

SENATE BILL 180

C8

11r0048

CF 11r0151

By: **The President (By Request – Administration) and Senators Peters, Colburn, Currie, DeGrange, Garagiola, Manno, McFadden, Pugh, Raskin, Robey, and Zirkin**

Introduced and read first time: January 24, 2011

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Business and Economic Development – Invest Maryland Program**

3 FOR the purpose of establishing an Invest Maryland Program for certain purposes;
4 establishing a Maryland Venture Capital Authority in the Department of
5 Business and Economic Development for certain purposes; providing for the
6 membership, terms, and duties of the Authority; allowing certain companies to
7 purchase credits against the insurance premium tax in order to fund
8 investments in qualified businesses in the State; providing for administration of
9 the credit by the Department; limiting the total premium tax credits that may
10 be allowed for all years; providing a minimum amount of designated capital for
11 which premium tax credits may be allocated; requiring the Authority to obtain
12 the services of an independent third party to conduct a bidding process for the
13 purchase of certain tax credits for certain purposes; establishing certain
14 requirements for certain offers for certain tax credit bids; establishing certain
15 procedures for certain offers; requiring certain dedicated capital to be paid to
16 the Enterprise Fund in certain amounts in accordance with certain procedures;
17 providing for the issuance and award of certain tax credit certificates; providing
18 for certain penalties; providing for the reallocation of certain designated capital
19 under certain circumstances; authorizing the Department to purchase certain
20 insurance for certain purposes; authorizing a purchase of certain premium tax
21 credits to claim the credits for certain taxable years; providing for the transfer
22 of certain tax credits; providing for the certification and renewal of certain
23 entities as venture firms in accordance with certain procedures, with certain
24 nonrefundable fees; providing for the allocation and use of certain designated
25 capital by certain venture firms, the Enterprise Fund, and the Maryland Small
26 Business Development Financing Authority; requiring a venture firm, the
27 Enterprise Fund, and the Financing Authority to make certain qualified
28 investments in qualified businesses in a certain manner within a certain period;
29 authorizing certain qualified businesses to receive certain follow-on

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 investments; providing for certain determinations concerning qualified
 2 businesses; prohibiting an insurance company from taking certain actions with
 3 respect to a venture firm; requiring the Department to report certain
 4 information to venture firms and the Financing Authority; requiring venture
 5 firms and the Financing Authority to report certain information at certain times
 6 to the Department; authorizing venture firms to make certain qualified
 7 distributions and nonqualified distributions in certain manners at certain
 8 times; requiring certain investments to terminate as of a certain date; providing
 9 for the treatment of certain designated capital in a certain manner for certain
 10 purposes; requiring the Department to submit certain information to the
 11 Maryland Insurance Administration; providing for the application of certain
 12 laws to certain services and transactions under this Act; authorizing the
 13 Department to adopt certain regulations; requiring the Department to submit
 14 an annual report to the Governor and the General Assembly on certain matters;
 15 providing for the initial terms of the members of the Maryland Venture Capital
 16 Authority; requiring the Department to prepare and submit a certain annual
 17 report; authorizing the Department to adopt certain regulations; defining
 18 certain terms; and generally relating to an insurance premium tax credit for
 19 investments in certain companies making investments in qualified businesses
 20 in the State and the Invest Maryland Program.

21 BY adding to
 22 Article – Economic Development
 23 Section 6–501 through 6–529 to be under the new subtitle “Subtitle 5. Invest
 24 Maryland Program”
 25 Annotated Code of Maryland
 26 (2008 Volume and 2010 Supplement)

27 BY adding to
 28 Article – Insurance
 29 Section 6–122
 30 Annotated Code of Maryland
 31 (2003 Replacement Volume and 2010 Supplement)

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

34 **Article – Economic Development**

35 **SUBTITLE 5. INVEST MARYLAND PROGRAM.**

36 **PART I. DEFINITIONS.**

37 **6–501.**

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

1 **(B) (1) “AFFILIATE” MEANS:**

2 **(I) A PERSON WHO, DIRECTLY OR INDIRECTLY,**
3 **BENEFICIALLY OWNS, CONTROLS, OR HOLDS POWER TO VOTE 15% OR MORE OF**
4 **THE OUTSTANDING VOTING SECURITIES OR OTHER VOTING OWNERSHIP**
5 **INTERESTS OF A VENTURE FIRM OR AN INSURANCE COMPANY; OR**

6 **(II) A PERSON, 15% OR MORE OF WHOSE OUTSTANDING**
7 **VOTING SECURITIES OR OTHER VOTING OWNERSHIP INTERESTS IS DIRECTLY OR**
8 **INDIRECTLY BENEFICIALLY OWNED, CONTROLLED, OR HELD WITH POWER TO**
9 **VOTE BY A VENTURE FIRM OR AN INSURANCE COMPANY.**

10 **(2) “AFFILIATE” DOES NOT INCLUDE AN INSURANCE COMPANY**
11 **THAT BECOMES A PURCHASER IN ACCORDANCE WITH AN ALLOCATION OF**
12 **INVESTMENT TAX CREDITS UNDER THE PROGRAM SOLELY BY REASON OF THE**
13 **ALLOCATION.**

14 **(C) “ALLOCATION AMOUNT” MEANS THE TOTAL AMOUNT OF TAX**
15 **CREDITS ALLOCATED TO A PURCHASER.**

16 **(D) “ALLOCATION DATE” MEANS THE DATE ON WHICH INVESTMENT TAX**
17 **CREDITS ARE ALLOCATED TO A PURCHASER UNDER § 6-513 OF THIS SUBTITLE.**

18 **(E) “AUTHORITY” MEANS THE MARYLAND VENTURE CAPITAL**
19 **AUTHORITY ESTABLISHED UNDER § 6-504 OF THIS SUBTITLE.**

20 **(F) “DESIGNATED CAPITAL” MEANS THE AMOUNT OF MONEY THAT A**
21 **PURCHASER INVESTS UNDER THE PROGRAM.**

22 **(G) “ENTERPRISE FUND” MEANS THE ENTERPRISE FUND UNDER TITLE**
23 **5, SUBTITLE 6 OF THIS ARTICLE.**

24 **(H) “FINANCING AUTHORITY” MEANS THE MARYLAND SMALL**
25 **BUSINESS DEVELOPMENT FINANCING AUTHORITY UNDER TITLE 5, SUBTITLE 5**
26 **OF THIS ARTICLE.**

