

Senate Bill 747

March 3, 2020

Nathan McCurdy, on behalf of the Department of Legislative Services  
Support

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Good afternoon Madam Chair, Mr. Vice Chair, members of the Committee, Nathan McCurdy on behalf of the Department of Legislative Services to present Senate Bill 747.

In short, the bill revises, restates, and recodifies provisions related to TEDCO and the InvestMD program, clarifies language, and makes other technical and stylistic changes.

Chapter 488 of 2019 required the Department to review Title 10, Subtitle 4 of the Economic Development Article. Following that review, the Department determined that certain provisions pertaining to the InvestMD program were unclear. When InvestMD was relocated from the Department of Commerce to TEDCO, the pertinent code sections were organized in a way that did not follow the general organizational conventions of the rest of Subtitle 4, leading to some confusion.

Senate Bill 747 creates a new Subtitle, Subtitle 4A, wherein sections pertaining to InvestMD are renumbered and recodified, while making it clear that TEDCO remains the administrative body for the program.

Despite this recodification, the Department wishes to emphasize that these changes are intended to be entirely nonsubstantive.

In addition to the recodification, the bill requires TEDCO to review all TEDCO-related provisions in the Annotated Code, and report any recommended changes to the General Assembly by December 1, 2020.

The written testimony submitted by the Department provides some additional context and information.

The Department anticipates that there will be no fiscal impact, and respectfully requests a favorable report.

I am happy to answer any questions.



Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
MARYLAND GENERAL ASSEMBLY

Ryan Bishop  
Director

December 16, 2019

Mr. Jake Weissmann  
100 State House, H-107  
Annapolis, Maryland 21041

Ms. Alexandra M. Hughes  
100 State House, H-4  
Annapolis, Maryland 21041

Dear Ms. Hughes and Mr. Weissmann:

Chapter 488 of 2019 required the Department of Legislative Services, by December 1, to review Title 10, Subtitle 4 of the Economic Development Article and make recommendations to the General Assembly on: (1) how to make the subtitle, regarding the Maryland Technology Development Corporation (TEDCO) programs, more clear with consistent definitions; and (2) whether there is language within the subtitle that can be repealed as duplicative or obsolete.

After reviewing Subtitle 4 under this charge, it was determined that all of the provisions not pertaining to TEDCO (Parts I through VI) required little work. Each part pertains to a single program administered by TEDCO and only needed to be reviewed for duplicative or obsolete defined terms. For instance, Part I definitions apply to the entire subtitle, but provisions in Parts II through VI had some instances of repeating those definitions. We also evaluated these parts for defined terms that perhaps weren't actually used, as well as any other nonsubstantive issues.

For the remaining parts of the subtitle, we determined that there were misleading issues pertaining to the InvestMD program. Essentially, when the InvestMD program was relocated from the Department of Commerce (DOC) to TEDCO, the statutory changes that were made to relocate the pertinent code sections were organized in a way that did not follow the general organization of Subtitle 4, namely, one program per part. Instead, Parts VIII through XI all pertain to InvestMD. Various internal cross references throughout the subtitle were inadvertently left unchanged when the InvestMD statute was shifted to Title 10 and this likely led to inaccurate interpretations of the code.

The attached proposed changes create a new subtitle wherein Parts VIII through XI are recodified. This creates a structure of one program within a subtitle. It was determined that it was best not to simply collapse the various InvestMD provisions into one part because the numbering of the sections within Subtitle 4 was such that any further changes to the TEDCO statutes would cause technical problems in the future. Therefore, the attached proposal creates an additional

Mr. Jake Weissmann  
Ms. Alexandra M. Hughes  
December 16, 2019  
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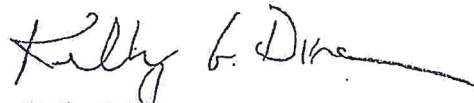
subtitle while making clear that TEDCO remains the administrative body for the InvestMD program. All of the above described changes are considered nonsubstantive and are attached. The attorney general for TEDCO has evaluated the draft and found no legal issues.

We also identified a few potentially substantive issues. For those, we are recommending TEDCO evaluate the statutes and provide their own recommendations to the General Assembly. One example is that Part VII, which pertains to the Enterprise Fund, may need to be altered. Initially this special fund was used by DOC not only for the InvestMD program but also for other programs administered by DOC. Currently TEDCO now "houses" the fund but only operates InvestMD as other DOC programs were not transferred. Therefore, we recommend that TEDCO evaluate the uses of the fund and make recommendations if the provisions of Part VII should be modified. For instance, colloquially, the fund is referred to as the Venture Fund. However, the statute names it the Enterprise Fund. If the fund is indeed now used only for the InvestMD program, then consideration should be given to renaming the fund in the statute to be more clear about its uses. Additionally, the statutory language used to establish the fund may need to be adjusted to reflect its current fund sources and uses. If TEDCO determines the current Enterprise Fund is only used for InvestMD, then we would recommend incorporating Part VII into the new subtitle that the attached proposal creates for the InvestMD program.

More generally, given that TEDCO has recently undergone a near replacement of its managers, we recommend that they should conduct a comprehensive review of their statutes. On completion of this review TEDCO should submit a report to the General Assembly by December 1, 2020 recommending further changes that they may identify, as necessary.

The Department's recommendation to the General Assembly, as required under Chapter 488 of 2019, comes in the form of the attached legislation. If the presiding officers would like to proceed with the requests, please let me know and we can have them prepared for introduction on the first day of the 2020 legislative session.

Sincerely,



Kelly G. Dincau  
Legislation Manager

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Ms. Erica S. Schissler