Chapter 364

(House Bill 410)

AN ACT concerning

**Economic Development – Maryland Energy Innovation Institute**

FOR the purpose of establishing a Maryland Energy Innovation Institute for certain purposes; providing that the Institute is a part of the A. James Clark School of Engineering of the University of Maryland; providing that the School shall manage the Institute according to certain policies with advice of the Advisory Board of the Institute; establishing the purposes of the Institute; providing that the exercise of certain powers by the Institute is an essential governmental function; establishing an Advisory Board of the Institute for certain purposes; providing for the membership, terms, powers, and officers of the Institute Board; providing that the Director of the University of Maryland Energy Research Center is the Director of the Institute; providing for the appointment of an Associate Director; establishing the duties of the Institute Director; authorizing the Institute to retain certain staff and consultants; establishing the powers of the Institute; establishing the Maryland Energy Innovation Fund as a special, nonlapsing revolving fund in the University System of Maryland to be used by the Institute and the Maryland Clean Energy Center; specifying the purposes and uses of the Fund; providing that the Institute shall manage and supervise the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying the contents of the Fund; providing for the investment of money in the Fund; requiring interest earnings of the Fund to be credited to the Fund; providing for the audit of the books and records of the Institute in a certain manner; providing that the Institute and the Center are independent entities that are not responsible for each other’s debts, liabilities, bonds, or obligations; requiring the Institute to report each year to the Governor, the Maryland Energy Administration, and the General Assembly on certain matters; stating the intent of the General Assembly regarding coordination of functions and avoidance of duplication of effort between the Center and the Administration; altering the purposes of the Maryland Clean Energy Center; altering the membership of the Board of Directors of the Center; providing that the Governor shall appoint the chair of the Board; repealing the function of requiring the Board to establish a Financing Investment Advisory Committee for certain purposes; providing for the membership of the Advisory Committee; requiring the Advisory Committee to review certain matters and make certain recommendations; authorizing certain State economic development units to provide representatives, resources, and expertise to the Advisory Committee for certain purposes; authorizing the Center to disseminate, rather than to act as a clearinghouse, for certain information and materials for certain purposes; providing that the Center shall may consult with the Administration when cooperating with certain entities and coordinating certain activities with certain programs and persons; requiring certain State economic development units to cooperate with the Center and authorizing those units to provide certain resources and expertise for certain purposes; requiring
the Center to publish certain audits on its Web site; repealing the Maryland Clean Energy Technology Incubator Program in the Center; exempting the Fund from a certain provision of law requiring interest earnings of State money to accrue to the General Fund of the State; providing that the Institute is exempt from State and local taxes; providing for the transfer of certain funds in each of certain fiscal years to the Fund from the Strategic Energy Investment Fund; providing for the initial terms of the members of the Institute Board; requiring the Center to prepare a certain work plan for certain purposes; requiring the Center to report to the Governor, the Administration, and the General Assembly on certain matters on or before a certain date; requiring the Institute to conduct a certain study and report on its findings and recommendations to the Governor, the Administration, and the General Assembly on or before a certain date; defining certain terms; providing that certain obligations or contracts may not be impaired by this Act; providing that certain loan obligations be converted to grants from the Administration to the Center; and generally relating to the Maryland Energy Innovation Institute, the Maryland Clean Energy Center, and economic development.

BY repealing
Article – Economic Development
Section 10–829 through 10–837 and the part “Part III. Maryland Clean Energy Technology Incubator Program”
Annotated Code of Maryland
(2008 Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,
Article – Economic Development
Section 10–801(a), (b), (c), (e), (f), (h), and (i)
Annotated Code of Maryland
(2008 Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,
Article – Economic Development
Section 10–806, 10–807, 10–808, 10–810, 10–823, and 10–825
Annotated Code of Maryland
(2008 Volume and 2016 Supplement)

BY adding to
Article – Economic Development
Section 10–828 through 10–839 to be under the new part “Part III. Maryland Energy Innovation Institute”
Annotated Code of Maryland
(2008 Volume and 2016 Supplement)
(As enacted by Section 1 of this Act)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
BY repealing and reenacting, with amendments, Article – State Finance and Procurement
Section 6–226(a)(2)(ii)94. and 95. Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY adding to Article – State Finance and Procurement
Section 6–226(a)(2)(ii)96. Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 10–829 through 10–837 and the part “Part III. Maryland Clean Energy Technology Incubator Program” of Article – Economic Development of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Economic Development
10–801.