27 **(I) “INSURANCE PREMIUM TAX LIABILITY” MEANS:**

28 **(1) ANY LIABILITY INCURRED BY AN INSURANCE COMPANY**
29 **UNDER TITLE 6, SUBTITLE 1 OF THE INSURANCE ARTICLE AS OF OCTOBER 1,**
30 **2011; OR**

1 **(2) IF THE LIABILITY REFERRED TO IN ITEM (1) OF THIS**
2 **SUBSECTION IS ELIMINATED OR REDUCED, ANY OTHER TAX LIABILITY THAT HAS**
3 **BEEN IMPOSED BY THE STATE ON THE INSURANCE COMPANY AS OF OCTOBER 1,**
4 **2011, NOT TO EXCEED THE AMOUNT OF THE LIABILITY ELIMINATED OR**
5 **REDUCED.**

6 **(J) “PREMIUM TAX CREDIT” MEANS A CREDIT AGAINST INSURANCE**
7 **PREMIUM TAX LIABILITY OFFERED TO A PURCHASER UNDER THE PROGRAM.**

8 **(K) “PROGRAM” MEANS THE INVEST MARYLAND PROGRAM UNDER**
9 **THIS SUBTITLE.**

10 **(L) “PURCHASER” MEANS:**

11 **(1) AN INSURANCE COMPANY THAT:**

12 **(I) IS AUTHORIZED TO DO BUSINESS IN THE STATE;**

13 **(II) HAS INSURANCE PREMIUM TAX LIABILITY; AND**

14 **(III) CONTRIBUTES DESIGNATED CAPITAL TO PURCHASE AN**
15 **ALLOCATION OF PREMIUM TAX CREDITS UNDER THE PROGRAM; OR**

16 **(2) A HOLDING COMPANY THAT:**

17 **(I) HAS AT LEAST ONE INSURANCE COMPANY SUBSIDIARY**
18 **AUTHORIZED TO DO BUSINESS IN THE STATE; AND**

19 **(II) IS CONTRIBUTING DESIGNATED CAPITAL ON BEHALF OF**
20 **ONE OR MORE OF THESE SUBSIDIARIES.**

21 **(M) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT, AT THE TIME OF**
22 **THE FIRST INVESTMENT IN THE BUSINESS BY A VENTURE FIRM, BY THE**
23 **ENTERPRISE FUND, OR BY THE FINANCING AUTHORITY UNDER THE PROGRAM:**

24 **(1) HAS ITS PRINCIPAL BUSINESS OPERATIONS LOCATED IN THE**
25 **STATE AND INTENDS TO MAINTAIN ITS PRINCIPAL BUSINESS OPERATIONS IN**
26 **THE STATE AFTER RECEIVING THE INVESTMENT FROM THE VENTURE FIRM, THE**
27 **ENTERPRISE FUND, OR THE FINANCING AUTHORITY UNDER THE PROGRAM;**

28 **(2) HAS AGREED TO USE THE QUALIFIED INVESTMENT PRIMARILY**
29 **TO:**

30 **(I) SUPPORT BUSINESS OPERATIONS IN THE STATE; OR**

1 **(II) IN THE CASE OF A START-UP COMPANY, ESTABLISH AND**
2 **SUPPORT BUSINESS OPERATIONS IN THE STATE;**

3 **(3) HAS NOT MORE THAN 250 EMPLOYEES; AND**

4 **(4) IS NOT PRIMARILY ENGAGED IN:**

5 **(I) RETAIL SALES;**

6 **(II) REAL ESTATE DEVELOPMENT;**

7 **(III) THE BUSINESS OF INSURANCE, BANKING, OR LENDING;**
8 **OR**

9 **(IV) THE PROVISION OF PROFESSIONAL SERVICES BY**
10 **ACCOUNTANTS, ATTORNEYS, OR PHYSICIANS.**

11 **(N) (1) “QUALIFIED DISTRIBUTION” MEANS A DISTRIBUTION OR**
12 **PAYMENT BY A VENTURE FIRM IN CONNECTION WITH:**

13 **(I) THE REASONABLE COSTS AND EXPENSES OF**
14 **ORGANIZING AND SYNDICATING THE VENTURE FIRM, INCLUDING FEES PAID FOR**
15 **PROFESSIONAL SERVICES, UP TO A MAXIMUM AGGREGATE AMOUNT OF**
16 **\$125,000;**

17 **(II) REASONABLE AND NECESSARY FEES PAID FOR ONGOING**
18 **PROFESSIONAL SERVICES, INCLUDING LEGAL AND ACCOUNTING SERVICES,**
19 **RELATED TO THE OPERATION OF THE VENTURE FIRM, UP TO A MAXIMUM**
20 **AGGREGATE AMOUNT OF \$50,000 IN A SINGLE YEAR; AND**

21 **(III) A YEARLY MANAGEMENT FEE IN AN AMOUNT THAT:**

22 **1. IN THE FIRST 4 YEARS FOLLOWING THE**
23 **ALLOCATION DATE OF THE VENTURE FIRM, DOES NOT EXCEED 2.5% OF THE**
24 **DESIGNATED CAPITAL RECEIVED BY THE VENTURE FIRM; AND**

25 **2. IN THE 5TH THROUGH 10TH YEARS FOLLOWING**
26 **THE ALLOCATION DATE, DOES NOT EXCEED 2.5% OF THE LESSER OF THE**
27 **DESIGNATED CAPITAL RECEIVED BY THE VENTURE FIRM OR THE AMOUNT OF**
28 **THE VENTURE FIRM’S QUALIFIED INVESTMENTS.**

29 **(2) “QUALIFIED DISTRIBUTION” DOES NOT INCLUDE:**

1 (I) ANY AMOUNT PAID TO A PURCHASER OR AN AFFILIATE
2 OF A PURCHASER; OR

3 (II) ANY COSTS AND EXPENSES RELATED TO LOBBYING OR
4 GOVERNMENT RELATIONS.

5 (O) (1) “QUALIFIED INVESTMENT” MEANS THE INVESTMENT OF CASH
6 BY A VENTURE FIRM, OR DIRECTLY OR INDIRECTLY BY THE ENTERPRISE FUND
7 OR THE FINANCING AUTHORITY, IN A QUALIFIED BUSINESS FOR THE PURCHASE
8 OF ANY OF THE FOLLOWING:

9 (I) A SHARE OF STOCK OR OTHER EQUITY INTEREST;

10 (II) A DEBT INSTRUMENT THAT IS CONVERTIBLE INTO
11 EQUITY; AND

12 (III) AN EQUITY PARTICIPATION INSTRUMENT SUCH AS AN
13 OPTION OR WARRANT.

