

HOUSE BILL 347

C8, F2

7lr0496

By: **Delegate Rosenberg**

Introduced and read first time: January 25, 2017

Assigned to: Economic Matters and Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Cybersecurity Investment Fund and Enterprise Fund – Higher Education Loan**
3 **Repayment – Expanded Use**

4 FOR the purpose of expanding the authorized uses of the Cybersecurity Investment Fund
5 and the Enterprise Fund within the Maryland Technology Development Corporation
6 to include authorizing certain companies to use funding received from the Fund to
7 assist in the repayment of higher education loans owed by employees of the company
8 who meet certain income limits; requiring certain companies that use certain
9 funding to assist certain employees in the repayment of certain loans to provide a
10 certain amount of company funding to the employees; defining a certain term;
11 making a conforming change; and generally relating to expanding the authorized
12 uses of the Cybersecurity Investment Fund and the Enterprise Fund to include
13 higher education loan repayment.

14 BY repealing and reenacting, with amendments,
15 Article – Economic Development
16 Section 5–514, 10–464, and 10–469
17 Annotated Code of Maryland
18 (2008 Volume and 2016 Supplement)

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

21 **Article – Economic Development**

22 5–514.

23 (a) Notwithstanding § [10–469(e) and (f)] **10–469(F) AND (G)** of this article or
24 any other law, the following money shall be payable into the funds under this subtitle:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) any recovery of investments made under § 10–469 of this article that
2 were funded by a transfer of money from the funds under this subtitle to the Enterprise
3 Fund, including an investment in MMG Ventures LLP; and

4 (2) any repayment of a grant made under § 10–469 of this article that was
5 funded by a transfer of money from the funds under this subtitle to the Enterprise Fund.

6 (b) The Authority shall determine the proportion of the recovery or repayment
7 payable under subsection (a) of this section that shall be deposited into each of the funds
8 under this subtitle.

9 10–464.

10 (a) There is a Cybersecurity Investment Fund.

11 (b) The purpose of the Fund is to:

12 (1) provide seed and early–stage funding for emerging technology
13 companies located in the State focused on cybersecurity and cybersecurity technology
14 product development;

15 (2) maximize Corporation investments by supporting funded emerging
16 technology companies to enable corporate growth and to obtain third–party downstream
17 funding for commercialization; and

18 (3) leverage Corporation investments in early–stage cybersecurity
19 companies by taking advantage of economic development opportunities throughout the
20 State.

21 (c) The Corporation shall administer the Fund.

22 (d) The Fund consists of:

23 (1) appropriations as provided in the State budget;

24 (2) money made available to the Fund through federal programs or private
25 contributions;

26 (3) repayment of capital or principal or payment of interest on any debt or
27 equity investments from the Fund;

28 (4) investment earnings of the Fund; and

29 (5) any other money accepted by the Corporation for the Fund.

30 (e) The Corporation may use the Fund to:

1 (1) carry out the purposes of the Fund related to the commercialization of
2 cybersecurity research and cybersecurity technology product development in accordance
3 with the terms of this part; and

4 (2) pay the costs necessary to implement this part and to administer the
5 Fund.

6 **(F) (1) IN THIS SUBSECTION, "HIGHER EDUCATION LOAN" MEANS ANY**
7 **LOAN FOR UNDERGRADUATE OR GRADUATE STUDY THAT IS OBTAINED FOR TUITION,**
8 **EDUCATIONAL EXPENSES, OR LIVING EXPENSES FROM:**

9 **(I) A COLLEGE OR UNIVERSITY, GOVERNMENT, OR**
10 **COMMERCIAL SOURCE; OR**

11 **(II) AN ORGANIZATION, AN INSTITUTION, AN ASSOCIATION, A**
12 **SOCIETY, OR A CORPORATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3)**
13 **OR (4) OF THE INTERNAL REVENUE CODE OF 1986.**

14 **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**
15 **COMPANY MAY USE FUNDING OBTAINED IN ACCORDANCE WITH THIS SECTION TO**
16 **ASSIST IN THE REPAYMENT OF ANY HIGHER EDUCATION LOAN OWED BY AN**
17 **INDIVIDUAL WHO:**

18 **1. IS EMPLOYED BY THE COMPANY; AND**

19 **2. MEETS THE ANNUAL INCOME LIMIT ESTABLISHED**
20 **FOR THE JANET L. HOFFMAN LOAN ASSISTANCE REPAYMENT PROGRAM.**

21 **(II) IF A COMPANY PROVIDES FUNDING OBTAINED IN**
22 **ACCORDANCE WITH THIS SECTION TO AN EMPLOYEE TO ASSIST IN THE REPAYMENT**
23 **OF A HIGHER EDUCATION LOAN OWED BY THE EMPLOYEE, THE COMPANY IS**
24 **REQUIRED TO PROVIDE TO THE EMPLOYEE AN AMOUNT FROM COMPANY FUNDS**
25 **THAT IS EQUAL TO AT LEAST 50% OF THE FUNDING PROVIDED.**

26 **[(f)] (G) (1) The Fund is a special, nonlapsing fund that is not subject to §**
27 **7-302 of the State Finance and Procurement Article.**

28 (2) The State Treasurer shall hold the Fund separately, and the
29 Comptroller shall account for the Fund.