(a) In this subtitle the following words have the meanings indicated.

(b) “Administration” means the Maryland Energy Administration.

(c) “Board” means the Board of Directors of the Center.

(e) “Center” means the Maryland Clean Energy Center.

(f) “Clean energy” includes:

(1) solar photovoltaic technology;

(2) solar heating;

(3) geothermal;

(4) wind;
(5) biofuels;

(6) ethanol;

(7) other qualifying biomass as defined in § 7–701 of the Public Utilities Article;

(8) ocean, including energy from waves, tides, currents, and thermal differences;

(9) a fuel cell that produces energy from biofuels, ethanol, or other qualifying biomass;

(10) energy efficiency and conservation;

(11) any other technology or service that the Center determines will contribute directly or indirectly to the production of energy from renewable or sustainable sources, or to the improvement of efficiency in the use of energy; and

(12) deployment of any of the technologies or services listed in items (1) through (11) of this subsection.

(h) “Director” means the Director of the Administration.

(i) “Executive Director” means the Executive Director of the Maryland Clean Energy Center.
(4) **IN COLLABORATION WITH THE ADMINISTRATION**, collect, analyze, and disseminate industry data; and

(5) provide outreach and technical support to further the clean energy industry in the State.

(e) The Center shall coordinate with the Maryland Energy Administration and may not duplicate the programs or activities of the Administration without consent of the Administration. **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT, AS THE CENTER DEVELOPS PROGRAMS AND ACTIVITIES UNDER THIS SUBTITLE, THE CENTER AND THE ADMINISTRATION SHALL WORK COLLABORATIVELY TOGETHER, AS APPROPRIATE, IN ORDER TO COORDINATE SHARED-INTEREST FUNCTIONS AND AVOID DUPLICATION OF EFFORTS.**

10–807.

(a) A Board of Directors shall manage the Center and exercise its corporate powers.

(b) The Board consists of the following **nine** members:

(1) the Director, or the Director’s designee;

(2) **THE DIRECTOR OF THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION**;

(3) **THE DIRECTOR OF THE MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY**; and

八 (2) **eight members appointed by the Governor with the advice and consent of the Senate:**

(i) two representing the not–for–profit clean energy research sector of the State;

(ii) two with expertise in venture capital financing;

(iii) two representing clean energy industries in the State; [and]

(iv) [two members] **ONE CONSUMER MEMBER; AND**

(V) **ONE MEMBER** of the general public.

(c) A member of the Board shall reside in the State.
(d) In making appointments to the Board, the Governor shall consider:

(1) diversity; and

(2) all geographic regions of the State.

(e) A member of the Board:

(1) may not receive compensation as a member of the Board; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) (1) The term of an appointed member is 4 years and begins on July 1.

(2) The terms of the appointed members are staggered as required by the terms provided for members on October 1, 2008.

(3) At the end of a term, an appointed member continues to serve until a successor is appointed and qualifies.

(4) A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies.

(g) The Governor may remove an appointed member for incompetence, misconduct, or failure to perform the duties of the position.

10–808.

From among [its] THE members[.] OF the Board [shall elect]:

(1) THE GOVERNOR SHALL APPOINT a chair[.]; AND

(2) THE BOARD SHALL ELECT a vice chair[.] and a treasurer.

10–810.

(a) (1) The Board shall establish an Advisory Committee.

(2) The Advisory Committee consists of individuals that the Board considers will assist the Center in studying and developing policies to further the purposes of this subtitle.

(b) (1) THE BOARD SHALL ESTABLISH A FINANCING INVESTMENT ADVISORY COMMITTEE.
(2) **The Financing Investment Advisory Committee consists of individuals with knowledge and expertise in financing matters relevant to borrower eligibility, terms and conditions of support, and other financing evaluation criteria of the Center.**

(3) **Before the Center provides financing for a project, including a project to be funded by the Maryland Energy Innovation Fund under § 10–835 of this subtitle, the Financing Investment Advisory Committee shall review and make recommendations to the Board for qualifying project applicants.**

(4) **The Maryland Economic Development Corporation and other State economic development units may provide resources and expertise to the Financing Investment Advisory Committee and the Center to assist in evaluating projects, coordinating financing for projects, and other matters.**

(C) The Board may establish other committees as appropriate.

