

HOUSE BILL 173

C8

(11r0151)

ENROLLED BILL

— *Ways and Means/Budget and Taxation* —

Introduced by **The Speaker (By Request – Administration) and Delegates Hixson, Alston, Barve, Bohanan, Branch, Cardin, Davis, Feldman, Frick, Gaines, Healey, Howard, Ivey, Mizeur, Reznik, Rosenberg, Ross, Summers, Vallario, ~~Walker, and Zucker~~ Walker, Zucker, Lee, A. Miller, and Stukes**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Business and Economic Development – Invest Maryland Program**

3 FOR the purpose of establishing an Invest Maryland Program for certain purposes;
4 establishing a Maryland Venture ~~Capital~~ Fund Authority in the Department of
5 Business and Economic Development for certain purposes; providing for the
6 membership, terms, and duties of the Authority; *requiring members of the*
7 *Authority to file certain financial disclosures*; allowing certain companies to
8 purchase credits against the insurance premium tax in order to fund qualified
9 investments in ~~qualified~~ businesses in the State; providing for administration of
10 the credit by the Department; limiting the total premium tax credits that may
11 be allowed for all years; providing a minimum amount of designated capital for

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.

Italics indicate opposite chamber/conference committee amendments.



1 which premium tax credits may be allocated; requiring the Governor to submit a
2 certain appropriation under certain circumstances; ~~requiring the Governor and~~
3 ~~the Secretary to make providing for a certain reduction to certain credits under~~
4 certain circumstances to the maximum amount of certain credits that may be
5 allocated; authorizing the Governor to submit a certain budget amendment;
6 requiring the Authority to obtain the services of an independent third party to
7 conduct a bidding process for the purchase of certain tax credits for certain
8 purposes; authorizing the Authority to enter into certain written agreements
9 subject to the approval of the Department; prohibiting a member of the
10 Authority from having a certain financial interest; establishing certain
11 requirements for certain offers for certain tax credit bids; establishing certain
12 procedures for certain offers; requiring certain dedicated capital to be paid to
13 the Enterprise Fund and the Comptroller in certain amounts in accordance with
14 certain procedures; stating a certain goal of the State and a certain intent of the
15 General Assembly; requiring the Comptroller to distribute certain funds to the
16 General Fund within a certain time; requiring certain investment returns to be
17 reinvested in certain businesses; providing for the issuance and award of certain
18 tax credit certificates; providing for certain penalties; providing for the
19 reallocation of certain designated capital under certain circumstances;
20 authorizing the Department to purchase certain insurance for certain purposes;
21 authorizing a ~~purchase~~ purchaser of certain premium tax credits to claim the
22 credits for certain taxable years; providing for the transfer of certain tax credits;
23 providing for the certification ~~and renewal~~ of certain entities as venture firms in
24 accordance with certain ~~procedures, with certain nonrefundable fees~~ procedures;
25 providing for the allocation and use of certain designated capital by certain
26 venture firms, the Enterprise Fund, the Rural Maryland Council, and the
27 Maryland Small Business Development Financing Authority; requiring a
28 venture firm, the Enterprise Fund, and the Financing Authority to make
29 certain qualified investments in ~~qualified businesses in~~ a certain manner ~~within~~
30 ~~a certain period~~; authorizing certain qualified businesses to receive certain
31 follow-on investments; providing for certain determinations concerning
32 qualified businesses; prohibiting an insurance company from taking certain
33 actions with respect to a venture firm; ~~requiring the Department to report~~
34 ~~certain information to venture firms and the Financing Authority;~~ requiring
35 venture firms and the Financing Authority to report certain information at
36 certain times to the Department; authorizing venture firms to make certain
37 qualified distributions and nonqualified distributions in certain manners at
38 certain times; ~~requiring certain investments to terminate as of a certain date;~~
39 ~~providing for the treatment of certain designated capital in a certain manner for~~
40 ~~certain purposes;~~ requiring the Department to submit certain information to the
41 Maryland Insurance Administration; providing for the application of certain
42 laws to certain services and transactions under this Act; authorizing the
43 Department to adopt certain regulations; requiring the Department to submit
44 an annual report to the Governor and certain committees of the General
45 Assembly on certain matters; requiring the Department to publish the report on
46 the Department's Web site in a certain format; providing that a certain
47 publication is not required to include any ~~property~~ proprietary or confidential

