

HOUSE BILL 740

C8

4lr2760
CF SB 603

By: Delegates Beidle, Barnes, Barve, Bobo, Bohanan, Branch, Braveboy, Bromwell, Busch, Cane, Carter, Clagett, Conway, Cullison, Davis, DeBoy, Donoghue, Dumais, Frick, Frush, Gaines, Griffith, Guzzone, Hammen, Haynes, Healey, Hixson, Holmes, Hubbard, James, Jameson, Jones, Kaiser, A. Kelly, Lafferty, Love, Luedtke, Malone, McHale, McIntosh, A. Miller, Niemann, Oaks, Olszewski, Pena-Melnyk, Pendergrass, Proctor, B. Robinson, Rudolph, Sophocleus, Stein, F. Turner, V. Turner, Vallario, Waldstreicher, Walker, Weir, and Zucker

Introduced and read first time: February 3, 2014

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 27, 2014

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Maryland Technology Development Corporation –**
3 **Cybersecurity Investment Fund**

4 FOR the purpose of establishing the Cybersecurity Investment Fund in the Maryland
5 Technology Development Corporation as a special, nonlapsing fund; specifying
6 the purpose of the Fund; requiring the Corporation to administer the Fund;
7 requiring the State Treasurer to hold the Fund and the Comptroller to account
8 for the Fund; specifying the contents of the Fund; specifying the purpose for
9 which the Fund may be used; providing for the investment of money in and
10 expenditures from the Fund; exempting the Fund from a certain provision of
11 law requiring interest on State money in special funds to accrue to the General
12 Fund of the State; requiring the Corporation to provide certain reports that
13 include certain information; defining certain terms; and generally relating to
14 economic development, commercialization of technology in the State, and the
15 Cybersecurity Investment Fund.

16 BY adding to
17 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 10–463 through 10–465 to be under the new part “Part VI.
2 Cybersecurity Investment Fund”
3 Annotated Code of Maryland
4 (2008 Volume and 2013 Supplement)

5 BY repealing and reenacting, without amendments,
6 Article – State Finance and Procurement
7 Section 6–226(a)(2)(i)
8 Annotated Code of Maryland
9 (2009 Replacement Volume and 2013 Supplement)

10 BY repealing and reenacting, with amendments,
11 Article – State Finance and Procurement
12 Section 6–226(a)(2)(ii)76. and 77.
13 Annotated Code of Maryland
14 (2009 Replacement Volume and 2013 Supplement)

15 BY adding to
16 Article – State Finance and Procurement
17 Section 6–226(a)(2)(ii)78.
18 Annotated Code of Maryland
19 (2009 Replacement Volume and 2013 Supplement)

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

22 **Article – Economic Development**

23 **10–461. RESERVED.**

24 **10–462. RESERVED.**

25 **PART VI. CYBERSECURITY INVESTMENT FUND.**

26 **10–463.**

27 **(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS**
28 **INDICATED.**

29 **(B) “COMMERCIALIZATION” MEANS THE PROCESS OF INTRODUCING A**
30 **NEW PRODUCT OR TECHNOLOGY INTO THE MARKET.**

31 **(C) “CORPORATION” MEANS THE MARYLAND TECHNOLOGY**
32 **DEVELOPMENT CORPORATION.**

1 (D) (1) "CYBERSECURITY" MEANS INFORMATION TECHNOLOGY
2 SECURITY.

3 (2) "CYBERSECURITY" INCLUDES THE PROTECTION OF
4 ~~COMPUTERS~~ NETWORKED DEVICES, NETWORKS, PROGRAMS, AND DATA FROM
5 UNINTENDED OR UNAUTHORIZED ACCESS, CHANGE, OR DESTRUCTION.

6 (E) "FUND" MEANS THE CYBERSECURITY INVESTMENT FUND
7 ESTABLISHED UNDER § 10-464 OF THIS PART.

8 10-464.

9 (A) THERE IS A CYBERSECURITY INVESTMENT FUND.