[(c)] (D) (1) The membership of a committee may include individuals who are not Board members.

(2) The Board may establish the term and manner of selection of the membership of a committee.

10–823.

(a) The Center shall serve as a clearinghouse for may disseminate information and materials that may be pertinent to clean energy technology, education, and deployment financing, and development in the State, for persons engaged in the clean energy industry as developers, manufacturers, and installers, as well as for consumers and financial institutions, including information on available federal, State, and private financial assistance and technical assistance.

(b) The Center may:

(1) cooperate with and provide assistance to local governments, instrumentalities, and research entities in the State; and

(2) coordinate clean energy technology development, education, and deployment activities with programs of the federal government and of governmental units and public and private entities in and outside the State.
(B) (C) **The Center shall may conduct the activities under this section in consultation with the Administration.**

(D) **The Maryland Environmental Service, the Maryland Economic Development Corporation, and other State economic development units shall cooperate with the Center and may make available to the Center resources and expertise for the evaluation of project financing and coordination of financing between the Center and other economic development units.**

10–825.

(A) The books and records of the Center are subject to audit:

(1) at any time by the State; and

(2) each year by an independent auditor.

(B) **The Center shall publish its annual audits on its Web site.**

**Part III. Maryland Energy Innovation Institute.**

10–828.

(A) In this part the following words have the meanings indicated.

(B) “Academic Institution” means a public senior higher education institution or an independent institution of higher education in the State, as those terms are defined in § 10–101 of the Education Article.

(C) “Fund” means the Maryland Energy Innovation Fund.

(D) “Institute” means the Maryland Energy Innovation Institute.

(E) “Institute Board” means the Advisory Board of the Maryland Energy Innovation Institute.

(F) “Institute Director” means the Director of the Maryland Energy Innovation Institute.

10–829.
(A) **There is a Maryland Energy Innovation Institute.**

(B) **The Institute is a part of the A. James Clark School of Engineering of the University of Maryland.**

(C) **The A. James Clark School of Engineering shall manage the Institute according to the policies of the University of Maryland and the University System of Maryland with the advice of the Institute Board.**

(D) **The purposes of the Institute are to:**

(1) collaborate with academic institutions in the State to participate in clean energy programs; and

(2) develop and attract private investment in clean energy innovation and commercialization in the State.

(E) **The exercise by the Institute of the powers conferred by this part is the performance of an essential governmental function.**

10–830.

(A) (1) **There is an Advisory Board of the Institute.**

(2) **The Institute Board advises the University of Maryland on the management of the Institute.**

(B) **The Institute Board consists of the following nine members:**

(1) the chair of the Board of Directors of the Maryland Clean Energy Center;

(2) the Director; and

(3) seven members selected by the University of Maryland based on expertise in energy technology commercialization, the clean energy industry, venture capital financing, and energy research.

(C) **A member of the Institute Board:**

(1) may not receive compensation as a member of the Institute Board; but
(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

(D) (1) THE TERM OF AN APPOINTED MEMBER IS 4 YEARS AND BEGINS ON
JULY 1.

(2) THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS
REQUIRED BY THE TERMS PROVIDED FOR MEMBERS ON JULY 1, 2017.

(3) AT THE END OF A TERM, AN APPOINTED MEMBER CONTINUES TO
SERVE UNTIL A SUCCESSOR IS APPOINTED.

(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
ONLY FOR THE REMAINDER OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED.

(E) FROM AMONG ITS MEMBERS, THE INSTITUTE BOARD SHALL ELECT A
CHAIR AND A VICE CHAIR.

10–831.

(A) THE INSTITUTE BOARD SHALL DETERMINE THE TIMES AND PLACES OF
ITS MEETINGS.

(B) (1) SEVEN MEMBERS OF THE INSTITUTE BOARD ARE A QUORUM.

