

# HOUSE BILL 543

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9lr2352  
CF SB 340

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By: **Delegates Jones, Bartlett, Barve, Brooks, Cardin, Chang, Dumais, Gaines, Healey, Hettleman, Hornberger, Lierman, Pena-Melnyk, Pendergrass, Solomon, Stein, and Sydnor**

Introduced and read first time: February 4, 2019

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Technology Development Corporation – Investments and Operations**

3 FOR the purpose of requiring the Maryland Technology Development Corporation to  
4 recover from a business enterprise certain investments made from the Enterprise  
5 Fund under certain circumstances; including in the Fund the recovery of certain  
6 money under certain circumstances; requiring the Maryland Venture Fund  
7 Authority in the Corporation to meet at least quarterly for certain purposes; defining  
8 a certain term; and generally relating to the Maryland Technology Development  
9 Corporation.

10 BY repealing and reenacting, with amendments,  
11 Article – Economic Development  
12 Section 10–468, 10–469, and 10–478  
13 Annotated Code of Maryland  
14 (2018 Replacement Volume)

15 BY repealing and reenacting, without amendments,  
16 Article – Economic Development  
17 Section 10–474  
18 Annotated Code of Maryland  
19 (2018 Replacement Volume)

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

### Article – Economic Development

22  
23 10–468.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 **(B) “BUSINESS ENTERPRISE” MEANS A BUSINESS THAT:**

3 **(1) IS TECHNOLOGY–BASED; AND**

4 **(2) HAS OVER HALF OF ITS WORKFORCE EITHER RESIDING OR**  
5 **WORKING IN THE STATE.**

6 **[(b)] (C)** “Corporation” means the Maryland Technology Development  
7 Corporation.

8 **[(c)] (D)** “Fund” means the Enterprise Fund established under § 10–469 of this  
9 subtitle.

10 10–469.

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

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

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

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

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

17 (4) purchase advisory services and technical assistance to better support  
18 economic development;

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

21 (6) pay the administrative, legal, and actuarial expenses of the  
22 Corporation.

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

24 **(d) THE CORPORATION SHALL REQUIRE RECOVERY OF A GRANT, A LOAN,**  
25 **OR AN EQUITY INVESTMENT FROM A BUSINESS ENTERPRISE IF AT ANY TIME WITHIN**  
26 **THE 3–YEAR PERIOD FOLLOWING THE INVESTMENT AWARD, THE BUSINESS**  
27 **ENTERPRISE FAILS TO MAINTAIN ITS STATUS AS A BUSINESS ENTERPRISE, AS**  
28 **DEFINED IN § 10–468 OF THIS SUBTITLE.**

29 **(E) (1)** The Fund is a special, nonlapsing revolving fund that is not subject to

1 reversion under § 7–302 of the State Finance and Procurement Article.

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

4 [(e)] (F) The Fund consists of:

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

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

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

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

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

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

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

16 (ii) an investor providing an investment guaranteed by the  
17 Corporation under this subtitle;

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

21 (i) a requirement that the Corporation receive a proportion of cash  
22 flow, commission, royalty, or payment on a patent; [or]

23 (ii) the repurchase from the Corporation of any evidence of financial  
24 participation, including a note, stock, bond, or debenture; **OR**

25 **(III) THE RECOVERY OF A GRANT, A LOAN, OR AN EQUITY**  
26 **INVESTMENT IN A BUSINESS ENTERPRISE THAT FAILS TO MAINTAIN ITS STATUS AS**  
27 **A BUSINESS ENTERPRISE, AS DEFINED IN § 10–468 OF THIS SUBTITLE;**

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

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

30 and

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

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

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

5 10-474.

6 There is a Maryland Venture Fund Authority in the Corporation.

7 10-478.

8 The Authority shall:

9 **(1)** provide advice to and consult with the Corporation in connection with  
10 the administration of the Program under this subtitle; AND

11 **(2) MEET AT LEAST QUARTERLY TO REVIEW THE CORPORATION'S**  
12 **INVESTMENT POLICY AND INVESTMENT DECISIONS FOR THE PROGRAM UNDER THIS**  
13 **SUBTITLE.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2019.