14 (2) FOR PURPOSES OF § 6-518(A) OF THIS SUBTITLE, “QUALIFIED
15 INVESTMENT” INCLUDES:

16 (I) ANY AMOUNTS NECESSARY TO PAY TO A VENTURE FIRM
17 THE COSTS AND FEES ALLOWED UNDER SUBSECTION (N)(1) OF THIS SECTION;
18 AND

19 (II) ANY REASONABLE RESERVES ESTABLISHED BY A
20 VENTURE FIRM FOR FOLLOW-ON INVESTMENTS IN A QUALIFIED BUSINESS.

21 (P) “VENTURE FIRM” MEANS A PARTNERSHIP, CORPORATION, TRUST,
22 OR LIMITED LIABILITY COMPANY, WHETHER ORGANIZED ON A PROFIT OR A
23 NOT-FOR-PROFIT BASIS, THAT IS CERTIFIED BY THE DEPARTMENT AS MEETING
24 THE CRITERIA ESTABLISHED UNDER § 6-517 OF THIS SUBTITLE.

25 **6-502. RESERVED.**

26 **6-503. RESERVED.**

27 **PART II. MARYLAND VENTURE CAPITAL AUTHORITY.**

28 **6-504.**

29 **THERE IS A MARYLAND VENTURE CAPITAL AUTHORITY IN THE**
30 **DEPARTMENT.**

1 **6-505.**

2 (A) (1) THE AUTHORITY CONSISTS OF SEVEN MEMBERS APPOINTED
3 BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

4 (2) OF THE SEVEN MEMBERS:

5 (I) AT LEAST FOUR SHALL HAVE EXPERIENCE IN WORKING
6 WITH COMPANIES THAT ARE RAISING INVESTMENT CAPITAL FOR SEED-STAGE
7 TO GROWTH-STAGE COMPANIES OR IN PROVIDING PROFESSIONAL SERVICES TO
8 THE VENTURE CAPITAL INDUSTRY; AND

9 (II) AT LEAST ONE SHALL HAVE EXPERIENCE AS A SMALL
10 BUSINESS OWNER.

11 (3) EACH MEMBER SHALL BE A RESIDENT OF THE STATE.

12 (4) THE GOVERNOR SHALL CONSIDER THE GEOGRAPHIC
13 DIVERSITY OF THE STATE WHEN APPOINTING MEMBERS OF THE AUTHORITY.

14 (B) (1) THE TERM OF A MEMBER IS 4 YEARS.

15 (2) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE
16 UNTIL A SUCCESSOR IS APPOINTED.

17 (3) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN
18 SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS
19 APPOINTED.

20 (4) THE GOVERNOR MAY REMOVE A MEMBER WITH OR WITHOUT
21 CAUSE.

22 (5) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED
23 BY THE TERMS PROVIDED FOR MEMBERS OF THE AUTHORITY ON JULY 1, 2011.

24 **6-506.**

25 (A) THE GOVERNOR SHALL APPOINT A CHAIR FROM AMONG THE
26 MEMBERS.

27 (B) THE AUTHORITY SHALL DETERMINE THE MANNER OF ELECTION OF
28 OFFICERS AND THEIR TERMS OF OFFICE.

1 **6-507.**

2 (A) (1) A MAJORITY OF THE MEMBERS THEN SERVING IS A QUORUM.

3 (2) AN ACT OF THE AUTHORITY MUST BE APPROVED BY A
4 MAJORITY VOTE OF THE MEMBERS ATTENDING A MEETING AT WHICH A QUORUM
5 IS PRESENT.

6 (B) A MEMBER OF THE AUTHORITY:

7 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE
8 AUTHORITY; BUT

9 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
10 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE
11 BUDGET.

12 **6-508.**

13 THE AUTHORITY SHALL PROVIDE ADVICE AND COUNSEL TO THE
14 DEPARTMENT IN CONNECTION WITH THE ADMINISTRATION OF THE PROGRAM
15 UNDER THIS SUBTITLE.

16 **6-509. RESERVED.**

17 **6-510. RESERVED.**

18 **PART III. DESIGNATED CAPITAL.**

19 **6-511.**

20 (A) ALL DESIGNATED CAPITAL FROM PURCHASERS SHALL BE
21 DEPOSITED INTO THE ENTERPRISE FUND TO BE INVESTED IN QUALIFIED
22 BUSINESSES AS PROVIDED IN THIS SUBTITLE.

23 (B) THE DEPARTMENT SHALL ALLOCATE DESIGNATED CAPITAL AS
24 FOLLOWS:

25 (1) 50% TO ONE OR MORE VENTURE FIRMS TO FUND THE MAKING
26 OF QUALIFIED INVESTMENTS IN QUALIFIED BUSINESSES;

27 (2) 50% TO THE ENTERPRISE FUND, TO BE ALLOCATED:

1 (I) 75% TO FUND THE MAKING OF QUALIFIED
2 INVESTMENTS IN QUALIFIED BUSINESSES UNDER THE EXISTING POLICIES AND
3 PROCEDURES OF THE ENTERPRISE FUND; AND

4 (II) 25% TO THE FINANCING AUTHORITY, TO BE INVESTED
5 IN QUALIFIED BUSINESSES IN ACCORDANCE WITH THE POLICIES AND
6 PROCEDURES OF THE FINANCING AUTHORITY.

7 (C) AS SOON AS PRACTICABLE AFTER THE DEPARTMENT RECEIVES
8 EACH INSTALLMENT OF DESIGNATED CAPITAL, THE DEPARTMENT AND EACH
9 VENTURE FIRM THAT HAS BEEN ALLOCATED DESIGNATED CAPITAL SHALL
10 ENTER INTO A CONTRACT UNDER WHICH THE ALLOCATED AMOUNT OF
11 DESIGNATED CAPITAL WILL BE TRANSFERRED BY THE DEPARTMENT OR THE
12 VENTURE FIRM FOR INVESTMENT AS PROVIDED IN THIS SUBTITLE.

13 (D) THE DEPARTMENT SHALL SECURE THE COMMITMENT OF THE
14 PURCHASERS IN ACCORDANCE WITH § 6-512 OF THIS SUBTITLE.

15 **6-512.**

16 (A) THE AUTHORITY SHALL OBTAIN THE SERVICES OF AN
17 INDEPENDENT THIRD PARTY TO CONDUCT A BIDDING PROCESS IN ORDER TO
18 SECURE PURCHASERS FOR THE PROGRAM AS PROVIDED IN THIS SECTION.

