

HOUSE BILL 654

C8

1r1790
CF 1r1831

By: **Delegate Qi**

Introduced and read first time: January 22, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Innovation Research and Technology Transfer**
3 **Incentive Program**

4 FOR the purpose of establishing the Maryland Small Business Innovation Research and
5 Technology Transfer Incentive Program; requiring the Maryland Technology
6 Development Corporation to administer the Program; establishing the purposes of
7 the Program; establishing qualifications for participation in the Program;
8 authorizing the Program to provide certain awards and investments to certain
9 businesses on a competitive basis, subject to certain limitations; providing for the
10 coordination of certain activities of the Program with comparable county programs;
11 providing that a certain award or investment recipient may be required to return
12 certain funds under certain circumstances; establishing the Maryland Small
13 Business Innovation Research and Technology Transfer Incentive Matching Fund as
14 a special, nonlapsing fund; specifying the purpose of the Fund; requiring the
15 Corporation to administer the Fund; requiring the State Treasurer to hold the Fund,
16 and the Comptroller to account for the Fund; specifying the contents of the Fund;
17 specifying the purpose for which the Fund may be used; providing for the investment
18 of money in and expenditures from the Fund; requiring interest earnings of the Fund
19 to be credited to the Fund; requiring the Corporation to adopt certain regulations;
20 exempting the Fund from a certain provision of law requiring interest earnings on
21 State money to accrue to the General Fund of the State; defining certain terms; and
22 generally relating to the Maryland Small Business Innovation Research and
23 Technology Transfer Incentive Program.

24 BY adding to

25 Article – Economic Development

26 Section 10–4C–01 through 10–4C–06 to be under the new subtitle “Subtitle 4C.
27 Maryland Small Business Innovation Research and Technology Transfer
28 Incentive Program”

29 Annotated Code of Maryland

30 (2018 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – State Finance and Procurement
3 Section 6–226(a)(2)(i)
4 Annotated Code of Maryland
5 (2015 Replacement Volume and 2020 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Finance and Procurement
8 Section 6–226(a)(2)(ii)122. and 123.
9 Annotated Code of Maryland
10 (2015 Replacement Volume and 2020 Supplement)

11 BY adding to
12 Article – State Finance and Procurement
13 Section 6–226(a)(2)(ii)124.
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2020 Supplement)

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

18 **Article – Economic Development**

19 **SUBTITLE 4C. MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND**
20 **TECHNOLOGY TRANSFER INCENTIVE PROGRAM.**

21 **10–4C–01.**

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

24 **(B) “BOARD” MEANS THE BOARD OF DIRECTORS OF THE CORPORATION.**

25 **(C) “CORPORATION” MEANS THE MARYLAND TECHNOLOGY**
26 **DEVELOPMENT CORPORATION.**

27 **(D) “FUND” MEANS THE MARYLAND SMALL BUSINESS INNOVATION**
28 **RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE MATCHING FUND.**

29 **(E) “PROGRAM” MEANS THE MARYLAND SMALL BUSINESS INNOVATION**
30 **RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE PROGRAM.**

31 **(F) “SMALL BUSINESS INNOVATION RESEARCH AWARD” MEANS AN AWARD**
32 **PROVIDED UNDER A SMALL BUSINESS INNOVATION RESEARCH AWARD PROGRAM BY**

1 AN AGENCY OF THE FEDERAL GOVERNMENT FOR A BUSINESS TO ENGAGE IN
2 RESEARCH AND DEVELOPMENT THAT HAS A STRONG POTENTIAL FOR
3 COMMERCIALIZATION.

4 (G) "SMALL BUSINESS TECHNOLOGY TRANSFER AWARD" MEANS AN AWARD
5 PROVIDED UNDER A SMALL BUSINESS TECHNOLOGY TRANSFER AWARD PROGRAM
6 BY AN AGENCY OF THE FEDERAL GOVERNMENT FOR A BUSINESS TO ENGAGE IN
7 RESEARCH AND DEVELOPMENT THAT HAS A STRONG POTENTIAL FOR
8 COMMERCIALIZATION.

