

HOUSE BILL 891

L2, C8

0lr1698

By: **Montgomery County Delegation**

Introduced and read first time: February 10, 2010

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2010

CHAPTER _____

1 AN ACT concerning

2 **Montgomery County ~~Department of Economic Development~~ – Investment**
3 **Authority**

4 **MC 18-10**

5 FOR the purpose of authorizing ~~the Montgomery County Department of Economic~~
6 ~~Development to make a certain investment in a certain company; requiring the~~
7 ~~investment to be consistent with certain investment guidelines; and generally~~
8 ~~relating to the investment authority of the Montgomery County Department of~~
9 ~~Economic Development~~ Montgomery County to make an equity investment
10 through a certain fund in a company that is located in the county or that agrees
11 to relocate their business to the county; providing that the proceeds of an equity
12 investment made under this Act may be used for certain purposes; providing
13 that the county may not acquire an ownership interest exceeding a certain
14 percentage of any enterprise; requiring the terms of an equity investment
15 approved by the county to be set forth in a funding agreement; requiring a
16 funding agreement made in accordance with this Act to prohibit the county from
17 taking certain actions; providing that a funding agreement made in accordance
18 with this Act may consist of certain agreements or other documents; requiring
19 that notice of each equity investment made by Montgomery County under a
20 certain provision of this Act be posted in a readily accessible and clearly
21 identified location on the Montgomery County government website within a
22 certain number of days after the date on which the county initiates the
23 investment transaction; and generally relating to equity investments by
24 Montgomery County in certain businesses in the county.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~BY adding to~~
 2 ~~Article 95 – Treasurer~~
 3 ~~Section 22P~~
 4 ~~Annotated Code of Maryland~~
 5 ~~(2003 Replacement Volume and 2009 Supplement)~~

6 BY adding to
 7 Article – Economic Development
 8 Section 12-401 to be under the new subtitle “Subtitle 4. Montgomery County
 9 Equity Investments in Companies Located in the County”
 10 Annotated Code of Maryland
 11 (2008 Volume and 2009 Supplement)

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

14 ~~Article 95 – Treasurer~~

15 ~~22P.~~

16 ~~(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE~~
 17 ~~MONTGOMERY COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT MAY~~
 18 ~~MAKE AN EQUITY INVESTMENT IN A COMPANY THAT DOES BUSINESS IN~~
 19 ~~MARYLAND.~~

20 ~~(B) AN INVESTMENT AUTHORIZED UNDER SUBSECTION (A) OF THIS~~
 21 ~~SECTION SHALL BE CONSISTENT WITH THE LOCAL GOVERNMENT INVESTMENT~~
 22 ~~GUIDELINES ADOPTED BY THE GOVERNING BODY OF MONTGOMERY COUNTY~~
 23 ~~UNDER § 22F OF THIS ARTICLE.~~

24 Article – Economic Development

25 SUBTITLE 4. MONTGOMERY COUNTY EQUITY INVESTMENTS IN COMPANIES
 26 LOCATED IN THE COUNTY.

27 12-401.

28 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, MONTGOMERY
 29 COUNTY MAY MAKE AN EQUITY INVESTMENT THROUGH THE COUNTY’S
 30 ECONOMIC DEVELOPMENT FUND IN A COMPANY THAT IS LOCATED IN
 31 MONTGOMERY COUNTY OR THAT AGREES TO RELOCATE ITS BUSINESS TO
 32 MONTGOMERY COUNTY.

33 (B) THE PROCEEDS OF AN EQUITY INVESTMENT MADE UNDER
 34 SUBSECTION (A) OF THIS SECTION MAY BE USED FOR:

- 1 **(1) WORKING CAPITAL;**
2 **(2) SALARIES;**
3 **(3) MARKETING MATERIALS;**
4 **(4) ACQUISITION OF INVENTORY, EQUIPMENT, OR REAL**
5 **PROPERTY;**
6 **(5) CONSTRUCTION;**
7 **(6) RENOVATION;**
8 **(7) LEASEHOLD IMPROVEMENTS; OR**
9 **(8) RESEARCH AND DEVELOPMENT.**

10 **(C) THE COUNTY MAY NOT ACQUIRE AN OWNERSHIP INTEREST**
11 **EXCEEDING 25% OF ANY ENTERPRISE.**

12 **(D) (1) THE TERMS OF AN EQUITY INVESTMENT APPROVED BY THE**
13 **COUNTY SHALL BE SET FORTH IN A FUNDING AGREEMENT.**

14 **(2) A FUNDING AGREEMENT MADE UNDER PARAGRAPH (1) OF**
15 **THIS SUBSECTION SHALL PROHIBIT THE COUNTY FROM:**

16 **(I) PARTICIPATING IN THE SELECTION OF THE**
17 **MANAGEMENT OF THE COMPANY;**

18 **(II) ENGAGING IN OVERSIGHT OF THE OPERATION OF THE**
19 **COMPANY; OR**

20 **(III) ASSUMING ANY PRESENT OR FUTURE LIABILITY OF THE**
21 **COMPANY.**

22 **(3) AT THE COUNTY'S DISCRETION, A FUNDING AGREEMENT**
23 **MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY CONSIST OF:**

24 **(I) AN INVESTMENT AGREEMENT;**

25 **(II) A LIMITED PARTNERSHIP AGREEMENT;**

26 **(III) A PREFERRED STOCK PURCHASE AGREEMENT; OR**

1 **(IV) OTHER DOCUMENTS THAT THE COUNTY MAY REQUIRE.**

2 **(E) NOTICE OF EACH EQUITY INVESTMENT MADE BY MONTGOMERY**
3 **COUNTY UNDER SUBSECTION (A) OF THIS SECTION SHALL BE POSTED IN A**
4 **READILY ACCESSIBLE AND CLEARLY IDENTIFIED LOCATION ON THE**
5 **MONTGOMERY COUNTY GOVERNMENT WEBSITE WITHIN 5 DAYS AFTER THE**
6 **DATE ON WHICH THE COUNTY INITIATES THE EQUITY INVESTMENT**
7 **TRANSACTION.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2010.

Approved:

_____ Governor.

_____ Speaker of the House of Delegates.

_____ President of the Senate.