

Chapter 14

(Senate Bill 465 of the 2020 Regular Session)

AN ACT concerning

~~Admissions and Amusement Tax – Electronic Bingo and Tip Jars – Distribution to Maryland State Arts Council~~
Maryland E–Nnovation Initiative Program and Admissions and Amusement Tax Distributions – Extensions and Alterations

FOR the purpose of extending and altering the Maryland E–Nnovation Initiative Program; requiring the Governor to include in the annual budget bill certain appropriations to the Maryland E–Nnovation Initiative Fund for certain fiscal years; altering certain requirements for certain individuals in certain positions funded by certain endowment proceeds; altering, beginning in a certain fiscal year, the distribution of revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars; making a conforming change; making certain sections of this Act subject to certain contingencies; and generally relating to the Maryland E–Nnovation Initiative Program and the distribution of revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars.

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 6–604(a), (d), and (f), 6–612(a), and 6–618(b), (d), and (e)

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 6–604(e) and 6–614

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 2–202(a)

Annotated Code of Maryland

(2016 Replacement Volume and 2019 Supplement)

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

Article – Economic Development

6–604.

(a) There is a Maryland E–Nnovation Initiative Fund in the Department.

(d) The Fund consists of:

(1) revenue distributed to the Fund under § 2–202(a)(1) of the Tax – General Article;

(2) money appropriated in the State budget to the Fund; and

(3) any other money from any other source accepted for the benefit of the Fund.

(e) For each of fiscal years 2016 through [2021,] 2026, the Governor shall include in the budget bill an appropriation to the Fund in an amount that when combined with the amount estimated to be distributed to the Fund under subsection (d)(1) of this section equals at least ~~1~~\$8,500,000~~1~~ ~~\$9,000,000~~.

(f) The Department may use the Fund to:

(1) finance research endowments at nonprofit institutions of higher education in scientific and technical fields of study; and

(2) pay the related administrative, legal, and actuarial expenses of the Department.

6–612.

(a) The governing body of each nonprofit institution of higher education may create and administer one or more research endowments to receive funding from the Fund.

6–614.

(a) Endowment proceeds shall be expended by a nonprofit institution of higher education to further basic and applied research in scientific and technical fields of study as designated by the Authority that offer promising and significant economic impacts and the opportunity to develop clusters of technological innovation in the State, including:

(1) physical sciences;

(2) life and neuro sciences;

(3) engineering;

(4) mathematical and computational sciences;

- (5) regulatory science;
- (6) autonomous systems;
- (7) aeronautical and space science;
- (8) environmental sciences;
- (9) behavioral and language science;
- (10) health sciences;
- (11) agriculture; or
- (12) cybersecurity.

(b) Endowment proceeds may be expended by a nonprofit institution of higher education for:

(1) the payment of the base salaries of newly endowed department chairs, new professorship positions, new research scientists, or new research staff positions, including research technicians and support personnel, and to fund affiliated graduate or undergraduate student research fellowships, if the positions or fellowships are engaged in the areas of research identified in subsection (a) of this section; or

(2) the purchase of basic infrastructure, including laboratory and scientific equipment or other essential equipment and materials, related to an area of research identified in subsection (a) of this section.

(c) An individual in a position that is funded by endowment proceeds under subsection (b)(1) of this section shall:

(1) work at least [one day each week] **20% OF THE YEAR** in support of a federal laboratory or associated federal laboratory research support organization;

(2) hold a joint appointment or secondary position at another nonprofit institution of higher education in the State; or

(3) work at least [one day each week] **20% OF THE YEAR** in support of entrepreneurial activities with a company engaged in one or more of the research areas identified in subsection (a) of this section.

(d) The Authority shall issue eligibility criteria regarding the expenditure of endowment proceeds to pay the base salaries of personnel, fund student fellowships, and purchase basic infrastructure.

6-618.

(b) A nonprofit institution of higher education seeking a distribution of matching funds from the Fund shall first obtain qualified donations in an amount equal to the amount of matching funds requested for distribution and shall submit a request to the Authority.

(d) The Authority shall review each request for distribution of matching funds from the Fund for compliance with the provisions of this subtitle and Department regulations.