9 **10-4C-02.**

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

12 (B) THE CORPORATION SHALL ADMINISTER THE PROGRAM.

13 (C) THE PURPOSE OF THE PROGRAM IS TO FOSTER JOB CREATION AND
14 ECONOMIC DEVELOPMENT IN THE STATE BY:

15 (1) PROMOTING THE COMMERCIALIZATION OF RESEARCH
16 CONDUCTED BY SMALL BUSINESSES IN THE STATE;

17 (2) FACILITATING THE TRANSFER OF TECHNOLOGY FROM
18 UNIVERSITIES AND FEDERAL RESEARCH LABORATORIES TO SMALL BUSINESSES;
19 AND

20 (3) ENCOURAGING SMALL BUSINESSES, INCLUDING ECONOMICALLY
21 DISADVANTAGED SMALL BUSINESSES, TO APPLY FOR SMALL BUSINESS INNOVATION
22 RESEARCH AWARDS AND SMALL BUSINESS TECHNOLOGY TRANSFER AWARDS.

23 **10-4C-03.**

24 (A) TO QUALIFY FOR PARTICIPATION IN THE PROGRAM, A SMALL BUSINESS
25 SHALL MEET THE CRITERIA IN THIS SECTION.

26 (B) THE SMALL BUSINESS SHALL:

27 (1) MEET THE QUALIFICATIONS OF A QUALIFIED BUSINESS; AND

28 (2) HAVE RECEIVED A PHASE I OR PHASE II SMALL BUSINESS
29 INNOVATION RESEARCH AWARD OR SMALL BUSINESS TECHNOLOGY TRANSFER
30 AWARD DURING THE 6 MONTHS IMMEDIATELY PRECEDING THE SUBMISSION OF ITS
31 APPLICATION UNDER § 10-4C-04 OF THIS SUBTITLE.

1 (C) AN AWARD OR INVESTMENT RECIPIENT THAT FAILS TO FULFILL THE
2 ELIGIBILITY AND MAINTENANCE REQUIREMENTS OF THE PROGRAM MAY BE
3 REQUIRED TO RETURN ALL OR PART OF THE AWARD OR INVESTMENT, AS WELL AS
4 ANY ACCRUED INTEREST OR FEES, TO THE PROGRAM.

5 (D) THE PROGRAM SHALL REQUIRE AN AWARD OR INVESTMENT RECIPIENT
6 TO RETURN TO THE FUND ANY MONEY FROM AN AWARD OR INVESTMENT UNDER
7 THIS SUBTITLE, AS WELL AS ANY ACCRUED INTEREST OR FEES, IF THE RECIPIENT
8 DOES NOT REMAIN A QUALIFIED BUSINESS FOR AT LEAST 2 YEARS AFTER RECEIVING
9 THE AWARD OR INVESTMENT PAYMENT.

10 10-4C-04.

11 (A) AN APPLICANT SHALL SUBMIT AN APPLICATION FOR A PROGRAM
12 AWARD OR INVESTMENT ON THE FORM THAT THE CORPORATION REQUIRES.

13 (B) THE PROGRAM SHALL REVIEW THE APPLICATION AND ALL SUPPORTING
14 MATERIALS TO EVALUATE WHETHER THE APPLICANT QUALIFIES FOR AN AWARD OR
15 INVESTMENT FROM THE PROGRAM.

16 (C) (1) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND AND
17 PARAGRAPH (2) OF THIS SUBSECTION, THE PROGRAM MAY PROVIDE TO AN
18 ELIGIBLE SMALL BUSINESS AN AWARD OR INVESTMENT TO MATCH IN PART A SMALL
19 BUSINESS INNOVATION RESEARCH AWARD OR SMALL BUSINESS TECHNOLOGY
20 TRANSFER AWARD.