1 *information*; providing for the initial terms of the members of the Maryland
 2 Venture ~~Capital Fund~~ Authority; requiring the Department to ~~prepare and~~
 3 ~~submit a certain annual report~~ *disclose certain information*; authorizing the
 4 Department to adopt certain regulations; defining certain terms; and generally
 5 relating to ~~an~~ insurance premium tax ~~credit for investments~~ *credits, qualified*
 6 *investments, in certain companies making investments in* qualified businesses
 7 in the ~~State~~ *State*, and the Invest Maryland Program.

8 BY adding to

9 Article – Economic Development

10 Section 6–501 through ~~6–529 6–528~~ *6–529* to be under the new subtitle “Subtitle
 11 5. Invest Maryland Program”

12 Annotated Code of Maryland

13 (2008 Volume and 2010 Supplement)

14 BY adding to

15 Article – Insurance

16 Section 6–122

17 Annotated Code of Maryland

18 (2003 Replacement Volume and 2010 Supplement)

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

21 **Article – Economic Development**

22 **SUBTITLE 5. INVEST MARYLAND PROGRAM.**

23 **PART I. DEFINITIONS.**

24 **6–501.**

25 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
 26 INDICATED.

27 (B) (1) “AFFILIATE” MEANS:

28 (I) A PERSON WHO, DIRECTLY OR INDIRECTLY,
 29 BENEFICIALLY OWNS, CONTROLS, OR HOLDS POWER TO VOTE 15% OR MORE OF
 30 THE OUTSTANDING VOTING SECURITIES OR OTHER VOTING OWNERSHIP
 31 INTERESTS OF A VENTURE FIRM OR AN INSURANCE COMPANY; OR

32 (II) A PERSON, 15% OR MORE OF WHOSE OUTSTANDING
 33 VOTING SECURITIES OR OTHER VOTING OWNERSHIP INTERESTS IS DIRECTLY OR
 34 INDIRECTLY BENEFICIALLY OWNED, CONTROLLED, OR HELD WITH POWER TO
 35 VOTE BY A VENTURE FIRM OR AN INSURANCE COMPANY.

1 (2) “AFFILIATE” DOES NOT INCLUDE AN INSURANCE COMPANY
2 THAT BECOMES A PURCHASER IN ACCORDANCE WITH AN ALLOCATION OF
3 INVESTMENT TAX CREDITS UNDER THE PROGRAM SOLELY BY REASON OF THE
4 ALLOCATION.

5 (C) “ALLOCATION AMOUNT” MEANS THE TOTAL AMOUNT OF TAX
6 CREDITS ALLOCATED TO A PURCHASER.

7 (D) “ALLOCATION DATE” MEANS THE DATE ON WHICH ~~INVESTMENT~~ TAX
8 CREDITS ARE ALLOCATED TO A PURCHASER UNDER § 6-513 OF THIS SUBTITLE.

9 (E) “AUTHORITY” MEANS THE MARYLAND VENTURE ~~CAPITAL FUND~~
10 AUTHORITY ESTABLISHED UNDER § 6-504 OF THIS SUBTITLE.

11 (F) “DESIGNATED CAPITAL” MEANS THE AMOUNT OF MONEY THAT A
12 PURCHASER INVESTS UNDER THE PROGRAM.

13 (G) “ENTERPRISE FUND” MEANS THE ENTERPRISE FUND UNDER TITLE
14 5, SUBTITLE 6 OF THIS ARTICLE.

