

HB0442/883695/1

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 442
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 7, after “Initiative;” insert “establishing the Maryland Innovation Initiative Fund; providing that the Fund is a certain special, nonlapsing fund; requiring the State Treasurer to hold the Fund separately and to invest the money in the Fund; requiring the Comptroller to account for the Fund;”; in line 13, after “Maryland” insert “and the Board of Regents of Morgan State University”; in lines 14 and 19, in each instance, strike “Board” and substitute “Boards”; in line 16, after “institution” insert “and Morgan State University”; in line 20, after “information;” insert “providing that a certain requirement that interest and other income be credited to the General Fund does not apply to the Fund;”; and in line 27, strike “10-459” and substitute “10-460”.

On page 2, in line 4, after “12-104.1” insert “and 14-104.1”; in line 9, after “12-113” insert “and 14-110”; after line 11, insert:

“BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 6-226(a)(1) and (2)(i)

Annotated Code of Maryland

(2008 Replacement Volume and 2011 Supplement)”;

in line 14, after “Section” insert “6-226(a)(2)(ii)62. and 63. and”; and after line 16, insert:

“BY adding to

Article – State Finance and Procurement

Section 6-226(a)(2)(ii)64.

Annotated Code of Maryland

(Over)

(2008 Replacement Volume and 2011 Supplement)”.

AMENDMENT NO. 2

On page 2, after line 29, insert:

“(D) “FUND” MEANS THE MARYLAND INNOVATION INITIATIVE FUND ESTABLISHED UNDER § 10-457 OF THIS PART.”;

in line 30, strike “(D)” and substitute “(E)”; and in line 31, strike “**10-456**” and substitute “**10-455**”.

On page 3, in lines 1, 3, 6, and 9, strike “(E)”, “(F)”, “(G)”, and “(H)”, respectively, and substitute “(F)”, “(G)”, “(H)”, and “(I)”, respectively; in line 2, strike “ESTABLISHED UNDER” and substitute “DESCRIBED IN”; in line 15, after “GOVERNMENT” insert “NOT AFFILIATED WITH MARYLAND HIGHER EDUCATION”; and in line 17, after “SECTOR” insert “NOT AFFILIATED WITH MARYLAND HIGHER EDUCATION”.

On page 4, in line 3, after “(C)” insert “**(1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ONLY THE UNIVERSITIES LISTED UNDER SUBSECTION (B)(3) OF THIS SECTION MAY QUALIFY FOR PARTICIPATION IN THE INITIATIVE.**

(2)”;

in line 4, strike “AT LEAST \$250,000” and substitute “**, AS SPECIFIED IN PARAGRAPH (3) OF THIS SUBSECTION, A CONTRIBUTION**”; after line 5, insert:

“(3) (I) TO QUALIFY FOR PARTICIPATION IN THE INITIATIVE, THE FOLLOWING UNIVERSITIES SHALL PAY AN ANNUAL CONTRIBUTION OF AT LEAST \$200,000:

1. JOHNS HOPKINS UNIVERSITY;
2. UNIVERSITY OF MARYLAND, BALTIMORE; AND
3. UNIVERSITY OF MARYLAND, COLLEGE PARK.

(II) TO QUALIFY FOR PARTICIPATION IN THE INITIATIVE, THE FOLLOWING UNIVERSITIES SHALL PAY AN ANNUAL CONTRIBUTION OF AT LEAST \$100,000:

1. MORGAN STATE UNIVERSITY; AND
2. UNIVERSITY OF MARYLAND BALTIMORE COUNTY.

(4) A UNIVERSITY LISTED UNDER SUBSECTION (B)(3) OF THIS SECTION MAY ELECT TO WITHDRAW AS A PARTICIPATING MEMBER FOR FUTURE YEARS ON PROVIDING 60 DAYS' WRITTEN NOTICE TO THE CHAIR OR EXECUTIVE DIRECTOR OF THE INITIATIVE.”;

in line 13, after “BUDGET” insert “OR UNDER THE APPLICABLE TRAVEL REGULATIONS OF A UNIVERSITY IF THE UNIVERSITY REIMBURSES THE PARTICIPATING MEMBER”; in line 14, strike “A”; and in line 17, strike “(A)”.

On page 5, after line 3, insert:

“10-457.

(A) THERE IS A MARYLAND INNOVATION INITIATIVE FUND.

(Over)

(B) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR THE PURPOSES DESCRIBED IN § 10-456 OF THIS PART.;

in line 4, strike “(B)” and substitute “(C)”; in the same line, strike “INITIATIVE” and substitute “FUND”; strike line 5 in its entirety and substitute:

“(D) THE FUND CONSISTS OF:”;

in line 7, after “UNIVERSITIES” insert “UNDER § 10-455 OF THIS PART”; in line 9, strike “AND” and substitute:

“(4) INTEREST OR OTHER INCOME EARNED ON THE INVESTMENT OF MONEY IN THE FUND; AND”;

in line 10, strike “(4)” and substitute “(5)”; strike line 12 in its entirety and substitute:

“(E) MONEY IN THE FUND MAY BE USED ONLY TO:”;

after line 15, insert:

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

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

(3) THE STATE TREASURER SHALL INVEST THE MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(4) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.;

in line 16, strike “**10-457.**” and substitute “**10-458.**”; and in line 22, strike “GRANT FUNDING” and substitute “**GRANTS, OTHER FUNDS, AND IN-KIND CONTRIBUTIONS**”.