21 (2) THE PROGRAM SHALL PRIORITIZE PROVIDING AWARDS AND
22 INVESTMENTS TO ELIGIBLE SMALL BUSINESSES THAT ARE ENGAGED IN RESEARCH
23 AND DEVELOPMENT ACTIVITIES THAT ASSIST IN THE PREVENTION OF,
24 PREPAREDNESS FOR, OR RESPONSE TO A PUBLIC HEALTH CRISIS IN THE STATE.

25 (D) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, A SMALL
26 BUSINESS THAT RECEIVES AN AWARD OR INVESTMENT FOR A PHASE I SMALL
27 BUSINESS INNOVATION RESEARCH AWARD OR SMALL BUSINESS TECHNOLOGY
28 TRANSFER AWARD SHALL RECEIVE AN AWARD OR INVESTMENT IN AN AMOUNT THAT
29 IS THE LESSER OF:

30 (1) 25% OF THE PHASE I SMALL BUSINESS INNOVATION RESEARCH
31 AWARD OR SMALL BUSINESS TECHNOLOGY TRANSFER AWARD; OR

32 (2) \$25,000.

33 (E) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, A SMALL

1 BUSINESS THAT RECEIVES AN AWARD OR INVESTMENT FOR A PHASE II SMALL
2 BUSINESS INNOVATION RESEARCH AWARD OR SMALL BUSINESS TECHNOLOGY
3 TRANSFER AWARD SHALL RECEIVE AN AWARD OR INVESTMENT IN AN AMOUNT THAT
4 IS THE LESSER OF:

5 (1) 25% OF THE PHASE II SMALL BUSINESS INNOVATION RESEARCH
6 AWARD OR SMALL BUSINESS TECHNOLOGY TRANSFER AWARD; OR

7 (2) \$75,000.

8 (F) ON THE RECOMMENDATION OF THE EXECUTIVE DIRECTOR, THE
9 BOARD MAY APPROVE AN AWARD OR INVESTMENT IN A SMALL BUSINESS IN EXCESS
10 OF THE LIMITATIONS SPECIFIED UNDER SUBSECTIONS (D) AND (E) OF THIS SECTION
11 IF THE BOARD DETERMINES THAT THE AWARD IS NECESSARY TO BETTER SERVE THE
12 COMMUNITY AND THE PURPOSES OF THE PROGRAM.

13 (G) DURING EACH FISCAL YEAR:

14 (1) THE CORPORATION MAY NOT PROVIDE MORE THAN 20 AWARDS
15 OR INVESTMENTS IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION OR
16 MORE THAN 10 AWARDS OR INVESTMENTS IN ACCORDANCE WITH SUBSECTION (E)
17 OF THIS SECTION; AND

18 (2) A SMALL BUSINESS MAY NOT RECEIVE MORE THAN ONE AWARD OR
19 INVESTMENT.

20 (H) A SMALL BUSINESS MAY NOT RECEIVE MORE THAN THREE AWARDS OR
21 INVESTMENTS UNDER THIS SUBTITLE.

22 (I) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, EACH
23 QUARTER, THE CORPORATION SHALL PROVIDE AWARDS AND INVESTMENTS ON A
24 COMPETITIVE BASIS TO ELIGIBLE SMALL BUSINESSES.

25 (2) IN PROVIDING AN AWARD OR INVESTMENT UNDER THIS SECTION,
26 THE CORPORATION:

27 (I) SHALL CONSIDER:

28 1. THE IMPACT OF THE AWARD OR INVESTMENT ON THE
29 SMALL BUSINESS; AND

30 2. HOW THE SMALL BUSINESS WILL UTILIZE THE AWARD
31 OR INVESTMENT TOWARD COMMERCIALIZATION OF THE RESEARCH CONDUCTED BY
32 THE SMALL BUSINESS; AND

1 (II) MAY CONSIDER ANY ADDITIONAL CRITERIA SPECIFIED BY
2 THE CORPORATION IN REGULATION.