19 (B) USING THE PROCEDURES ADOPTED BY THE INDEPENDENT THIRD
20 PARTY, EACH POTENTIAL PURCHASER SHALL MAKE A TIMELY AND
21 IRREVOCABLE OFFER, SUBJECT ONLY TO THE DEPARTMENT'S ISSUANCE TO
22 THE PURCHASER OF TAX CREDIT CERTIFICATES, TO MAKE SPECIFIED
23 CONTRIBUTIONS OF DESIGNATED CAPITAL TO THE DEPARTMENT ON DATES THE
24 DEPARTMENT SPECIFIES.

25 (C) THE OFFER SHALL INCLUDE:

26 (1) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MAY NOT
27 BE LESS THAN \$1,000,000;

28 (2) THE POTENTIAL PURCHASER'S SPECIFIED CONTRIBUTION
29 FOR EACH TAX CREDIT DOLLAR REQUESTED, WHICH MAY NOT BE LESS THAN
30 THE GREATER OF:

31 (I) 70% OF THE REQUESTED DOLLAR AMOUNT OF TAX
32 CREDITS; OR

1 **(II) THE PERCENTAGE OF THE REQUESTED DOLLAR**
2 **AMOUNT OF TAX CREDITS THAT THE SECRETARY, ON THE RECOMMENDATION**
3 **OF THE INDEPENDENT THIRD PARTY, DETERMINES TO BE CONSISTENT WITH**
4 **MARKET CONDITIONS AS OF THE OFFER DATE; AND**

5 **(3) ANY OTHER INFORMATION THE INDEPENDENT THIRD PARTY**
6 **REQUIRES.**

7 **(D) (1) THE DEADLINE FOR SUBMISSION OF APPLICATIONS FOR TAX**
8 **CREDITS IS DECEMBER 1, 2011.**

9 **(2) EACH POTENTIAL PURCHASER SHALL RECEIVE A WRITTEN**
10 **NOTICE FROM THE DEPARTMENT NOT LATER THAN FEBRUARY 1, 2012,**
11 **INDICATING WHETHER OR NOT IT HAS BEEN APPROVED AS A PURCHASER AND,**
12 **IF SO, THE AMOUNT OF TAX CREDITS ALLOCATED.**

13 **(E) THE MAXIMUM AMOUNT OF PREMIUM TAX CREDITS THAT MAY BE**
14 **ALLOCATED UNDER THIS SUBTITLE FOR ALL YEARS IN WHICH PREMIUM TAX**
15 **CREDITS ARE ALLOCATED IS \$142,000,000.**

16 **6-513.**

17 **(A) DESIGNATED CAPITAL COMMITTED BY A PURCHASER SHALL BE**
18 **PAID TO THE ENTERPRISE FUND OF THE DEPARTMENT IN THREE EQUAL**
19 **YEARLY INSTALLMENTS DUE ON JANUARY 1 OF 2012, 2013, AND 2014.**

20 **(B) ON RECEIPT OF EACH INSTALLMENT OF DESIGNATED CAPITAL, THE**
21 **DEPARTMENT SHALL ISSUE TO EACH PURCHASER A TAX CREDIT CERTIFICATE**
22 **REPRESENTING A FULLY VESTED CREDIT AGAINST INSURANCE PREMIUM TAX**
23 **LIABILITY EQUAL TO ONE-THIRD OF THE TOTAL PREMIUM TAX CREDITS**
24 **ALLOCATED TO THE PURCHASER.**

25 **(C) THE DEPARTMENT SHALL ISSUE TAX CREDIT CERTIFICATES TO**
26 **PURCHASERS IN ACCORDANCE WITH THE BIDDING PROCESS SELECTED BY THE**
27 **INDEPENDENT THIRD PARTY ON BEHALF OF THE AUTHORITY UNDER § 6-512 OF**
28 **THIS SUBTITLE.**

29 **(D) THE TAX CREDIT CERTIFICATE SHALL STATE:**

30 **(1) THE TOTAL AMOUNT OF PREMIUM TAX CREDITS THAT THE**
31 **PURCHASER MAY CLAIM;**

1 **(2) THE AMOUNT OF DESIGNATED CAPITAL THAT THE**
2 **PURCHASER HAS CONTRIBUTED IN RETURN FOR THE ISSUANCE OF THE TAX**
3 **CREDIT CERTIFICATE;**

4 **(3) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE**
5 **FOR USE BY THE PURCHASER;**

6 **(4) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;**

7 **(5) THE PROCEDURES TO BE USED FOR TRANSFERRING THE TAX**
8 **CREDITS; AND**

9 **(6) ANY OTHER REQUIREMENTS THE DEPARTMENT CONSIDERS**
10 **NECESSARY.**

11 **(E) (1) A TAX CREDIT CERTIFICATE MAY NOT BE ISSUED TO ANY**
12 **PURCHASER THAT FAILS TO MAKE A CONTRIBUTION OF DESIGNATED CAPITAL**
13 **WITHIN THE TIME THE DEPARTMENT SPECIFIES.**

14 **(2) A PURCHASER THAT FAILS TO MAKE A CONTRIBUTION OF**
15 **DESIGNATED CAPITAL WITHIN THE TIME THE DEPARTMENT SPECIFIES SHALL**
16 **BE SUBJECT TO A PENALTY EQUAL TO 10% OF THE AMOUNT OF DESIGNATED**
17 **CAPITAL THAT REMAINS UNPAID, PAYABLE TO THE DEPARTMENT WITHIN 30**
18 **DAYS AFTER DEMAND BY THE DEPARTMENT.**

19 **(3) THE DEPARTMENT MAY OFFER TO REALLOCATE THE**
20 **DEFAULTED DESIGNATED CAPITAL AMONG THE OTHER PURCHASERS, SO THAT**
21 **THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL**
22 **ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE PREMIUM**
23 **TAX CREDIT ALLOCATION TO THE DEFAULTING PURCHASER.**

24 **(4) IF THE REALLOCATION OF DESIGNATED CAPITAL RESULTS IN**
25 **THE CONTRIBUTION BY ANOTHER PURCHASER OR PURCHASERS OF THE**
26 **AMOUNT OF DESIGNATED CAPITAL NOT CONTRIBUTED BY THE DEFAULTING**
27 **PURCHASER, THEN THE DEPARTMENT MAY WAIVE THE PENALTY PROVIDED**
28 **UNDER THIS SUBSECTION.**

