

HOUSE BILL 7

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1998 Regular Session  
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(PRE-FILED)

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By: **Delegates Taylor, Barve, Dewberry, Hurson, Rawlings, Curran, Guns, Vallario, Hixson, Harrison, Menes, Kopp, Arnick, Owings, Busch, W. Baker, E. Burns, Clagett, Conroy, Conway, C. Davis, Dembrow, Doory, Finifter, Franchot, Frank, Frush, Fulton, Goldwater, Hecht, Heller, Howard, Jones, Kagan, Klausmeier, Krysiak, Linton, Love, Mandel, Marriott, McIntosh, V. Mitchell, Morhaim, Petzold, Pitkin, Preis, Proctor, Rosenberg, Shriver, Slade, Turner, Weir, Wood, and Workman**

Requested: November 15, 1997

Introduced and read first time: January 14, 1998

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development - Maryland Science, Engineering, and Technology**  
3 **Development Corporation**

4 FOR the purpose of establishing the Maryland Science, Engineering, and Technology  
5 Development Corporation; specifying the purpose, form, powers, and duties of  
6 the Maryland Science, Engineering, and Technology Development Corporation;  
7 providing that a board of directors shall manage and carry out the corporate  
8 powers of the Maryland Science, Engineering, and Technology Development  
9 Corporation; specifying the composition, appointment, terms, and powers of the  
10 board of directors; defining a certain term; authorizing the Treasurer to advance  
11 a certain sum for the initial expenses of the Maryland Science, Engineering, and  
12 Technology Development Corporation; providing for the repayment of that sum  
13 by the Maryland Science, Engineering, and Technology Development  
14 Corporation; requiring certain audits of the Maryland Science, Engineering, and  
15 Technology Development Corporation; providing for the effective date of this Act;  
16 and generally relating to economic development, science and technology, and the  
17 Maryland Science, Engineering, and Technology Development Corporation.

18 BY adding to  
19 Article 83A - Department of Business and Economic Development  
20 Section 5-2A-01 through 5-2A-10 to be under the new subtitle "Subtitle 2A.  
21 Maryland Science, Engineering, and Technology Development  
22 Corporation"  
23 Annotated Code of Maryland  
24 (1995 Replacement Volume and 1997 Supplement)

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

1 **Article 83A - Department of Business and Economic Development**2 SUBTITLE 2A. MARYLAND SCIENCE, ENGINEERING, AND TECHNOLOGY  
3 DEVELOPMENT CORPORATION.

4 5-2A-01.

5 IN THIS SUBTITLE, "CORPORATION" MEANS THE MARYLAND SCIENCE,  
6 ENGINEERING, AND TECHNOLOGY DEVELOPMENT CORPORATION.

7 5-2A-02.

8 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THE FOLLOWING:

9 (1) SOME OF THE NATION'S LEADING RESEARCH UNIVERSITIES ARE  
10 LOCATED IN MARYLAND AND ATTRACT SIGNIFICANT AMOUNTS OF INVESTMENT IN  
11 SCIENTIFIC RESEARCH AND DEVELOPMENT;12 (2) MARYLAND'S RESEARCH CAPACITY HAS THE POTENTIAL TO  
13 STIMULATE NEW AND EXISTING BUSINESS AND TO CREATE AND MAINTAIN JOBS IN  
14 THE STATE;15 (3) STATE INSTITUTIONS OF HIGHER EDUCATION HAVE NOT YET  
16 REACHED THEIR POTENTIAL FOR THE COMMERCIALIZATION OF TECHNOLOGY; AND

17 (4) A SPECIAL ENTITY SHOULD BE ESTABLISHED TO:

18 (I) FOSTER ECONOMIC GROWTH FROM THE SCIENTIFIC  
19 RESEARCH AND DEVELOPMENT GENERATED BY COLLEGES AND UNIVERSITIES;

20 (II) FACILITATE RESEARCH PARTNERSHIPS;

21 (III) DEVELOP INTERNATIONAL MARKETS FOR MARYLAND  
22 TECHNOLOGY; AND

23 (IV) STIMULATE THE CREATION OF NEW TECHNOLOGIES.

24 (B) THIS SUBTITLE SHALL BE LIBERALLY CONSTRUED TO EFFECT ITS  
25 PURPOSES.

26 5-2A-03.

27 (A) THERE IS A MARYLAND SCIENCE, ENGINEERING, AND TECHNOLOGY  
28 DEVELOPMENT CORPORATION.29 (B) THE CORPORATION IS A BODY POLITIC AND CORPORATE AND IS  
30 CONSTITUTED AS A PUBLIC INSTRUMENTALITY OF THE STATE.

31 (C) THE PURPOSE OF THE CORPORATION IS TO:

1 (1) ASSIST IN TRANSFERRING TO THE PRIVATE SECTOR THE RESULTS  
2 AND PRODUCTS OF SCIENTIFIC RESEARCH AND DEVELOPMENT CONDUCTED BY  
3 COLLEGES AND UNIVERSITIES IN THE STATE; AND

4 (2) FOSTER THE COMMERCIALIZATION OF RESEARCH AND  
5 DEVELOPMENT TO CREATE AND SUSTAIN BUSINESSES THROUGHOUT ALL REGIONS  
6 OF THE STATE.