3 (J) THE PROGRAM SHALL COORDINATE WITH COMPARABLE STATE AND
4 COUNTY PROGRAMS TO:

5 (1) CONDUCT MARKETING AND OUTREACH, INCLUDING CONDUCTING
6 JOINT WORKSHOPS, ONLINE TRAINING OPPORTUNITIES, AND OUTREACH TO
7 ECONOMICALLY DISADVANTAGED SMALL BUSINESSES, WOMEN-OWNED SMALL
8 BUSINESSES, RURAL SMALL BUSINESSES, AND FIRST-TIME SMALL BUSINESS
9 INNOVATION RESEARCH AWARD OR SMALL BUSINESS TECHNOLOGY TRANSFER
10 AWARD APPLICANTS; AND

11 (2) PROVIDE ASSISTANCE TO ELIGIBLE BUSINESSES UNDER THIS
12 SUBTITLE.

13 10-4C-05.

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

16 (B) THE PURPOSE OF THE FUND IS TO PROVIDE AWARDS OR INVESTMENTS
17 TO FURTHER STIMULATE INNOVATION AND ENTREPRENEURSHIP AND ATTRACT
18 EARLY-STAGE SMALL BUSINESSES ENGAGED IN RESEARCH AND DEVELOPMENT.

19 (C) THE CORPORATION SHALL ADMINISTER THE FUND.

20 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
21 SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND
22 PROCUREMENT ARTICLE.

23 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
24 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

25 (E) THE FUND CONSISTS OF:

26 (1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

27 (2) REPAYMENTS AND EARNINGS FROM INVESTMENTS MADE
28 THROUGH THE PROGRAM;

29 (3) MONEY RECAPTURED FROM BUSINESSES THAT FAIL TO FULFILL
30 THE TERMS AND CONDITIONS OF AN AWARD OR INVESTMENT MADE THROUGH THE

1 PROGRAM;

2 (4) INTEREST EARNINGS OF THE FUND; AND

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

5 (F) THE FUND MAY BE USED ONLY FOR:

6 (1) PROVIDING AWARDS OR INVESTMENTS TO ELIGIBLE SMALL
7 BUSINESSES THAT HAVE RECEIVED FINANCIAL ASSISTANCE FROM THE FEDERAL
8 GOVERNMENT UNDER COMPARABLE SMALL BUSINESS INNOVATION RESEARCH OR
9 SMALL BUSINESS TECHNOLOGY TRANSFER AWARD PROGRAMS; AND

10 (2) ADMINISTRATIVE EXPENSES OF THE PROGRAM, INCLUDING
11 MARKETING, OUTREACH, AND TECHNICAL ASSISTANCE.

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

14 (2) INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE
15 FUND.

16 (H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE
17 WITH THE STATE BUDGET.

18 10-4C-06.

19 THE CORPORATION SHALL ADOPT REGULATIONS TO IMPLEMENT THIS
20 SUBTITLE.

21 Article – State Finance and Procurement

22 6-226.

23 (a) (2) (i) Notwithstanding any other provision of law, and unless
24 inconsistent with a federal law, grant agreement, or other federal requirement or with the
25 terms of a gift or settlement agreement, net interest on all State money allocated by the
26 State Treasurer under this section to special funds or accounts, and otherwise entitled to
27 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
28 Fund of the State.

29 (ii) The provisions of subparagraph (i) of this paragraph do not apply
30 to the following funds:

1 122. the Racing and Community Development Financing Fund;
2 [and]

3 123. the Racing and Community Development Facilities Fund;
4 **AND**

5 **124. THE MARYLAND SMALL BUSINESS INNOVATION**
6 **RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE MATCHING FUND.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2021.