15 (H) “FINANCING AUTHORITY” MEANS THE MARYLAND SMALL
16 BUSINESS DEVELOPMENT FINANCING AUTHORITY UNDER TITLE 5, SUBTITLE 5
17 OF THIS ARTICLE.

18 (I) “INSURANCE PREMIUM TAX LIABILITY” MEANS:

19 (1) ANY LIABILITY INCURRED BY AN INSURANCE COMPANY
20 UNDER TITLE 6, SUBTITLE 1 OF THE INSURANCE ARTICLE AS OF OCTOBER 1,
21 2011; OR

22 (2) IF THE LIABILITY REFERRED TO IN ITEM (1) OF THIS
23 SUBSECTION IS ELIMINATED OR REDUCED, ANY OTHER TAX LIABILITY THAT HAS
24 BEEN IMPOSED BY THE STATE ON THE INSURANCE COMPANY AS OF OCTOBER 1,
25 2011, NOT TO EXCEED THE AMOUNT OF THE LIABILITY ELIMINATED OR
26 REDUCED.

27 (J) “PREMIUM TAX CREDIT” MEANS A CREDIT AGAINST INSURANCE
28 PREMIUM TAX LIABILITY OFFERED TO A PURCHASER UNDER THE PROGRAM.

29 (K) “PROGRAM” MEANS THE INVEST MARYLAND PROGRAM UNDER
30 THIS SUBTITLE.

31 (L) “PURCHASER” MEANS:

- 1 (1) AN INSURANCE COMPANY THAT:
- 2 (I) IS AUTHORIZED TO DO BUSINESS IN THE STATE;
- 3 (II) HAS INSURANCE PREMIUM TAX LIABILITY; AND
- 4 (III) CONTRIBUTES DESIGNATED CAPITAL TO PURCHASE AN
- 5 ALLOCATION OF PREMIUM TAX CREDITS UNDER THE PROGRAM; OR
- 6 (2) A HOLDING COMPANY THAT:
- 7 (I) HAS AT LEAST ONE INSURANCE COMPANY SUBSIDIARY
- 8 AUTHORIZED TO DO BUSINESS IN THE STATE; AND
- 9 (II) IS CONTRIBUTING DESIGNATED CAPITAL ON BEHALF OF
- 10 ONE OR MORE OF THESE SUBSIDIARIES.
- 11 (M) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT, AT THE TIME OF
- 12 THE FIRST INVESTMENT IN THE BUSINESS ~~BY A VENTURE FIRM, BY THE~~
- 13 ~~ENTERPRISE FUND, OR BY THE FINANCING AUTHORITY~~ UNDER THE PROGRAM:
- 14 (1) HAS ITS PRINCIPAL BUSINESS OPERATIONS LOCATED IN THE
- 15 STATE AND INTENDS TO MAINTAIN ITS PRINCIPAL BUSINESS OPERATIONS IN
- 16 THE STATE AFTER RECEIVING ~~THE AN INVESTMENT FROM THE VENTURE FIRM,~~
- 17 ~~THE ENTERPRISE FUND, OR THE FINANCING AUTHORITY~~ UNDER THE
- 18 PROGRAM;
- 19 (2) HAS AGREED TO USE THE QUALIFIED INVESTMENT PRIMARILY
- 20 TO:
- 21 (I) SUPPORT BUSINESS OPERATIONS IN THE STATE; OR
- 22 (II) IN THE CASE OF A START-UP COMPANY, ESTABLISH AND
- 23 SUPPORT BUSINESS OPERATIONS IN THE STATE;
- 24 (3) HAS NOT MORE THAN 250 EMPLOYEES; AND
- 25 (4) IS NOT PRIMARILY ENGAGED IN:
- 26 (I) RETAIL SALES;
- 27 (II) REAL ESTATE DEVELOPMENT;

1 (III) THE BUSINESS OF INSURANCE, BANKING, OR LENDING;
2 OR

3 (IV) THE PROVISION OF PROFESSIONAL SERVICES BY
4 ACCOUNTANTS, ATTORNEYS, OR PHYSICIANS.