(2) THE INSTITUTE BOARD MAY ACT WITH AN AFFIRMATIVE VOTE OF
FIVE MEMBERS.

10–832.

(A) (1) THE DIRECTOR OF THE UNIVERSITY OF MARYLAND ENERGY
RESEARCH CENTER, A UNIVERSITY OF MARYLAND FACULTY MEMBER, SHALL BE
THE DIRECTOR OF THE INSTITUTE.

(2) THE INSTITUTE DIRECTOR SHALL APPOINT AN ASSOCIATE
DIRECTOR WHO SHALL BE A UNIVERSITY OF MARYLAND FACULTY MEMBER.

(B) THE INSTITUTE DIRECTOR, OR THE INSTITUTE DIRECTOR’S DESIGNEE,
SHALL:

(1) ATTEND ALL MEETINGS OF THE INSTITUTE BOARD;

(2) ACT AS SECRETARY TO THE INSTITUTE BOARD;
(3) Keep minutes of all proceedings of the Institute Board;

(4) Approve all salaries, per diem payments, and allowable expenses of the Institute, its employees, and its consultants;

(5) Approve any expenses incidental to the operation of the Institute; and

(6) Perform the other duties the Institute Board directs in carrying out this Part.

10–833.

The Institute may retain any staff or consultants.

10–834.

The Institute may:

(1) Maintain offices at the University of Maryland, College Park;

(2) Coordinate and promote energy research and education at the University of Maryland, College Park, including its relevant energy centers, as well as at other academic institutions;

(3) Provide energy policy innovation advice to State and federal units;

(4) Collaborate with other academic institutions, governmental units, foundations, and industrial companies for clean energy research and innovation;

(5) Pursue grants, other funds, and in-kind contributions for clean energy research and innovation;

(6) Provide seed grant funding to academic institution-based entrepreneurs or entities, in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution, but not duplicate existing seed grants made through the Maryland Technology Development Corporation;
(7) Work with the Maryland Technology Enterprise Institute to jointly manage, operate, and maintain facilities for a clean energy incubator at the University of Maryland, College Park;

(8) Work with the Maryland Technology Enterprise Institute to expand Maryland Industrial Partnership Awards to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution;

(9) Work with the Maryland Technology Enterprise Institute and the University of Maryland Office of Technology Commercialization to:

   (I) Identify energy technologies at academic institutions that may be viable for commercialization; and

   (II) Provide grant funding and investment financing to cover patent, facilities, and other costs not allowed under federal or state research grants to an academic institution–based entrepreneur or entity, in order to promote the commercialization of clean energy technologies developed wholly or partly by an academic institution;

(10) Coordinate incubation and potential financing of academic institution–based entrepreneurs or entities with resources provided by the Center;

(11) Work closely with State units, industrial partners, nongovernmental organizations, and federal agencies and laboratories to ensure effective implementation and execution of the State’s energy mission and vision, in collaboration with the Administration;

(12) Undergo periodic reviews every 5 years consistent with University System of Maryland policies; and

(13) Do all things necessary or convenient to carry out the powers granted by this Part.

10–835.

(A) (1) There is a Maryland Energy Innovation Fund in the University System of Maryland.
(2) The Fund shall be used by the Institute and the Center.

(B) (1) The Institute:

   (i) may use the Fund to:

   1. Carry out the purposes of this subtitle, including the purposes listed in § 10–834 of this subtitle;

   2. Purchase advisory services and technical assistance to better support economic development; and

   3. Pay the administrative, legal, and actuarial expenses of the Institute; and

   (ii) shall use the Fund for the administrative and operating costs of the Center.

(2) The Center may use the Fund to:

   (i) make a grant or a loan under this subtitle, at the rate of interest the Center sets;

   (ii) provide equity investment financing for a business enterprise under this subtitle; and

   (iii) guarantee a loan, an equity, an investment, or any other private financing to expand the capital resources of a business enterprise under this subtitle.

(C) The Institute shall manage and supervise the Fund.