29 **(5) (I) A PURCHASER THAT FAILS TO MAKE A CONTRIBUTION**
30 **OF DESIGNATED CAPITAL WITHIN THE TIME SPECIFIED MAY AVOID THE**
31 **IMPOSITION OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX**
32 **CREDITS TO A NEW OR EXISTING PURCHASER WITHIN 30 DAYS AFTER THE DUE**
33 **DATE OF THE DEFAULTED INSTALLMENT.**

1 **(II) ANY TRANSFEREE OF AN ALLOCATION OF TAX CREDITS**
2 **OF A DEFAULTING PURCHASER UNDER THIS SECTION SHALL AGREE TO MAKE**
3 **THE REQUIRED CONTRIBUTION OF DESIGNATED CAPITAL WITHIN 30 DAYS**
4 **AFTER THE DATE OF THE TRANSFER.**

5 **(6) THE DEPARTMENT IN ITS SOLE DISCRETION MAY PURCHASE**
6 **INSURANCE OR MAKE OTHER FINANCIAL ARRANGEMENTS IN ORDER TO ENSURE**
7 **THE AVAILABILITY OF THE FULL AMOUNT OF DESIGNATED CAPITAL COMMITTED**
8 **BY PURCHASERS.**

9 **(F) THE AWARDING OF TAX CREDIT CERTIFICATES SHALL BE IN THE**
10 **SECRETARY'S SOLE DISCRETION.**

11 **6-514.**

12 **(A) (1) SUBJECT TO THE RESTRICTION IN PARAGRAPH (2) OF THIS**
13 **SUBSECTION, A PURCHASER MAY CLAIM THE PREMIUM TAX CREDIT ON A**
14 **PREMIUM TAX RETURN FILED AFTER DECEMBER 31, 2014, FOR A TAXABLE**
15 **YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2014.**

16 **(2) IN EACH CALENDAR YEAR FROM 2015 THROUGH 2019, A**
17 **PURCHASER MAY CLAIM UP TO 20% OF THE PREMIUM TAX CREDIT ALLOCATED**
18 **TO THAT PURCHASER.**

19 **(B) (1) THE CREDIT TO BE APPLIED AGAINST INSURANCE PREMIUM**
20 **TAX LIABILITY IN ANY 1 YEAR MAY NOT EXCEED THE INSURANCE PREMIUM TAX**
21 **LIABILITY OF THE PURCHASER FOR THAT TAXABLE YEAR.**

22 **(2) ANY UNUSED CREDIT AGAINST INSURANCE PREMIUM TAX**
23 **LIABILITY MAY BE CARRIED FORWARD INDEFINITELY UNTIL THE PREMIUM TAX**
24 **CREDITS ARE USED.**

25 **(3) ON 30 DAYS' ADVANCE NOTICE TO THE DEPARTMENT,**
26 **PREMIUM TAX CREDITS ALLOCATED TO A PURCHASER UNDER THIS SUBTITLE**
27 **MAY BE TRANSFERRED WITHOUT FURTHER RESTRICTION TO ANY OTHER ENTITY**
28 **THAT:**

29 **(I) MEETS THE DEFINITION OF A PURCHASER;**

30 **(II) IS IN GOOD STANDING WITH THE MARYLAND**
31 **INSURANCE ADMINISTRATION; AND**

32 **(III) AGREES TO ASSUME ALL OF THE TRANSFEROR'S**
33 **OBLIGATIONS UNDER THE PROGRAM.**

1 **(C) A PURCHASER CLAIMING A CREDIT AGAINST INSURANCE PREMIUM**
2 **TAX LIABILITY EARNED THROUGH AN INVESTMENT UNDER THE PROGRAM IS**
3 **NOT REQUIRED TO PAY ANY ADDITIONAL TAX AS A RESULT OF CLAIMING THE**
4 **CREDIT.**

5 **(D) A PURCHASER IS NOT REQUIRED TO REDUCE THE AMOUNT OF**
6 **PREMIUM TAX INCLUDED BY THE PURCHASER IN CONNECTION WITH**
7 **RATE-MAKING FOR ANY INSURANCE CONTRACT WRITTEN IN THE STATE**
8 **BECAUSE OF A REDUCTION IN THE PURCHASER'S INSURANCE PREMIUM TAX**
9 **DERIVED FROM THE CREDIT GRANTED UNDER THIS SUBTITLE.**

10 **6-515. RESERVED.**

11 **6-516. RESERVED.**

12 **PART IV. VENTURE FIRMS AND INVESTMENTS.**

13 **6-517.**

14 **(A) THE SECRETARY SHALL ESTABLISH APPLICATION PROCEDURES**
15 **FOR AN ENTITY TO BE CERTIFIED AS A VENTURE FIRM.**

16 **(B) (1) AN APPLICANT SHALL FILE AN APPLICATION IN THE FORM**
17 **REQUIRED BY THE DEPARTMENT, ACCOMPANIED BY A NONREFUNDABLE**
18 **APPLICATION FEE OF \$7,500.**

19 **(2) THE APPLICATION SHALL INCLUDE AN AUDITED BALANCE**
20 **SHEET AS OF A DATE NOT MORE THAN 60 DAYS BEFORE THE APPLICATION DATE**
21 **WITH AN UNQUALIFIED OPINION FROM AN INDEPENDENT CERTIFIED PUBLIC**
22 **ACCOUNTANT.**

23 **(C) TO BE CERTIFIED AS A VENTURE FIRM:**

24 **(1) THE APPLICANT MUST HAVE, AT THE TIME OF APPLICATION,**
25 **AN EQUITY CAPITALIZATION OF AT LEAST \$500,000 IN THE FORM OF CASH OR**
26 **CASH EQUIVALENTS;**

27 **(2) AT LEAST TWO PRINCIPALS OR PERSONS EMPLOYED TO**
28 **DIRECT THE INVESTMENT OF THE DESIGNATED CAPITAL OF THE APPLICANT**
29 **MUST HAVE AT LEAST 5 YEARS OF MONEY MANAGEMENT EXPERIENCE IN THE**
30 **VENTURE CAPITAL OR PRIVATE EQUITY SECTORS; AND**