30 (3) The State Treasurer shall invest the money in the Fund in the same
31 manner as other State money may be invested.

32 (4) Any investment earnings of the Fund shall be credited to the Fund.

1 10-469.

2 (a) There is an Enterprise Fund in the Corporation.

3 (b) The Corporation may use the Fund to:

4 (1) make a grant or loan, at the rate of interest set by the Corporation;

5 (2) provide equity investment financing for a business enterprise;

6 (3) guarantee a loan, equity, investment, or other private financing to
7 expand the capital resources of a business enterprise;

8 (4) purchase advisory services and technical assistance to better support
9 economic development;

10 (5) pay the Corporation's obligations to a venture firm under the Invest
11 Maryland Program, as provided under § 10-492(c)(2)(i) of this subtitle; and

12 (6) pay the administrative, legal, and actuarial expenses of the
13 Corporation.

14 (c) The Corporation shall manage and supervise the Fund.

15 **(D) (1) IN THIS SUBSECTION, "HIGHER EDUCATION LOAN" MEANS ANY**
16 **LOAN FOR UNDERGRADUATE OR GRADUATE STUDY THAT IS OBTAINED FOR TUITION,**
17 **EDUCATIONAL EXPENSES, OR LIVING EXPENSES FROM:**

18 **(I) A COLLEGE OR UNIVERSITY, GOVERNMENT, OR**
19 **COMMERCIAL SOURCE; OR**

20 **(II) AN ORGANIZATION, AN INSTITUTION, AN ASSOCIATION, A**
21 **SOCIETY, OR A CORPORATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3)**
22 **OR (4) OF THE INTERNAL REVENUE CODE OF 1986.**

23 **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**
24 **COMPANY MAY USE FUNDING OBTAINED IN ACCORDANCE WITH THIS SECTION TO**
25 **ASSIST IN THE REPAYMENT OF ANY HIGHER EDUCATION LOAN OWED BY AN**
26 **INDIVIDUAL WHO:**

27 **1. IS EMPLOYED BY THE COMPANY; AND**

28 **2. MEETS THE ANNUAL INCOME LIMIT ESTABLISHED**
29 **FOR THE JANET L. HOFFMAN LOAN ASSISTANCE REPAYMENT PROGRAM.**

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4 **REQUIRED TO PROVIDE TO THE EMPLOYEE AN AMOUNT FROM COMPANY FUNDS**
5 **THAT IS EQUAL TO AT LEAST 50% OF THE FUNDING PROVIDED.**

6 **[(d)] (E)** (1) The Fund is a special, nonlapsing revolving fund that is not
7 subject to reversion under § 7–302 of the State Finance and Procurement Article.

8 (2) The Treasurer shall hold the Fund and the Comptroller shall account
9 for it.

10 **[(e)] (F)** The Fund consists of:

11 (1) money appropriated by the State to the Fund;

12 (2) money made available to the Fund through federal programs or private
13 contributions;

14 (3) repayment of principal of a loan made from the Fund;

15 (4) payment of interest on a loan made from the Fund;

16 (5) proceeds from the sale, disposition, lease, or rental by the Corporation
17 of collateral related to financing that the Corporation provides under this subtitle;

18 (6) premiums, fees, royalties, interest, repayments of principal, and
19 returns on investments paid to the Corporation by or on behalf of:

20 (i) a business enterprise in which the Corporation has made an
21 investment under this subtitle; or

22 (ii) an investor providing an investment guaranteed by the
23 Corporation under this subtitle;

24 (7) recovery of an investment made by the Corporation in a business
25 enterprise under this subtitle, including an arrangement under which the Corporation's
26 investment in the business enterprise is recovered through:

27 (i) a requirement that the Corporation receive a proportion of cash
28 flow, commission, royalty, or payment on a patent; or

29 (ii) the repurchase from the Corporation of any evidence of financial
30 participation, including a note, stock, bond, or debenture;

31 (8) repayment of a conditional grant extended by the Corporation;

1 (9) money deposited into the Fund under § 10–492(c)(2)(i) of this subtitle;
2 and

3 (10) any other money made available to the Corporation for the Fund.

4 **[(f)] (G)** (1) The Treasurer shall invest money in the Fund in the same
5 manner as other State money.

6 (2) Any investment earnings of the Fund shall be credited to the Fund.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2017.