

SENATE BILL 340

C8

9lr1030
CF 9lr2352

By: **Senators Kagan, Augustine, Feldman, King, Peters, West, and Young**

Introduced and read first time: January 30, 2019

Assigned to: Finance

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 10–468.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 **(1) IS TECHNOLOGY–BASED; AND**

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

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

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

9 10–469.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 10-474.

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

6 10-478.

7 The Authority shall:

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

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

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