1 **(3) THE APPLICANT MUST HAVE ESTABLISHED AN OFFICE IN THE**
2 **STATE OR DO SO WITHIN 60 DAYS AFTER CERTIFICATION.**

3 **(D) AN INDEPENDENT THIRD PARTY THAT THE AUTHORITY SELECTS**
4 **SHALL:**

5 **(1) REVIEW AND EVALUATE THE APPLICATION, ORGANIZATIONAL**
6 **DOCUMENTS, AND BUSINESS HISTORY OF EACH APPLICANT;**

7 **(2) ENSURE THAT THE APPLICANT SATISFIES THE**
8 **REQUIREMENTS OF THIS SUBTITLE; AND**

9 **(3) BASED ON SELECTION CRITERIA LISTED IN THIS SECTION AND**
10 **ANY ADDITIONAL CRITERIA PROVIDED BY THE DEPARTMENT OR THE**
11 **AUTHORITY, CERTIFY THE VENTURE FIRMS THAT ARE TO RECEIVE**
12 **ALLOCATIONS OF DESIGNATED CAPITAL UNDER THE PROGRAM.**

13 **(E) (1) THE DEPARTMENT SHALL BEGIN ACCEPTING APPLICATIONS**
14 **FOR CERTIFICATION ON OR BEFORE JANUARY 1, 2012.**

15 **(2) AN APPLICATION FOR CERTIFICATION MAY NOT BE ACCEPTED**
16 **AFTER MARCH 1, 2012.**

17 **(F) NOT LATER THAN 45 DAYS AFTER AN APPLICATION IS FILED, THE**
18 **SECRETARY SHALL:**

19 **(1) ISSUE THE CERTIFICATION; OR**

20 **(2) REFUSE TO ISSUE THE CERTIFICATION AND COMMUNICATE IN**
21 **DETAIL TO THE APPLICANT THE GROUNDS FOR THE REFUSAL, INCLUDING**
22 **SUGGESTIONS FOR THE REMOVAL OF THOSE GROUNDS.**

23 **(G) (1) NOT LATER THAN APRIL 1 OF EACH YEAR, EACH VENTURE**
24 **FIRM SHALL PAY A NONREFUNDABLE RENEWAL FEE OF \$5,000 TO THE**
25 **DEPARTMENT.**

26 **(2) IF A VENTURE FIRM FAILS TO PAY ITS RENEWAL FEE ON OR**
27 **BEFORE THAT DATE, THE VENTURE FIRM SHALL PAY, IN ADDITION TO THE**
28 **RENEWAL FEE, A LATE FEE OF \$5,000 TO CONTINUE ITS CERTIFICATION.**

29 **(H) NOTWITHSTANDING SUBSECTION (G) OF THIS SECTION, A RENEWAL**
30 **FEE IS NOT REQUIRED WITHIN 6 MONTHS AFTER THE DATE ON WHICH THE**
31 **VENTURE FIRM'S CERTIFICATION IS ISSUED UNDER THIS SECTION.**

1 **6-518.**

2 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A VENTURE FIRM,
3 THE ENTERPRISE FUND, AND THE FINANCING AUTHORITY SHALL MAKE
4 QUALIFIED INVESTMENTS EQUAL TO 90% OF THEIR RESPECTIVE AMOUNTS OF
5 DESIGNATED CAPITAL WITHIN 5 YEARS AFTER RECEIVING THE FIRST
6 INSTALLMENT OF DESIGNATED CAPITAL UNDER THE PROGRAM.

7 (B) (1) THE AGGREGATE CUMULATIVE AMOUNT OF ALL QUALIFIED
8 INVESTMENTS MADE BY THE VENTURE FIRM, THE ENTERPRISE FUND, AND THE
9 FINANCING AUTHORITY AFTER THE RECEIPT OF THE FIRST INSTALLMENT OF
10 DESIGNATED CAPITAL UNDER THE PROGRAM SHALL BE CONSIDERED IN
11 COMPUTING THE PERCENTAGE REQUIREMENTS UNDER THIS SUBTITLE.

12 (2) ANY PROCEEDS RECEIVED FROM A QUALIFIED INVESTMENT:

13 (I) MAY BE INVESTED IN ANOTHER QUALIFIED
14 INVESTMENT; AND

15 (II) SHALL COUNT TOWARD ANY REQUIREMENT IN THIS
16 SUBTITLE WITH RESPECT TO INVESTMENTS OF DESIGNATED CAPITAL.

17 (C) (1) A BUSINESS THAT IS CLASSIFIED AS A QUALIFIED BUSINESS
18 AT THE TIME OF THE FIRST INVESTMENT IN THE BUSINESS BY A VENTURE FIRM,
19 THE ENTERPRISE FUND, OR THE FINANCING AUTHORITY REMAINS CLASSIFIED
20 AS A QUALIFIED BUSINESS AND MAY RECEIVE FOLLOW-ON INVESTMENTS FROM
21 A VENTURE FIRM, THE ENTERPRISE FUND, OR THE FINANCING AUTHORITY.

22 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS
23 SUBSECTION, A FOLLOW-ON INVESTMENT MADE UNDER THIS SUBSECTION IS A
24 QUALIFIED INVESTMENT EVEN THOUGH THE BUSINESS DOES NOT MEET THE
25 DEFINITION OF A QUALIFIED BUSINESS AT THE TIME OF THE FOLLOW-ON
26 INVESTMENT.

27 (3) A FOLLOW-ON INVESTMENT DOES NOT QUALIFY AS A
28 QUALIFIED INVESTMENT IF, AT THE TIME OF THE FOLLOW-ON INVESTMENT,
29 THE QUALIFIED BUSINESS NO LONGER HAS ITS PRINCIPAL BUSINESS
30 OPERATIONS IN THE STATE.

31 (D) WITHOUT THE PRIOR APPROVAL OF THE DEPARTMENT, A VENTURE
32 FIRM OR THE FINANCING AUTHORITY MAY NOT MAKE A QUALIFIED
33 INVESTMENT IN ANY ONE QUALIFIED BUSINESS THAT IS GREATER THAN 15% OF
34 THE TOTAL DESIGNATED CAPITAL ALLOCATED TO THE VENTURE FIRM OR TO
35 THE FINANCING AUTHORITY.

