

SB0070/305066/1

BY: Committee on Ways and Means

AMENDMENTS TO SENATE BILL 70  
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 7, after “circumstances;” insert “restricting to a certain percentage the Department’s allocation of designated capital in certain side car funds under the Invest Maryland Program; requiring the Maryland Venture Fund Authority to consider whether the State’s investment in an applicant for venture firm certification under the Invest Maryland Program would exceed a certain percentage of total investments in the applicant;”; and in line 14, after “definition;” insert “defining a certain term;”.

AMENDMENT NO. 2

On page 2, in line 3, after “6-501(n)” insert “and (p), 6-511, 6-518(a)(1).”.

AMENDMENT NO. 3

On page 6, in line 14, after “(p)” insert ““SIDE CAR AFFILIATE” MEANS AN ENTITY CONTROLLED BY OR UNDER COMMON CONTROL WITH A VENTURE FIRM THAT IS FORMED SOLELY FOR THE PURPOSE OF INVESTING ALONGSIDE THE VENTURE FIRM.

**(Q)**”.

AMENDMENT NO. 4

On page 6, after line 17, insert:

“6-511.

(a) All designated capital from purchasers shall be deposited into the Enterprise Fund to be invested as provided in this subtitle.

(Over)

(b) The Department shall allocate designated capital as follows:

(1) 67% to one or more venture firms to fund the making of qualified investments based on the criteria set forth in this subtitle, PROVIDED, THAT NOT MORE THAN 20% OF THIS AMOUNT MAY BE INVESTED IN THE SIDE CAR FUND AFFILIATES OF THE VENTURE FIRMS; and

(2) 33% to the Enterprise Fund, to be allocated:

(i) \$250,000 to the Rural Maryland Council for its operational expenses;

(ii) 75% of the remaining amount to fund the making of qualified investments in qualified businesses under the existing policies and procedures of the Enterprise Fund under Title 5, Subtitle 6 of this article; and

(iii) 25% of the remaining amount to the Financing Authority Equity Participation Investment Program, to be invested in qualified businesses in accordance with the policies and procedures of the Financing Authority under Title 5, Subtitle 5, Part V of this article.

(c) It is the goal of the State that a portion of the designated capital received under subsection (b)(2)(ii) of this section be used to make qualified investments in qualified businesses located in rural areas of the State.

(d) As soon as practicable after the Department receives each installment of designated capital, the Department and each venture firm that has been allocated designated capital shall enter into a contract under which the allocated amount of designated capital will be transferred by the Department to the venture firm for investment as provided in this subtitle.

(e) The Department shall secure the commitment of the purchasers in accordance with § 6–512 of this subtitle.

6–518.

(a) In selecting applicants for venture firm certification, the Authority shall consider:

(1) the management structure of the applicant, including:

(i) the investment experience of the principals;

(ii) the applicant’s reputation in the venture firm industry and the applicant’s ability to attract co–investment capital and syndicate investments in qualified businesses in the State;

(iii) the knowledge, experience, and capabilities of the applicant in subject areas relevant to venture–stage businesses in the State; [and]

(iv) the tenure and turnover history of principals and senior investment professionals of the applicant; AND

(V) WHETHER THE STATE’S INVESTMENT IN THE APPLICATION UNDER THIS PROGRAM WOULD EXCEED 15% OF THE TOTAL INVESTED IN THE APPLICANT BY ALL INVESTORS, INCLUDING INVESTMENTS IN ANY SIDE CAR FUND AFFILIATES;”.