.**

21 (A) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE CORPORATION
22 SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF
23 THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE
24 AWARDED GRANTS FROM THE FUND.

25 (B) THE REPORT SHALL IDENTIFY:

26 (1) EACH GRANTEE THAT RECEIVED FUNDING FROM THE FUND;

27 (2) THE AMOUNT OF FUNDING AWARDED TO EACH GRANTEE; AND

1 (4) [5.0] **6.0** cents for each cigarette in a package of free sample
2 cigarettes.

3 (b) The tobacco tax rate for other tobacco products is 15% of the wholesale
4 price of the tobacco products.

5 SECTION 2. AND BE IT FURTHER ENACTED, That all cigarettes used,
6 possessed, or held in the State on or after July 1, 2007, by any person for sale or use in
7 the State, shall be subject to the full tobacco tax of \$1.15 on cigarettes imposed by this
8 Act. This requirement includes: (1) cigarettes in vending machines or other
9 mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in
10 packages that already bear stamps issued by the Comptroller under the State Tobacco
11 Tax Act but for an amount less than the full tax imposed of 58 cents for each 10
12 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the
13 State on or after July 1, 2007, that bear a stamp issued by the Comptroller of a value
14 less than \$1.15 for each pack of 20 cigarettes must be stamped with the additional
15 stamps necessary to make the aggregate tax value equal to \$1.15, the Comptroller
16 may provide an alternative method of collecting the additional tax. The revenue
17 attributable to this requirement shall be remitted to the Comptroller by September 30,
18 2007. Except as provided above, on or after July 1, 2007, no Maryland stamp shall be
19 used except the stamp issued by the Comptroller to evidence the tobacco tax on
20 cigarettes of \$1.15 imposed by this Act.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2007.