5 (N) (1) "QUALIFIED DISTRIBUTION" MEANS A DISTRIBUTION OR
6 PAYMENT BY A VENTURE FIRM IN CONNECTION WITH:

7 (I) THE REASONABLE COSTS AND EXPENSES OF
8 ORGANIZING AND SYNDICATING THE VENTURE FIRM, INCLUDING FEES PAID FOR
9 PROFESSIONAL SERVICES, UP TO A MAXIMUM AGGREGATE AMOUNT OF
10 \$125,000;

11 (II) REASONABLE AND NECESSARY FEES PAID FOR ONGOING
12 PROFESSIONAL SERVICES, INCLUDING LEGAL AND ACCOUNTING SERVICES,
13 RELATED TO THE OPERATION OF THE VENTURE FIRM, UP TO A MAXIMUM
14 AGGREGATE AMOUNT OF \$50,000 IN A SINGLE YEAR; AND

15 (III) A YEARLY MANAGEMENT FEE IN AN AMOUNT THAT:

16 ~~1. IN THE FIRST 4 YEARS FOLLOWING THE~~
17 ~~ALLOCATION DATE OF THE VENTURE FIRM, DOES NOT EXCEED 2.5% OF THE~~
18 ~~DESIGNATED CAPITAL RECEIVED BY ALLOCATED TO THE VENTURE FIRM; AND~~

19 ~~2. IN THE 5TH THROUGH 10TH YEARS FOLLOWING~~
20 ~~THE ALLOCATION DATE, DOES NOT EXCEED 2.5% OF THE LESSER OF THE~~
21 ~~DESIGNATED CAPITAL RECEIVED BY THE VENTURE FIRM OR THE AMOUNT OF~~
22 ~~THE VENTURE FIRM'S QUALIFIED INVESTMENTS.~~

23 (2) "QUALIFIED DISTRIBUTION" DOES NOT INCLUDE:

24 (I) ANY AMOUNT PAID TO A PURCHASER OR AN AFFILIATE
25 OF A PURCHASER; OR

26 (II) ANY COSTS AND EXPENSES RELATED TO LOBBYING OR
27 GOVERNMENT RELATIONS.

28 (O) (1) "QUALIFIED INVESTMENT" MEANS THE DIRECT OR INDIRECT
29 INVESTMENT OF CASH BY A VENTURE FIRM, OR DIRECTLY OR INDIRECTLY BY
30 THE ENTERPRISE FUND OR THE FINANCING AUTHORITY, IN A QUALIFIED
31 BUSINESS FOR THE PURCHASE OF ANY OF THE FOLLOWING:

32 (I) A SHARE OF STOCK OR OTHER EQUITY INTEREST;

1 (II) A DEBT INSTRUMENT THAT IS CONVERTIBLE INTO
2 EQUITY; ~~AND OR~~

3 (III) AN EQUITY PARTICIPATION INSTRUMENT SUCH AS AN
4 OPTION OR WARRANT.

5 ~~(2) FOR PURPOSES OF § 6-518(A) OF THIS SUBTITLE, "QUALIFIED~~
6 ~~INVESTMENT" INCLUDES:~~

7 ~~(I) ANY AMOUNTS NECESSARY TO PAY TO A VENTURE FIRM~~
8 ~~THE COSTS AND FEES ALLOWED UNDER SUBSECTION (N)(1) OF THIS SECTION;~~
9 ~~AND~~

10 ~~(II) ANY REASONABLE RESERVES ESTABLISHED BY A~~
11 ~~VENTURE FIRM FOR FOLLOW-ON INVESTMENTS IN A QUALIFIED BUSINESS.~~

12 (2) A QUALIFIED INVESTMENT INCLUDES THE DIRECT OR
13 INDIRECT INVESTMENT OF CASH BY A VENTURE FIRM BASED ON THE
14 INVESTMENT CRITERIA SET FORTH IN THIS SUBTITLE.