10 (B) THE PURPOSE OF THE FUND IS TO:

11 (1) PROVIDE ~~EARLY-STAGE, SEED~~ SEED AND EARLY-STAGE
12 FUNDING FOR EMERGING TECHNOLOGY COMPANIES LOCATED IN THE STATE
13 FOCUSED ON CYBERSECURITY AND CYBERSECURITY TECHNOLOGY PRODUCT
14 DEVELOPMENT;

15 (2) MAXIMIZE CORPORATION INVESTMENTS ~~TO ENABLE BY~~
16 SUPPORTING FUNDED EMERGING TECHNOLOGY COMPANIES TO ENABLE
17 CORPORATE GROWTH AND TO OBTAIN THIRD-PARTY DOWNSTREAM FUNDING
18 FOR COMMERCIALIZATION; AND

19 (3) LEVERAGE CORPORATION INVESTMENTS IN EARLY-STAGE
20 CYBERSECURITY COMPANIES ~~TO CREATE ADDITIONAL~~ BY TAKING ADVANTAGE
21 OF ECONOMIC DEVELOPMENT OPPORTUNITIES THROUGHOUT THE STATE.

22 (C) THE CORPORATION SHALL ADMINISTER THE FUND.

23 (D) THE FUND CONSISTS OF:

24 (1) APPROPRIATIONS AS PROVIDED IN THE STATE BUDGET;

25 (2) MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL
26 PROGRAMS OR PRIVATE CONTRIBUTIONS;

27 (3) REPAYMENT OF CAPITAL OR PRINCIPAL OR PAYMENT OF
28 INTEREST ON ~~A LOAN MADE~~ ANY DEBT OR EQUITY INVESTMENTS FROM THE
29 FUND;

30 (4) INVESTMENT EARNINGS OF THE FUND; AND

1 **(5) ANY OTHER MONEY ACCEPTED BY THE CORPORATION FOR**
2 **THE FUND.**

3 **(E) THE CORPORATION MAY USE THE FUND TO:**

4 **(1) CARRY OUT THE PURPOSES OF THE FUND RELATED TO THE**
5 **COMMERCIALIZATION OF CYBERSECURITY RESEARCH AND CYBERSECURITY**
6 **TECHNOLOGY PRODUCT DEVELOPMENT IN ACCORDANCE WITH THE TERMS OF**
7 **THIS PART; AND**

8 **(2) PAY THE COSTS NECESSARY TO IMPLEMENT THIS PART AND**
9 **TO ADMINISTER THE FUND.**

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

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

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

16 **(4) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
17 **CREDITED TO THE FUND.**

18 **10-465.**

19 **THE CORPORATION SHALL INCLUDE, AS PART OF ITS ANNUAL REPORT TO**
20 **THE GOVERNOR AND THE GENERAL ASSEMBLY UNDER § 10-415 OF THIS**
21 **SUBTITLE, A DETAILED DESCRIPTION OF:**

22 **(1) THE NUMBER OF FUND PROPOSALS RECEIVED BY THE**
23 **CORPORATION DURING THE PRECEDING FISCAL YEAR;**

24 **(2) THE NUMBER OF FUND TRANSACTIONS OR PROJECTS FOR**
25 **WHICH THE CORPORATION PROVIDED FUNDING DURING THE PRECEDING**
26 **FISCAL YEAR;**

27 **(3) THE AMOUNT OF MONEY AWARDED BY THE FUND IN THE**
28 **PRECEDING FISCAL YEAR; AND**

29 **(4) THE TOTAL AMOUNT OF THIRD-PARTY DOWNSTREAM**
30 **FUNDING OF COMPLETED INVESTMENTS SINCE FUND INCEPTION.**

1 **Article – State Finance and Procurement**

2 6–226.

3 (a) (2) (i) Notwithstanding any other provision of law, and unless
4 inconsistent with a federal law, grant agreement, or other federal requirement or with
5 the terms of a gift or settlement agreement, net interest on all State money allocated
6 by the State Treasurer under this section to special funds or accounts, and otherwise
7 entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue
8 to the General Fund of the State.

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

11 76. the Baltimore City Public School Construction
12 Financing Fund; [and]

13 77. the Spay/Neuter Fund; AND

14 **78. THE CYBERSECURITY INVESTMENT FUND.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.