On page 6, in line 1, strike “MAY” and substitute “**SHALL**”; in line 14, strike “**10-458.**” and substitute “**10-459.**”; after line 14, insert:

“(A) ONLY QUALIFYING UNIVERSITIES, AS PROVIDED UNDER § 10-455 OF THIS PART, MAY SUBMIT PROPOSALS FOR GRANT FUNDING FROM THE INITIATIVE.”;

and in lines 15, 18, and 20, strike “(A)”, “(B)”, and “(C)”, respectively and substitute “**(B)**”, “**(C)**”, and “**(D)**”, respectively.

On page 7, in line 1, strike “(D)” and substitute “**(E)**”; and in line 3, strike “**10-459.**” and substitute “**10-460.**”.

On page 9, strike beginning with “NOTIFY” in line 1 down through “BY” in line 2 and substitute “**INCLUDE IN THAT PROCESS**”; and in line 17, strike the comma and substitute “**AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE SENATE FINANCE COMMITTEE, THE HOUSE ECONOMIC MATTERS COMMITTEE,**”.

On page 10, in line 5, strike “ARTICLE” and substitute “**SUBTITLE**”.

AMENDMENT NO. 3

On page 11, after line 5, insert:

(Over)

“14-104.1.

(A) IN THIS SECTION, “HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITY” MEANS AN INITIATIVE, TRANSACTION, OR OTHER UNDERTAKING BY MORGAN STATE UNIVERSITY TO CREATE OR FACILITATE:

(1) 20 OR MORE NEW JOBS IN THE STATE;

(2) THE AWARD OR COMPLETION OF AT LEAST \$1,000,000 IN EXTERNALLY FUNDED RESEARCH OR OTHER PROJECTS;

(3) THE ESTABLISHMENT OR RELOCATION OF ONE OR MORE NEW COMPANIES TO BE REGISTERED OR INCORPORATED IN THE STATE AND DOING BUSINESS IN THE STATE;

(4) THE PRODUCTION OF AT LEAST \$1,000,000 OF ANNUAL GROSS REVENUE;

(5) THE LICENSING AND POTENTIAL COMMERCIALIZATION OF A PROMISING NEW TECHNOLOGY OR OTHER PRODUCT; OR

(6) AN ACADEMIC PROGRAM TO MEET WORKFORCE DEMAND IN A DOCUMENTED LABOR SHORTAGE FIELD.

(B) TO PROMOTE THE ECONOMIC INTERESTS OF THE STATE AS MANDATED IN §§ 10-205(A) AND 15-107 OF THIS ARTICLE, THE MORGAN STATE UNIVERSITY SHALL UTILIZE ITS POWERS AS A PUBLIC CORPORATION ESTABLISHED IN § 14-104 OF THIS SUBTITLE TO UNDERTAKE HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITIES THAT SUPPORT:

(1) JOB CREATION AND WORKFORCE DEVELOPMENT;

(2) TECHNOLOGY TRANSFER, COMMERCIALIZATION, AND ENTREPRENEURSHIP; AND

(3) INCREASED SPONSORED RESEARCH FUNDING AND OTHER REVENUES.

(C) IN ORDER FOR AN ACTIVITY TO QUALIFY AS A HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITY:

(1) THE PRESIDENT OR THE PRESIDENT'S DESIGNEE, SHALL CERTIFY THAT THE ACTIVITY MEETS THE CRITERIA DEFINED IN SUBSECTION (A) OF THIS SECTION; AND

(2) THE PRESIDENT OR THE PRESIDENT'S DESIGNEE, SHALL NOTIFY THE BOARD OF REGENTS AND THE BOARD OF PUBLIC WORKS OF ANY CERTIFIED ACTIVITY FOR REVIEW.

(D) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR ANY HIGH IMPACT ECONOMIC ACTIVITY WITHIN THE SCOPE OF § 5-310 OR § 10-305 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE BOARD OF REGENTS SHALL BE FULLY RESPONSIBLE FOR ADMINISTERING THE REVIEW AND COMMENT PROCESS PRESCRIBED IN THOSE SECTIONS.

(2) IN ADMINISTERING THE REVIEW AND COMMENT PROCESS PRESCRIBED IN §§ 5-310 AND 10-305 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE BOARD OF REGENTS SHALL INCLUDE IN THE

PROCESS THE APPROPRIATE LEGISLATIVE COMMITTEES AND UNITS OF STATE GOVERNMENT, WHICH MAY INCLUDE:

- (I) COMMITTEES OF THE GENERAL ASSEMBLY;
- (II) THE BOARD OF PUBLIC WORKS;
- (III) THE MARYLAND HISTORIC TRUST;
- (IV) THE DEPARTMENT OF PLANNING;
- (V) THE DEPARTMENT OF THE ENVIRONMENT; AND
- (VI) THE DEPARTMENT OF NATURAL RESOURCES.

