

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE**Revised**

Senate Bill 307

(Senator Hogan, *et al.*)

Finance

Economic Matters

Maryland Technology Development Corporation

This bill authorizes the Maryland Technology Development Corporation (TEDCO) to create, own, control, or be a member of, a for-profit or nonprofit corporation, limited liability company, partnership, or other entity. It also allows TEDCO to exercise any power usually possessed by a private corporation in performing similar functions. The bill repeals TEDCO's authority to manufacture projects.

Fiscal Summary

State Effect: None. The bill would not substantively change State activities or operations.

Local Effect: Potential increase in local government revenues to the extent that the organizations created under the bill will receive grants to be disbursed to local governments.

Small Business Effect: Potential meaningful. To the extent that the organizations created under the bill will receive grants to be disbursed to eligible small businesses, those businesses will benefit.

Analysis

Current Law: As an instrumentality of the State, TEDCO is authorized to accept loans, grants, or assistance from federal, State, or local governments, colleges or universities, or private sources. However, it is not eligible to receive certain federal funds that are available to a nonprofit or for-profit organization.

TEDCO is exempt from State and local taxes, and from oversight by the Board of Public Works and the laws governing procurement, the State personnel management system, and attendance at open sessions.

State law allows TEDCO to acquire, construct, develop, or manufacture any project in the State to carry out its purposes, which include fostering the commercialization of research conducted by universities and the private sector.

Background: The General Assembly established TEDCO in 1998 to stimulate the creation of and investment in new scientific research and technologies for economic development. One of its primary duties is to help transfer and commercialize scientific research and development conducted by universities to the private sector and to promote commercialization of technology development. TEDCO administers programs such as the Federal Laboratory Partnership Program, the Maryland Technology Transfer Fund, and technology commercialization agreements with the National Aeronautics and Space Administration and the Naval Air Warfare Center.

It also oversees the Maryland Minority Small Business Innovation Research Initiative and Business Incubation program, which provides facilities, funds, and technical assistance to start-up businesses. The incubation program is administered through local governments.

The Department of Business and Economic Development advises that the U.S. Treasury Department, the U.S. Small Business Administration (SBA), and the U.S. Department of Housing and Urban Development offer grants to development organizations that are not state entities that can be used to lend funds to small or start-up firms. For example, the SBA's Microloan Program provides up to \$750,000 in loans to quasi-governmental entities that serve as intermediary lenders; the funds can be used to provide small-scale loans to new and growing businesses. Lenders can also receive grant funds in ratios of up to 30% against loan funding. A 25% cash or inkind contribution is required for grant funds in most cases.

Additional Information

Prior Introductions: None.

Cross File: HB 405 (Delegates Barve and Pendergrass) - Economic Matters.

Information Source(s): Department of Business and Economic Development,
Department of Legislative Services

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