

SENATE BILL 1110

C8

6lr3574

By: **Senator Feldman**

Introduced and read first time: February 22, 2016

Assigned to: Rules

A BILL ENTITLED

AN ACT concerning

Maryland Small Business Innovation Research and Technology Transfer Incentive Program and Fund

FOR the purpose of establishing the Maryland Small Business Innovation Research and Technology Transfer Incentive Program; specifying the purpose of the Program; requiring the Maryland Technology Development Corporation to administer the Program; authorizing a certain small business to apply to the Corporation for a grant under the Program to reimburse certain costs and to match certain funding awards, subject to certain limitations; requiring the Corporation to develop a certain grant application form; establishing certain requirements for a certain small business to qualify for a grant under the Program; establishing the Maryland Small Business Innovation Research and Technology Transfer Incentive Fund as a special, nonlapsing fund; specifying the purpose of the Fund; requiring the Corporation to administer the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purposes for which the Fund may be used; providing for the investment of money in and expenditures from the Fund; requiring interest earnings of the Fund to be credited to the Fund; exempting the Fund from a certain provision of law requiring interest earnings on State money to accrue to the General Fund of the State; requiring the Corporation to adopt regulations to implement and administer this Act; requiring the Corporation to report certain information in a certain annual report to the Governor, the Maryland Economic Development Commission, and the General Assembly; defining certain terms; and generally relating to the Maryland Small Business Innovation Research and Technology Transfer Incentive Program and Fund in the Maryland Technology Development Corporation.

BY adding to

Article – Economic Development

Section 10–4A–01 through 10–4A–09 to be under the new subtitle “Subtitle 4A.
Maryland Small Business Innovation Research and Technology Transfer
Incentive Program”

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2008 Volume and 2015 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2015 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)84. and 85.
Annotated Code of Maryland
(2015 Replacement Volume)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)86.
Annotated Code of Maryland
(2015 Replacement Volume)

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

Article – Economic Development

**SUBTITLE 4A. MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND
TECHNOLOGY TRANSFER INCENTIVE PROGRAM.**

10–4A–01.

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

(B) “CORPORATION” MEANS THE MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION.

(C) “ELIGIBLE BUSINESS” MEANS A FOR–PROFIT SMALL BUSINESS ENTITY THAT MEETS THE REQUIREMENTS UNDER § 10–4A–06 OF THIS SUBTITLE.

(D) “FUND” MEANS THE MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE FUND ESTABLISHED UNDER § 10–4A–04 OF THIS SUBTITLE.

(E) “PROGRAM” MEANS THE MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE PROGRAM ESTABLISHED UNDER § 10-4A-02 OF THIS SUBTITLE.

(F) “SBIR/STTR” MEANS:

(1) THE FEDERAL SMALL BUSINESS INNOVATION RESEARCH PROGRAM; AND

(2) THE FEDERAL SMALL BUSINESS TECHNOLOGY TRANSFER RESEARCH PROGRAM.

(G) “TECHNOLOGY TRANSFER” MEANS THE PROCESS OF CONVERTING SCIENTIFIC AND TECHNOLOGICAL ADVANCES INTO MARKETABLE GOODS AND SERVICES.

10-4A-02.

(A) THERE IS A MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE PROGRAM.

(B) THE CORPORATION SHALL ADMINISTER THE PROGRAM.

10-4A-03.

THE PURPOSE OF THE PROGRAM IS TO FOSTER JOB CREATION AND ECONOMIC DEVELOPMENT IN THE STATE BY:

(1) PROMOTING THE COMMERCIALIZATION OF RESEARCH CONDUCTED BY AN ELIGIBLE BUSINESS IN THE STATE;

(2) FACILITATING THE TRANSFER OF TECHNOLOGY FROM AN ELIGIBLE BUSINESS;

(3) OFFSETTING THE COSTS INCURRED BY AN ELIGIBLE BUSINESS WHEN APPLYING TO A PARTICIPATING FEDERAL AGENCY FOR SBIR/STTR AWARDS; AND

(4) ENCOURAGING AN ELIGIBLE BUSINESS TO APPLY FOR SBIR/STTR PHASE II AWARDS.