15 (P) "VENTURE FIRM" MEANS A PARTNERSHIP, CORPORATION, TRUST,
16 OR LIMITED LIABILITY COMPANY, WHETHER ORGANIZED ON A PROFIT OR A
17 NOT-FOR-PROFIT BASIS, THAT IS CERTIFIED BY THE DEPARTMENT AS MEETING
18 THE CRITERIA ESTABLISHED UNDER ~~§ 6-517~~ 6-518 OF THIS SUBTITLE.

19 **6-502. RESERVED.**

20 **6-503. RESERVED.**

21 **PART II. MARYLAND VENTURE ~~CAPITAL~~ FUND AUTHORITY.**

22 **6-504.**

23 **THERE IS A MARYLAND VENTURE ~~CAPITAL~~ FUND AUTHORITY IN THE**
24 **DEPARTMENT.**

25 **6-505.**

26 ~~(A) (1) THE AUTHORITY CONSISTS OF SEVEN MEMBERS APPOINTED~~
27 ~~BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.~~

28 ~~(2) OF THE SEVEN MEMBERS:~~

~~(I) AT LEAST FOUR SHALL HAVE EXPERIENCE IN WORKING WITH COMPANIES THAT ARE RAISING INVESTMENT CAPITAL FOR SEED-STAGE TO GROWTH-STAGE COMPANIES OR IN PROVIDING PROFESSIONAL SERVICES TO THE VENTURE CAPITAL INDUSTRY; AND~~

~~(II) AT LEAST ONE SHALL HAVE EXPERIENCE AS A SMALL BUSINESS OWNER.~~

~~(3) EACH MEMBER SHALL BE A RESIDENT OF THE STATE.~~

~~(4) THE GOVERNOR SHALL CONSIDER THE GEOGRAPHIC DIVERSITY OF THE STATE WHEN APPOINTING MEMBERS OF THE AUTHORITY.~~

(A) THE AUTHORITY CONSISTS OF THE FOLLOWING NINE MEMBERS:

(1) SEVEN MEMBERS APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE;

(2) ONE MEMBER APPOINTED BY THE PRESIDENT OF THE SENATE; AND

(3) ONE MEMBER APPOINTED BY THE SPEAKER OF THE HOUSE.

(B) (1) OF THE SEVEN MEMBERS APPOINTED BY THE GOVERNOR:

(I) 1. AT LEAST FOUR SHALL HAVE EXPERIENCE IN WORKING WITH COMPANIES THAT HAVE RAISED INVESTMENT CAPITAL FOR SEED-STAGE TO VENTURE-STAGE COMPANIES OR IN PROVIDING PROFESSIONAL SERVICES TO THE VENTURE CAPITAL INDUSTRY; AND

2. ONE OF THE FOUR MEMBERS SELECTED UNDER THIS SUBPARAGRAPH SHALL HAVE EXPERIENCE IN HIGHER EDUCATION RESEARCH AND DEVELOPMENT AND TECHNOLOGY TRANSFER PROJECTS;

(II) AT LEAST ONE SHALL HAVE EXPERIENCE AS A SMALL BUSINESS OWNER; AND

(III) AT LEAST ONE SHALL HAVE EXPERIENCE AS A BUSINESS EXECUTIVE THAT HAS RAISED VENTURE CAPITAL INVESTMENTS; AND

(IV) AT LEAST ONE SHALL BE A RESIDENT OF A RURAL COUNTY IN THE STATE.