(3) THE BOARD OF REGENTS SHALL ADOPT POLICIES AND PROCEDURES TO ENSURE THAT THE NOTICE AND OPPORTUNITY FOR REVIEW ARE CONDUCTED IN A MANNER THAT PROVIDES A REASONABLE PERIOD TO COMPLETE WHILE NOT IMPAIRING THE INSTITUTION'S CAPACITY FOR THE EXPEDITIOUS AND SUCCESSFUL PURSUIT OF A HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITY.

(E) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE BOARD OF REGENTS SHALL REPORT TO THE BOARD OF PUBLIC WORKS AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE SENATE FINANCE COMMITTEE, THE HOUSE ECONOMIC MATTERS COMMITTEE, THE SENATE BUDGET AND TAXATION COMMITTEE, AND THE HOUSE APPROPRIATIONS COMMITTEE ON THE HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITIES UNDERTAKEN UNDER THIS SECTION DURING THE PRECEDING FISCAL YEAR.

14-110.

(a) Consistent with § 15-107 of this article and any other applicable law, the Board of Regents may establish, invest in, finance, and operate businesses or business entities when the Board of Regents finds that doing so would further one or more goals of the University and is related to the mission of the University.

(b) (1) A business entity established, invested in, financed, or operated in accordance with this [subsection] SECTION may not be considered an agency or instrumentality of the State or a unit of the Executive Branch for any purpose.

(2) A financial obligation or liability of a business entity established, invested in, financed, or operated in accordance with this [subsection] SECTION may not be a debt or obligation of the State or the University.

(c) (1) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, THE UNIVERSITY MAY ESTABLISH, INVEST IN, FINANCE, OR OPERATE A CORPORATION, FOUNDATION, CONSORTIUM, OR OTHER ENTITY THAT IS INTENDED TO SUPPORT A HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITY, AS DEFINED IN § 14-104.1 OF THIS SUBTITLE.

(2) NOTWITHSTANDING THE PROVISIONS OF §§ 15-501 THROUGH 15-504 OF THE STATE GOVERNMENT ARTICLE AND SUBJECT TO § 15-523 OF THE STATE GOVERNMENT ARTICLE, AN OFFICIAL OR EMPLOYEE OF A PUBLIC INSTITUTION OF HIGHER EDUCATION MAY BE A DIRECTOR, OFFICIAL, OR EMPLOYEE OF AN ENTITY INTENDED TO SUPPORT A HIGH IMPACT ECONOMIC DEVELOPMENT ACTIVITY, IF THE INDIVIDUAL'S PARTICIPATION ADVANCES THE INTERESTS OF THE UNIVERSITY.

(Over)

(3) DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES NOT APPLY TO TRANSACTIONS BETWEEN AN ENTITY ESTABLISHED, FINANCED, OR OPERATED UNDER THIS SUBSECTION AND THE UNIVERSITY THAT ESTABLISHED, FINANCED, OR OPERATED THE ENTITY.

(4) (I) THE BOARD OF REGENTS SHALL ADOPT POLICIES AND PROCEDURES GOVERNING THE ESTABLISHMENT OF HIGH IMPACT ECONOMIC DEVELOPMENT ENTITIES TO ENSURE THAT THE UNIVERSITY'S PARTICIPATION IN THE ENTITY FURTHERS THE INTERESTS OF THE UNIVERSITY AND THE STATE.

(II) THE POLICIES AND PROCEDURES UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE REQUIREMENTS FOR:

1. RECOGNITION OF THE ENTITY BY THE BOARD OF REGENTS;
2. AN ANNUAL AUDIT OF THE ENTITY BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT; AND
3. ADEQUATE SAFEGUARDS WITH REGARD TO CONFLICTS OF INTEREST, PROPER CONTRACTING PRACTICES, AND OTHER FUNDAMENTAL ETHICAL AND BUSINESS PRACTICE STANDARDS.

[(c)] (D) The Board of Regents shall submit to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly, an annual report on:

- (1) The business entities established in accordance with this section;

(2) Funds invested in, and financing provided to, business entities established in accordance with this section;

(3) Ownership interests in any business entities established in accordance with this section; and

(4) The current status of the business entities.”;

in line 24, after “SERVICES;” insert “AND”; strike beginning with “PURCHASES” in line 25 down through “D.” in line 27; and in line 28, after “ARTICLE” insert “, EXCEPT FOR DISPOSITIONS OF PERSONAL PROPERTY THAT WAS PURCHASED WITH THE PROCEEDS OF A GENERAL OBLIGATION LOAN”.

AMENDMENT NO. 4

On page 11, after line 6, insert:

“6-226.

(a) (1) Except as otherwise specifically provided by law or by regulation of the Treasurer, the Treasurer shall credit to the General Fund any interest on or other income from State money that the Treasurer invests.

(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.

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

(Over)

62. Veterans Trust Fund; [and]
63. Transportation Trust Fund; AND
64. MARYLAND INNOVATION INITIATIVE FUND.”.