10-4A-04.

(A) THERE IS A MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR THE PROGRAM UNDER THIS SUBTITLE.

(C) THE CORPORATION SHALL ADMINISTER THE FUND.

(D) (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.

(E) THE FUND CONSISTS OF:

(1) APPROPRIATIONS AS PROVIDED IN THE STATE BUDGET;

(2) MONEY DONATED TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

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

(F) THE FUND MAY BE USED ONLY TO:

(1) AWARD GRANTS AS PROVIDED UNDER § 10-4A-07 OF THIS SUBTITLE; AND

(2) PAY THE COSTS NECESSARY TO ADMINISTER THE PROGRAM UNDER THIS SUBTITLE.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE PAID INTO THE FUND.

10-4A-05.

AN ELIGIBLE BUSINESS MAY APPLY TO THE CORPORATION FOR A GRANT UNDER THIS SUBTITLE ON A FORM PRESCRIBED BY THE CORPORATION THAT INCLUDES THE FOLLOWING:

- (1) THE NAME AND TYPE OF THE BUSINESS;
- (2) THE NAMES AND ADDRESSES OF THE PRINCIPALS OR MANAGERS OF THE BUSINESS;
- (3) AN ACKNOWLEDGMENT OF RECEIPT OF THE PHASE I PROPOSAL BY THE SPONSORING FEDERAL AGENCY;
- (4) AN ITEMIZED STATEMENT OF THE COSTS FOR WHICH THE BUSINESS SEEKS REIMBURSEMENT;
- (5) THE COUNTY IN WHICH THE BUSINESS EXPECTS TO CONDUCT THE RESEARCH WITH RESPECT TO THE SBIR/STTR PROPOSAL; AND
- (6) ANY OTHER INFORMATION NECESSARY FOR THE CORPORATION TO EVALUATE THE APPLICATION.

10-4A-06.

(A) TO QUALIFY FOR A GRANT UNDER THIS SUBTITLE, AN ELIGIBLE BUSINESS SHALL:

- (1) MAINTAIN ITS PRINCIPAL PLACE OF BUSINESS IN THE STATE;
- (2) (I) SUBMIT A QUALIFIED SBIR/STTR PHASE I PROPOSAL TO A PARTICIPATING FEDERAL AGENCY IN RESPONSE TO A SPECIFIC FEDERAL SOLICITATION; AND
(II) IF SEEKING MATCHING FUNDS UNDER § 10-4A-07 OF THIS SUBTITLE:
 1. SUBMIT A FINAL SBIR/STTR PHASE I REPORT;
 2. DEMONSTRATE THAT THE SPONSORING FEDERAL AGENCY HAS INTEREST IN THE PHASE II PROPOSAL; AND
 3. SUBMIT A SBIR/STTR PHASE II PROPOSAL;
- (3) SATISFY ALL FEDERAL SBIR/STTR REQUIREMENTS;

(4) CERTIFY THAT:

(I) AT LEAST 60% OF THE RESEARCH DESCRIBED IN THE FEDERAL SBIR/STTR PHASE I OR PHASE II PROPOSAL WILL BE CONDUCTED IN THE STATE; AND

(II) THE BUSINESS WILL REMAIN A STATE-BASED BUSINESS FOR ONE OF THE FOLLOWING, WHICHEVER IS LATER:

1. 1 YEAR AFTER RECEIVING A GRANT UNDER THIS SUBTITLE; OR

2. A. IF THE BUSINESS SEEKS COST REIMBURSEMENT UNDER § 10-4A-07 OF THIS SUBTITLE, THE DURATION OF THE SBIR/STTR PHASE I PROJECT; OR

B. IF THE BUSINESS SEEKS MATCHING FUNDS UNDER § 10-4A-07 OF THIS SUBTITLE, THE DURATION OF THE SBIR/STTR PHASE II PROJECT; AND

(5) DEMONSTRATE THE ABILITY OF THE ELIGIBLE BUSINESS TO CONDUCT RESEARCH IN ITS SBIR/STTR PHASE I PROPOSAL.