1 **(E) AS A CONDITION OF THE INVESTMENT, THE QUALIFIED BUSINESS**
2 **SHALL:**

3 **(1) AGREE THAT WHILE THE VENTURE FIRM, THE ENTERPRISE**
4 **FUND, OR THE FINANCING AUTHORITY CONTINUES TO HOLD THE INVESTMENT,**
5 **THE QUALIFIED BUSINESS WILL MAINTAIN ITS PRINCIPAL BUSINESS**
6 **OPERATIONS IN THE STATE; AND**

7 **(2) EXECUTE A REPURCHASE AGREEMENT WITH THE**
8 **DEPARTMENT UNDER WHICH THE QUALIFIED BUSINESS AGREES TO**
9 **REPURCHASE ANY QUALIFIED INVESTMENT HELD BY A VENTURE FIRM, THE**
10 **ENTERPRISE FUND, OR THE FINANCING AUTHORITY UNDER THE PROGRAM IF**
11 **THE QUALIFIED BUSINESS VOLUNTARILY RELOCATES ITS BUSINESS**
12 **OPERATIONS OUT OF THE STATE.**

13 **(F) A VENTURE FIRM MAY INVEST ANY DESIGNATED CAPITAL NOT**
14 **INVESTED IN QUALIFIED INVESTMENTS IN ANY MANNER THAT IT CONSIDERS**
15 **APPROPRIATE.**

16 **(G) EACH VENTURE FIRM SHALL:**

17 **(1) INFORM THE DEPARTMENT IN WRITING WHEN THE VENTURE**
18 **FIRM REQUIRES DESIGNATED CAPITAL FOR INVESTMENT IN A QUALIFIED**
19 **BUSINESS OR FOR THE PAYMENT OF APPROVED FEES AND EXPENSES; AND**

20 **(2) PROVIDE DOCUMENTATION TO THE DEPARTMENT FOR EACH**
21 **QUALIFIED INVESTMENT IN A QUALIFIED BUSINESS IN THE FORM REQUIRED BY**
22 **THE DEPARTMENT.**

23 **6-519.**

24 **(A) BEFORE MAKING AN INVESTMENT IN A BUSINESS, A VENTURE FIRM**
25 **SHALL REQUEST FROM THE SECRETARY OR THE SECRETARY'S DESIGNEE A**
26 **WRITTEN DETERMINATION AS TO WHETHER THE BUSINESS IS A QUALIFIED**
27 **BUSINESS.**

28 **(B) NOT LATER THAN 10 BUSINESS DAYS AFTER RECEIVING A REQUEST**
29 **UNDER SUBSECTION (A) OF THIS SECTION, THE SECRETARY OR THE**
30 **SECRETARY'S DESIGNEE SHALL:**

31 **(1) DETERMINE WHETHER THE BUSINESS MEETS THE DEFINITION**
32 **OF A QUALIFIED BUSINESS; AND**

1 **(2) PROVIDE THE VENTURE FIRM:**

2 **(I) NOTICE AND EXPLANATION OF THE DETERMINATION;**
3 **OR**

4 **(II) NOTICE THAT AN ADDITIONAL 10 BUSINESS DAYS WILL**
5 **BE NEEDED TO REVIEW AND MAKE THE DETERMINATION.**

6 **6-520.**

7 **(A) AN INSURANCE COMPANY OR AFFILIATE MAY NOT DIRECTLY OR**
8 **INDIRECTLY:**

9 **(1) MANAGE A VENTURE FIRM;**

10 **(2) BENEFICIALLY OWN, THROUGH RIGHTS, OPTIONS,**
11 **CONVERTIBLE INTERESTS, OR OTHERWISE, MORE THAN 15% OF THE VOTING**
12 **SECURITIES OR OTHER VOTING OWNERSHIP INTEREST OF A VENTURE FIRM; OR**

13 **(3) CONTROL THE DIRECTION OF INVESTMENTS FOR A VENTURE**
14 **FIRM.**

15 **(B) SUBSECTION (A) OF THIS SECTION APPLIES WHETHER OR NOT THE**
16 **INSURANCE COMPANY OR AFFILIATE IS AUTHORIZED TO DO BUSINESS IN THE**
17 **STATE.**

18 **6-521.**

19 **(A) THE DEPARTMENT SHALL REPORT TO EACH VENTURE FIRM AND**
20 **THE FINANCING AUTHORITY AS SOON AS PRACTICABLE BUT NOT LATER THAN**
21 **30 DAYS AFTER RECEIVING DESIGNATED CAPITAL FROM PURCHASERS:**

22 **(1) THE NAME OF EACH PURCHASER FROM WHOM THE**
23 **DESIGNATED CAPITAL WAS RECEIVED;**

24 **(2) THE AMOUNT OF EACH PURCHASER'S COMMITMENT OF**
25 **DESIGNATED CAPITAL; AND**

26 **(3) THE DATES WHEN EACH INSTALLMENT OF DESIGNATED**
27 **CAPITAL WILL BE PAID TO THE DEPARTMENT.**

28 **(B) NOT LATER THAN JANUARY 31 OF EACH YEAR, EACH VENTURE**
29 **FIRM AND THE FINANCING AUTHORITY SHALL REPORT TO THE DEPARTMENT:**

1 **(1) THE AMOUNT OF DESIGNATED CAPITAL REMAINING**
2 **UNINVESTED AT THE END OF THE PRECEDING CALENDAR YEAR;**

3 **(2) ALL QUALIFIED INVESTMENTS THAT THE VENTURE FIRM OR**
4 **THE FINANCING AUTHORITY HAS MADE DURING THE PRECEDING CALENDAR**
5 **YEAR, INCLUDING THE NUMBER OF EMPLOYEES OF EACH QUALIFIED BUSINESS**
6 **AT THE TIME THE QUALIFIED INVESTMENT WAS MADE AND AS OF DECEMBER 31**
7 **OF THAT YEAR;**

8 **(3) FOR ANY QUALIFIED BUSINESS IN WHICH THE VENTURE FIRM**
9 **OR THE FINANCING AUTHORITY NO LONGER HAS AN INVESTMENT AS OF THE**
10 **END OF THE CALENDAR YEAR, THE NUMBER OF EMPLOYEES OF THE QUALIFIED**
11 **BUSINESS AS OF THE DATE THE INVESTMENT WAS TERMINATED; AND**

12 **(4) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES TO**
13 **ASCERTAIN THE IMPACT OF THE PROGRAM ON THE ECONOMY OF THE STATE.**

14 **(C) NOT LATER THAN 180 DAYS AFTER THE END OF ITS FISCAL YEAR,**
15 **EACH VENTURE FIRM SHALL PROVIDE TO THE DEPARTMENT AN AUDITED**
16 **FINANCIAL STATEMENT THAT INCLUDES THE OPINION OF AN INDEPENDENT**
17 **CERTIFIED PUBLIC ACCOUNTANT.**

