

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1086
Economic Matters

(Delegate Lee, *et al.*)

Business and Economic Development - Grants for Nanotechnology

This bill makes nanotechnology enterprises and research activities eligible to receive grants and other financial assistance from the Maryland Economic Development Assistance Authority Fund (MEDAAF) and the Coordinating Emerging Nanobiotechnology Research in Maryland Program (CENTR) Fund. Within MEDAAF, nanotechnology enterprises are qualified to receive assistance of up to 100% of project costs.

Fiscal Summary

State Effect: None. The bill does not require additional spending on nanotechnology grants. State higher education institutions may benefit from any additional nanotechnology grants awarded.

Local Effect: None.

Small Business Effect: Potential meaningful impact on small nanotechnology businesses.

Analysis

Current Law/Background: The Department of Business and Economic Development (DBED) administers five business assistance programs, the largest of which is MEDAAF. To accomplish its goal of expanding employment opportunities in the State, MEDAAF provides grants and below-market, fixed-rate financing to local, regional, or statewide economic development opportunities for either local governments or targeted

industries. Among the currently targeted industries are aquaculture and animal waste technology projects, and arts and entertainment and nanobiotechnology enterprises.

Chapter 446 of 2008 established the CENTR Program and Fund. Chapter 446 requires that the program be administered for the purpose of supporting advanced nanobiotechnology research at higher education institutions and promote Maryland as a key location for private-sector firms in the industry.

Subject to available funding, CENTR is required to award grants to private entities and higher education institutions to (1) leverage federal funding for the establishment of new research centers; (2) provide pilot funding within higher education institutions in order to provide the data necessary for the development of larger grant funding proposals; (3) foster public-private partnerships; and (4) assist in nanobiotechnology transfer for commercial applications.

Grants may also be awarded to higher education institutions for (1) discovery educational grants that require collaboration and matching funds from private entities; (2) grants that focus on specific applications of nanobiotechnology and require collaboration and matching funds from private entities; and (3) the development of functional and cost-effective prototypes supported by a two-for-one match in funds by private entities.

The CENTR Fund consists of State appropriations and funds from any other source for the benefit of the CENTR program. The fiscal 2009 State budget includes in the appropriation for MEDAAF \$3 million to be used as operating and capital grants for the development of nanobiotechnology research and industry.

The Budget Reconciliation and Financing Act of 2009 authorizes the transfer of \$5 million from MEDAAF to the general fund in each of fiscal 2009 and 2010. If enacted, the ending fund balance for MEDAAF is expected to be \$22.8 million, down from \$45 million in fiscal 2008. Assuming approximately \$7.5 million in fiscal 2010 loan repayments, interest income, investment returns, and other revenues, the ending fiscal 2010 fund balance for MEDAAF will be \$3.0 million after the second \$5.0 million transfer to the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Business and Economic Development, Maryland
Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2009
mlm/rhh

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