(B) AN ELIGIBLE BUSINESS MAY NOT QUALIFY FOR A GRANT UNDER THIS SUBTITLE IF THE ELIGIBLE BUSINESS RECEIVES CONCURRENT FUNDING FROM OTHER SOURCES THAT DUPLICATES THE PURPOSE OF THIS SUBTITLE.

10-4A-07.

(A) SUBJECT TO THE LIMITATIONS IN THIS SECTION, AN ELIGIBLE BUSINESS MAY APPLY FOR A GRANT UNDER THIS SUBTITLE AS FOLLOWS:

(1) TO REIMBURSE THE COSTS OF PREPARING AND SUBMITTING A SBIR/STTR PHASE I PROPOSAL; AND

(2) TO MATCH FUNDS RECEIVED BY A BUSINESS AS A SBIR/STTR PHASE I AWARD.

(B) (1) REIMBURSABLE COSTS UNDER SUBSECTION (A)(1) OF THIS SECTION INCLUDE:

(I) WORD PROCESSING SERVICES;

(II) PROPOSAL CONSULTING FEES;

(III) PROJECT-RELATED SUPPLIES;

(IV) LITERATURE SEARCHES;

(V) RENTAL OF SPACE OR EQUIPMENT RELATED TO THE PROPOSAL PREPARATION; AND

(VI) WAGES OF INDIVIDUALS INVOLVED WITH THE PREPARATION OF THE PROPOSALS.

(2) REIMBURSABLE COSTS DO NOT INCLUDE:

(I) TRAVEL EXPENSES;

(II) LARGE EQUIPMENT PURCHASES;

(III) FACILITY OR LEASEHOLD IMPROVEMENTS; AND

(IV) LEGAL FEES.

(3) REIMBURSEMENT UNDER THIS SUBSECTION MAY NOT EXCEED THE LESSER OF:

(I) 50% OF THE COSTS OF PREPARING AND SUBMITTING A SBIR/STTR PHASE I PROPOSAL; OR

(II) \$3,000.

(C) MATCHING FUNDS AWARDED TO AN ELIGIBLE BUSINESS UNDER SUBSECTION (A)(2) OF THIS SECTION:

(1) MAY NOT EXCEED \$100,000; AND

(2) SHALL BE DISTRIBUTED AS FOLLOWS:

(I) 75% AFTER RECEIPT OF THE SBIR/STTR PHASE I AWARD BY THE SPONSORING FEDERAL AGENCY; AND

(II) 25% ON SUBMISSION TO AND ACCEPTANCE BY THE FEDERAL AGENCY OF THE PHASE II APPLICATION AND REPORT.

(D) AN ELIGIBLE BUSINESS MAY NOT RECEIVE MORE THAN:

- (1) ONE GRANT UNDER THIS SECTION PER CALENDAR YEAR;**
- (2) ONE GRANT FOR EACH SBIR/STTR PROPOSAL; AND**
- (3) FIVE GRANTS IN TOTAL.**

10-4A-08.

THE CORPORATION SHALL ADOPT REGULATIONS NECESSARY TO IMPLEMENT AND ADMINISTER THIS SUBTITLE.

10-4A-09.

THE CORPORATION SHALL INCLUDE, AS PART OF ITS ANNUAL REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY UNDER § 10-415 OF THIS TITLE, A DETAILED DESCRIPTION OF THE GRANTS AWARDED UNDER THIS SUBTITLE.

Article – State Finance and Procurement

6-226.

(a) (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:

84. the Economic Development Marketing Fund; [and]

85. the Military Personnel and Veteran-Owned Small Business No-Interest Loan Fund; AND

86. THE MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016.