18 **(D) NOT LATER THAN 60 DAYS AFTER THE SALE OR OTHER DISPOSITION**
19 **OF AN INTEREST IN A QUALIFIED BUSINESS, THE SELLING VENTURE FIRM OR**
20 **THE FINANCING AUTHORITY SHALL PROVIDE TO THE DEPARTMENT A REPORT**
21 **ON THE AMOUNT OF THE INTEREST SOLD OR DISPOSED OF AND THE**
22 **CONSIDERATION RECEIVED FOR THE SALE OR DISPOSITION.**

23 **(E) (1) EACH VENTURE FIRM AND THE FINANCING AUTHORITY**
24 **SHALL REPORT TO THE DEPARTMENT WHEN IT HAS SATISFIED THE**
25 **INVESTMENT SCHEDULE REQUIREMENTS OF § 6-518(A) OF THIS SUBTITLE.**

26 **(2) WITHIN 60 DAYS AFTER RECEIVING THE NOTICE, THE**
27 **DEPARTMENT SHALL EITHER:**

28 **(I) CONFIRM THAT THE VENTURE FIRM OR THE FINANCING**
29 **AUTHORITY HAS SATISFIED THOSE REQUIREMENTS; OR**

30 **(II) PROVIDE NOTICE OF NONCOMPLIANCE WITH AN**
31 **EXPLANATION OF ANY EXISTING DEFICIENCIES.**

32 **6-522.**

1 (A) A VENTURE FIRM MAY MAKE A QUALIFIED DISTRIBUTION AT ANY
2 TIME.

3 (B) TO MAKE A DISTRIBUTION THAT IS NOT A QUALIFIED
4 DISTRIBUTION, A VENTURE FIRM FIRST SHALL HAVE RETURNED TO THE
5 DEPARTMENT ALL OF THE DESIGNATED CAPITAL ALLOCATED TO THE VENTURE
6 FIRM.

7 (C) AFTER THE VENTURE FIRM HAS MADE THE PAYMENT REFERRED TO
8 IN SUBSECTION (B) OF THIS SECTION, ANY ADDITIONAL NONQUALIFIED
9 DISTRIBUTIONS SHALL BE MADE:

10 (I) 80% TO THE DEPARTMENT; AND

11 (II) 20% TO THE OWNERS OF THE VENTURE FIRM.

12 (D) ALL PAYMENTS MADE TO THE DEPARTMENT UNDER THIS SECTION
13 SHALL BE DEPOSITED IN THE ENTERPRISE FUND.

14 **6-523.**

15 (A) THE INVESTMENT IN QUALIFIED BUSINESSES BY VENTURE FIRMS
16 UNDER THIS SUBTITLE SHALL TERMINATE AS OF JANUARY 1, 2022.

17 (B) ANY VENTURE FIRM HOLDING AN INVESTMENT IN A QUALIFIED
18 BUSINESS AS OF JANUARY 1, 2022, SHALL EITHER:

19 (1) LIQUIDATE THE INVESTMENT AND DISTRIBUTE THE
20 PROCEEDS IN ACCORDANCE WITH § 6-512 OF THIS SUBTITLE; OR

21 (2) DISTRIBUTE THE INVESTMENT IN ACCORDANCE WITH § 6-512
22 OF THIS SUBTITLE.

23 **6-524. RESERVED.**

24 **6-525. RESERVED.**

25 **PART V. MISCELLANEOUS.**

26 **6-526.**

27 (A) IN ANY CASE UNDER THE INSURANCE LAW OF THE STATE IN WHICH
28 THE ASSETS OF A PURCHASER ARE EXAMINED OR CONSIDERED, THE

1 DESIGNATED CAPITAL SHALL BE TREATED AS AN ADMITTED ASSET, SUBJECT TO
2 THE SAME FINANCIAL RATING AS THAT HELD BY THE STATE.

3 (B) THE DEPARTMENT SHALL SUBMIT THE FOLLOWING TO THE
4 MARYLAND INSURANCE ADMINISTRATION:

5 (1) THE NAMES, ADDRESSES, AND AMOUNT OF DESIGNATED
6 CAPITAL TO BE CONTRIBUTED AND PREMIUM TAX CREDITS EARNED BY EACH
7 SUCCESSFUL BIDDER WITHIN 30 DAYS AFTER THE CLOSE OF THE BIDDING
8 PROCESS UNDER § 6-512 OF THIS SUBTITLE;

9 (2) A COPY OF THE TAX CREDIT CERTIFICATE ISSUED TO EACH
10 PURCHASER WITHIN 30 DAYS AFTER THE ISSUANCE OF THE CERTIFICATE
11 UNDER § 6-513 OF THIS SUBTITLE;

12 (3) THE OCCURRENCE OF A DEFAULT BY A PURCHASER; AND

13 (4) THE TRANSFER OF PREMIUM TAX CREDITS BY A PURCHASER.

14 **6-527.**

15 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
16 DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES NOT
17 APPLY TO A SERVICE THAT THE DEPARTMENT OBTAINS THAT IS RELATED TO
18 THE INVESTMENT, MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF AN ASSET
19 OF THE DEPARTMENT IN A TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

20 (B) THE DEPARTMENT IS SUBJECT TO TITLE 12, SUBTITLE 4 OF THE
21 STATE FINANCE AND PROCUREMENT ARTICLE FOR SERVICES RELATED TO THE
22 INVESTMENT, MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF ASSETS OF THE
23 DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

24 (C) SECTION 10-305 OF THE STATE FINANCE AND PROCUREMENT
25 ARTICLE DOES NOT APPLY TO THE SALE, LEASE, TRANSFER, EXCHANGE, OR
26 OTHER DISPOSITION OF REAL OR PERSONAL PROPERTY, INCLUDING A SHARE
27 OF STOCK IN A BUSINESS ENTITY, THAT THE DEPARTMENT ACQUIRES IN A
28 TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

29 **6-528.**

30 THE DEPARTMENT SHALL ADMINISTER THIS SUBTITLE AND MAY ADOPT
31 REGULATIONS TO CARRY OUT THIS SUBTITLE.

32 **6-529.**

1 **6-122.**

2 **AN INSURER MAY CLAIM A TAX CREDIT FOR AN INVESTMENT OF**
3 **DESIGNATED CAPITAL AS PROVIDED UNDER TITLE 6, SUBTITLE 5 OF THE**
4 **ECONOMIC DEVELOPMENT ARTICLE.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That the initial terms of the
6 Maryland Venture Capital Authority appointed under § 6-505 of the Economic
7 Development Article, as enacted by this Act, shall expire as follows:

8 (1) three members in 2014; and

9 (2) four members in 2015.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2011.