7 5-2A-04.

8 (A) A BOARD OF DIRECTORS SHALL MANAGE THE CORPORATION AND  
9 EXERCISE ALL OF ITS CORPORATE POWERS.

10 (B) THE BOARD OF DIRECTORS SHALL CONSIST OF SEVEN INDIVIDUALS,  
11 APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

12 (C) OF THE SEVEN MEMBERS:

13 (1) TWO SHALL REPRESENT THE NONPROFIT RESEARCH SECTOR OF THE  
14 STATE;

15 (2) TWO SHALL HAVE EXPERTISE IN VENTURE CAPITAL FINANCING;

16 (3) TWO SHALL HAVE EXPERIENCE IN TECHNOLOGY-BASED  
17 BUSINESSES; AND

18 (4) ONE SHALL BE A MEMBER OF THE GENERAL PUBLIC.

19 (D) THE BOARD MEMBERS SHALL BE MARYLAND RESIDENTS.

20 (E) IN APPOINTING THE BOARD MEMBERS, THE GOVERNOR SHALL CONSIDER  
21 ALL OF THE GEOGRAPHIC REGIONS OF THE STATE.

22 (F) EACH MEMBER SHALL SERVE WITHOUT COMPENSATION, EXCEPT THAT  
23 EACH MEMBER SHALL BE ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER  
24 THE STANDARD STATE TRAVEL REGULATIONS AS PROVIDED IN THE STATE BUDGET.

25 (G)(1) THE TERM OF A BOARD MEMBER IS 4 YEARS.

26 (2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY  
27 THE TERMS PROVIDED FOR THE BOARD MEMBERS ON JULY 1, 1998.

28 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A  
29 SUCCESSOR IS APPOINTED AND QUALIFIES.

30 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES  
31 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED.

32 (H) THE GOVERNOR MAY REMOVE A BOARD MEMBER FOR INCOMPETENCE,  
33 MISCONDUCT, OR FAILURE TO PERFORM THE DUTIES OF THE POSITION.

1 (I) A CHAIRMAN SHALL BE ELECTED FROM AMONG THE BOARD MEMBERS.

2 (J) THE BOARD MAY ACT WITH A MAJORITY VOTE OF ALL OF THE BOARD  
3 MEMBERS.

4 5-2A-05.

5 (A) THE CORPORATION MAY:

6 (1) ADOPT BYLAWS FOR THE REGULATION OF ITS AFFAIRS AND THE  
7 CONDUCT OF ITS BUSINESS;

8 (2) ADOPT AND ALTER AN OFFICIAL SEAL;

9 (3) MAINTAIN OFFICES AT A PLACE WITHIN THE STATE THAT IT  
10 DESIGNATES;

11 (4) APPLY FOR AND ACCEPT LOANS, GRANTS, OR ASSISTANCE IN ANY  
12 FORM FROM FEDERAL, STATE, OR LOCAL GOVERNMENTS, COLLEGES OR  
13 UNIVERSITIES, OR PRIVATE SOURCES;

14 (5) MAKE, EXECUTE, AND ENTER INTO ANY CONTRACTS OR LEGAL  
15 INSTRUMENTS;

16 (6) SUE AND BE SUED;

17 (7) ACQUIRE, CONSTRUCT, DEVELOP, MANAGE, MARKET,  
18 MANUFACTURE, LICENSE, SUBLICENSE, RECONSTRUCT, REHABILITATE, IMPROVE,  
19 MAINTAIN, EQUIP, LEASE AS A LESSOR OR AS A LESSEE, REPAIR, AND OPERATE ANY  
20 PROJECT IN THE STATE;

21 (8) ACQUIRE, PURCHASE, HOLD, LEASE AS A LESSEE, AND USE ANY:

22 (I) FRANCHISE, PATENT, OR LICENSE;

23 (II) ANY REAL, PERSONAL, MIXED, OR TANGIBLE OR INTANGIBLE  
24 PROPERTY; OR

25 (III) ANY INTEREST IN THE PROPERTY LISTED IN ITEMS (I) AND (II)  
26 OF THIS ITEM;

27 (9) SELL, LEASE AS A LESSOR, TRANSFER, LICENSE, SUBLICENSE,  
28 ASSIGN, AND DISPOSE OF ANY PROPERTY OR INTEREST IN IT AT ANY TIME ACQUIRED  
29 BY THE CORPORATION;

30 (10) ACQUIRE, EITHER DIRECTLY OR INDIRECTLY, FROM ANY PERSON OR  
31 POLITICAL SUBDIVISION, BY PURCHASE, GIFT, OR DEVISE ANY LANDS, STRUCTURES,  
32 PROPERTY, WHETHER REAL OR PERSONAL, RIGHTS-OF-WAY, FRANCHISES,  
33 EASEMENTS, AND ANY OTHER INTERESTS IN LANDS, INCLUDING LANDS LYING  
34 UNDER WATER AND RIPARIAN RIGHTS WHICH IT CONSIDERS NECESSARY OR  
35 CONVENIENT FOR THE CONSTRUCTION, IMPROVEMENT, REHABILITATION, OR