(e) If the Authority approves the request of a nonprofit institution of higher education, the Authority shall distribute matching funds to the applicable research endowment in an amount equal to the amount of qualified donations.

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

Article – Tax – General

2-202.

(a) After making the distribution required under § 2-201 of this subtitle, within 20 days after the end of each quarter, the Comptroller shall distribute:

(1) except as provided in subsections (b) and (c) of this section, from the revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars under § 4-102(e) of this article:

(i) ~~1. for fiscal years 2016 through 2021,~~ **FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER,** the revenue attributable to a tax rate of 20% to the Maryland E-Innovation Initiative Fund under § 6-604 of the Economic Development Article; and

~~2. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 20% to the General Fund of the State; and~~

(ii) [1. for fiscal year 2018, the revenue attributable to a tax rate of 5% as follows:

A. to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article, up to an aggregate amount of \$1,000,000 in each fiscal year; and

B. the remainder to the Maryland State Arts Council, as provided in § 4-512 of the Economic Development Article;

2. for fiscal years 2019 through 2021] **FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER**, the revenue attributable to a tax rate of 5% as follows:

[A.] 1. to the Maryland State Arts Council, as provided in § 4-512 of the Economic Development Article, \$1,000,000 in each fiscal year; ~~and~~

[B.] 2. TO THE TOWN OF CHESAPEAKE BEACH, \$300,000 IN EACH FISCAL YEAR; AND

3. the remainder to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article; and

[3. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 5% to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article; and]

(2) the remaining admissions and amusement tax revenue:

(i) to the Maryland Stadium Authority, county, or municipal corporation that is the source of the revenue; or

(ii) if the Maryland Stadium Authority and also a county or municipal corporation tax a reduced charge or free admission:

1. 80% of that revenue to the Authority; and

2. 20% to the county or municipal corporation.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

2-202.

(a) After making the distribution required under § 2-201 of this subtitle, within 20 days after the end of each quarter, the Comptroller shall distribute:

(1) except as provided in subsections (b) and (c) of this section, from the revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars under § 4-102(e) of this article:

(i) [1. for fiscal years 2016 through 2021,] FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of 20% to the Maryland E-Innovation Initiative Fund under § 6-604 of the Economic Development Article; and

[2. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 20% to the General Fund of the State; and]

(ii) [1. for fiscal year 2018, the revenue attributable to a tax rate of 5% as follows:

A. to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article, up to an aggregate amount of \$1,000,000 in each fiscal year; and

B. the remainder to the Maryland State Arts Council, as provided in § 4-512 of the Economic Development Article;

2. for fiscal years 2019 through 2021] FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of 5% as follows:

[A.] 1. to the Maryland State Arts Council, as provided in § 4-512 of the Economic Development Article, \$1,000,000 in each fiscal year; [and]

[B.] 2. TO THE TOWN OF CHESAPEAKE BEACH, \$300,000 IN EACH FISCAL YEAR;

3. TO THE MICHAEL ERIN BUSCH SPORTS FUND ESTABLISHED UNDER § 10-612.2 OF THE ECONOMIC DEVELOPMENT ARTICLE, \$500,000 IN EACH FISCAL YEAR; AND

4. the remainder to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article; and

[3. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 5% to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article; and]

(2) the remaining admissions and amusement tax revenue:

(i) to the Maryland Stadium Authority, county, or municipal corporation that is the source of the revenue; or

(ii) if the Maryland Stadium Authority and also a county or municipal corporation tax a reduced charge or free admission:

1. 80% of that revenue to the Authority; and
2. 20% to the county or municipal corporation.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2020, contingent on the taking effect of Chapter 33 of the Acts of the General Assembly of 2021, and if Chapter 33 does not become effective, Section 3 of this Act, with no further action required by the General Assembly, shall be null and void.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2020, contingent on the failure of Chapter 33 of the Acts of the General Assembly of 2021, and if Chapter 33 becomes effective, Section 2 of this Act, with no further action required by the General Assembly, shall be null and void.

SECTION ~~5~~ 6. AND BE IT FURTHER ENACTED, That, except as provided in Sections 4 and 5 of this Act, this Act shall take effect July 1, 2020.

Gubernatorial Veto Override, February 11, 2021.