(D) (1) The Fund is a special, nonlapsing revolving fund that is not subject to reversion under § 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) money appropriated by the State to the Fund;
(2) Money made available contributed to the Fund through federal programs or private contributions entities;

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

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

(5) Proceeds from the sale, disposition, lease, or rental by the Center of collateral related to financing that the Center provides under this Part from the Fund;

(6) Premiums, fees, royalties, interest, repayments of principal, and returns on investments paid to the Center by or on behalf of:

   (I) A business enterprise in which the Center has made an investment under this Part from the Fund; or

   (II) An investor providing an investment guaranteed by the Center under this Part from the Fund;

(7) Recovery of an investment made by the Center in a business enterprise under this Subtitle from the Fund, including an arrangement under which the Center’s investment in the business enterprise is recovered through:

   (I) A requirement that the Fund receive a proportion of cash flow, commission, royalty, or payment on a patent; or

   (II) The repurchase from the Center of any evidence of indebtedness or other financial participation made from the Fund, including a note, stock, bond, or debenture;

(8) Repayment of a conditional grant extended by the Center from the Fund; and

(9) Any other money made available to the Institute for the Fund.

(F) (1) The State Treasurer shall invest the money in the same manner as other State money may be invested.
(2) Any interest earnings of the Fund shall be credited to the Fund.

(G) Money expended from the Fund under this subtitle is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for the Center, the Institute, or any part of the University System of Maryland.

10–836.

The Institute is exempt from State and local taxes.

10–837.

The books and records of the Institute are subject to audit:

(1) At any time by the State; and

(2) Each year by an independent auditor that the Office of Legislative Audits approves.

10–838.

The Institute and the Center are independent entities that are not liable or responsible for each other’s debts, liabilities, bonds, or obligations.

10–839.

(A) On or before October 1 each year, the Institute shall report to the Governor, the Administration, and, in accordance with § 2–1246 of the State Government Article, the General Assembly.

(B) The report shall include a complete operating and financial statement covering the Institute’s operations and a summary of the Institute’s activities during the preceding fiscal year.

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:

94. the Community Program Fund; [and]  
95. the Maryland Corps Program Fund; AND  
96. THE MARYLAND ENERGY INNOVATION FUND.

SECTION 3. AND BE IT FURTHER ENACTED, That for fiscal years 2018, 2019, 2020, 2021, and 2022, in each year, $1,500,000 shall be transferred from the Strategic Energy Investment Fund established under § 9–20B–05 of the State Government Article to the Maryland Energy Innovation Fund established under § 10–835 of the Economic Development Article, as enacted by Section 2 of this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That the terms of the initial members of the Advisory Board of the Maryland Energy Innovation Institute shall expire as follows:

(1) two members in 2019;  
(2) two members in 2020; and  
(2) three members in 2021 Maryland Clean Energy Center shall:

(1) establish a work plan to become self–sustaining within 5 years after the effective date of this Act using funding provided under this Act and other funding that the Center may obtain, and projected revenues from project financing activities of the Center under Title 10, Subtitle 8 of the Economic Development Article; and  

(2) submit a report, which may be part of its annual report, on or before December 1, 2019, to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly on the Center’s:

(i) progress since enactment of this Act to become self–sustaining with its current activities and funding and revenue levels; and  

(ii) recommendations for changes, including additional necessary funding, to continue on the trajectory path to reach the goal to become self–sustaining within 5 years.

SECTION 5. AND BE IT FURTHER ENACTED, That:
(1) the Maryland Energy Innovation Institute, established by Section 2 of this Act, shall study and evaluate:

(i) the availability and efficiency of the use of funds for the development and deployment of clean energy technology in the State and the commercialization of that technology, including funds from the Strategic Energy Investment Fund, and other practical forms of financing;

(ii) the forecast need, if any, for additional funding or financing options for these purposes; and

(iii) appropriate sources and levels of funding and financing options for these purposes; and

(2) on or before December 1, 2019, the Institute shall submit a report of its findings and recommendations under this section to the Governor, the Maryland Energy Administration, and, in accordance with § 2–1246 of the State Government Article, the General Assembly.

SECTION 6. AND BE IT FURTHER ENACTED, That the existing outstanding loan obligations to the Maryland Energy Administration by the Maryland Clean Energy Center as of the effective date of this Act shall be converted to a grant from the Maryland Energy Administration to the Maryland Clean Energy Center.

SECTION 7. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

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

Approved by the Governor, May 4, 2017.