1 OPERATION OF A PROJECT, ON ANY TERMS AND AT ANY PRICES THAT IT CONSIDERS  
2 REASONABLE;

3 (11) FIX, REVISE, AND COLLECT RATES, RENTALS, FEES, AND CHARGES  
4 FOR THE USE OF OR FOR SERVICES AND RESOURCES PROVIDED OR MADE AVAILABLE  
5 BY THE CORPORATION;

6 (12) DO ALL THINGS NECESSARY AND CONVENIENT TO CARRY OUT THE  
7 POWERS GRANTED BY THIS SUBTITLE; AND

8 (13) EXERCISE ANY POWER, USUALLY POSSESSED BY PRIVATE  
9 CORPORATIONS IN PERFORMING SIMILAR FUNCTIONS, WHICH IS NOT IN CONFLICT  
10 WITH THE CONSTITUTION AND THE LAWS OF THIS STATE.

11 (B) COLLEGES AND UNIVERSITIES IN THE STATE MAY:

12 (1) CONTRACT WITH THE CORPORATION; AND

13 (2) ASSIGN TO THE CORPORATION INTELLECTUAL PROPERTY AND  
14 OTHER RESOURCES TO ASSIST IN ITS DEVELOPMENT AND ACTIVITIES.

15 5-2A-06.

16 (A) THE STATE TREASURER IS AUTHORIZED TO ADVANCE TO THE  
17 CORPORATION A SUM NOT TO EXCEED \$450,000 FOR THE INITIAL EXPENSES OF THE  
18 CORPORATION.

19 (B) THE SUM SHALL BE REPAID OUT OF THE FIRST MONEYS AVAILABLE TO  
20 THE CORPORATION FROM ITS REVENUES.

21 (C) THE REPAYMENT SHALL BE MADE AT A RATE OF INTEREST THAT IS  
22 CONSISTENT WITH SIMILAR STATE INVESTMENTS.

23 5-2A-07.

24 THE BOOKS AND RECORDS OF THE CORPORATION SHALL BE SUBJECT TO  
25 AUDIT:

26 (1) BY THE STATE AT ITS DISCRETION; AND

27 (2) ANNUALLY BY AN INDEPENDENT AUDITOR APPROVED BY THE  
28 OFFICE OF LEGISLATIVE AUDITS.

29 5-2A-08.

30 (A) THE CORPORATION SHALL REPORT TO THE GOVERNOR, THE MARYLAND  
31 ECONOMIC DEVELOPMENT COMMISSION, AND SUBJECT TO § 2-1246 OF THE STATE  
32 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY WITHIN THE FIRST 90 DAYS OF  
33 EACH FISCAL YEAR.

1 (B) THE REPORT SHALL SET FORTH THE COMPLETE OPERATING AND  
2 FINANCIAL STATEMENT COVERING THE CORPORATION'S OPERATIONS AND  
3 SUMMARIZE THE CORPORATION'S ACTIVITIES DURING THE PRECEDING FISCAL  
4 YEAR.

5 5-2A-09.

6 (A) THE CORPORATION SHALL BE EXEMPT FROM:

7 (1) STATE AND LOCAL TAXES;

8 (2) THE LAWS GOVERNING PROCUREMENT UNDER DIVISION II OF THE  
9 STATE FINANCE AND PROCUREMENT ARTICLE;

10 (3) THE LAWS GOVERNING THE STATE PERSONNEL MANAGEMENT  
11 SYSTEM UNDER DIVISION I OF THE STATE PERSONNEL AND PENSIONS ARTICLE; AND

12 (4) § 10-507 OF THE STATE GOVERNMENT ARTICLE.

13 (B) THE CORPORATION, ITS BOARD OF DIRECTORS, AND EMPLOYEES ARE  
14 SUBJECT TO THE PUBLIC ETHICS LAW AND THE PUBLIC INFORMATION ACT.

15 5-2A-10.

16 (A) ALL DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE  
17 CORPORATION AND ITS SUBSIDIARIES, WHENEVER INCURRED, SHALL BE THE DEBTS,  
18 CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE CORPORATION ONLY AND NOT FOR  
19 THE STATE, UNITS OF STATE GOVERNMENT, STATE INSTRUMENTALITIES, OFFICERS,  
20 OR EMPLOYEES.

21 (B) THE DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF THE  
22 CORPORATION MAY NOT BE CONSIDERED A DEBT OF THE STATE OR A PLEDGE OF ITS  
23 CREDIT.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the initial  
25 members of the Board of Directors shall expire as follows:

26 (1) 2 members in 2002;

27 (2) 2 members in 2001;

28 (3) 2 members in 2000; and

29 (4) 1 member in 1999.

30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 July 1, 1998.