1 **(2) THE GOVERNOR SHALL CONSIDER THE GEOGRAPHIC**
2 **DIVERSITY OF THE STATE WHEN APPOINTING MEMBERS.**

3 **(C) THE MEMBERS APPOINTED BY THE PRESIDENT AND THE SPEAKER:**

4 **(1) MAY NOT BE ELECTED OFFICIALS; AND**

5 **(2) SHALL HAVE EXPERIENCE AND EXPERTISE IN VENTURE**
6 **CAPITAL INVESTMENTS.**

7 **(D) EACH MEMBER SHALL BE A RESIDENT OF THE STATE.**

8 ~~(D)~~ **(E) (1) THE TERM OF A MEMBER IS 4 YEARS.**

9 **(2) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE**
10 **UNTIL A SUCCESSOR IS APPOINTED.**

11 **(3) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN**
12 **SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS**
13 **APPOINTED.**

14 **(4) ~~THE GOVERNOR MAY REMOVE A MEMBER WITH OR WITHOUT~~**
15 **~~CAUSE~~ A MEMBER APPOINTED BY THE GOVERNOR MAY BE REMOVED BY THE**
16 **GOVERNOR WITH OR WITHOUT CAUSE.**

17 **(5) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED**
18 **BY THE TERMS PROVIDED FOR MEMBERS OF THE AUTHORITY ON JULY 1, 2011.**

19 **(F) A MEMBER OF THE AUTHORITY MAY NOT HAVE ANY FINANCIAL**
20 **INTEREST IN A PURCHASER, QUALIFIED BUSINESS, OR VENTURE FIRM.**

21 **6-506.**

22 **(A) THE GOVERNOR SHALL APPOINT A CHAIR FROM AMONG THE**
23 **MEMBERS.**

24 **(B) THE AUTHORITY SHALL DETERMINE THE MANNER OF ELECTION OF**
25 **OFFICERS AND THEIR TERMS OF OFFICE.**

26 **6-507.**

27 **(A) (1) ~~A MAJORITY OF THE MEMBERS THEN SERVING IS~~ FIVE**
28 **MEMBERS OF THE AUTHORITY ARE A QUORUM.**

1 **(2) AN ACT OF THE AUTHORITY MUST BE APPROVED BY A**
2 **MAJORITY VOTE OF THE MEMBERS ATTENDING A MEETING AT WHICH A QUORUM**
3 **IS PRESENT.**

4 **(B) A MEMBER OF THE AUTHORITY:**

5 **(1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE**
6 **AUTHORITY; BUT**

7 **(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE**
8 **STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE**
9 **BUDGET.**

10 **(C) A MEMBER OF THE AUTHORITY SHALL FILE A PUBLIC DISCLOSURE**
11 **OF FINANCIAL INTERESTS AS REQUIRED UNDER THE MARYLAND PUBLIC ETHICS**
12 **LAW.**

13 **6-508.**

14 **THE AUTHORITY SHALL PROVIDE ADVICE TO AND ~~COUNSEL TO~~ CONSULT**
15 **WITH THE DEPARTMENT IN CONNECTION WITH THE ADMINISTRATION OF THE**
16 **PROGRAM UNDER THIS SUBTITLE.**

17 **6-509. RESERVED.**

18 **6-510. RESERVED.**

19 **PART III. DESIGNATED CAPITAL.**

20 **6-511.**

21 **(A) ALL DESIGNATED CAPITAL FROM PURCHASERS SHALL BE**
22 **DEPOSITED INTO THE ENTERPRISE FUND TO BE INVESTED ~~IN QUALIFIED~~**
23 **~~BUSINESSES~~ AS PROVIDED IN THIS SUBTITLE.**

24 **(B) THE DEPARTMENT SHALL ALLOCATE DESIGNATED CAPITAL AS**
25 **FOLLOWS:**

26 **(1) ~~50%~~ 67% TO ONE OR MORE VENTURE FIRMS TO FUND THE**
27 **MAKING OF QUALIFIED INVESTMENTS ~~IN QUALIFIED BUSINESSES~~ BASED ON THE**
28 **CRITERIA SET FORTH IN THIS SUBTITLE;**

29 **(2) ~~50%~~ 33% TO THE ENTERPRISE FUND, TO BE ALLOCATED:**

1 (1) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MAY NOT
2 BE LESS THAN \$1,000,000;

3 (2) THE POTENTIAL PURCHASER'S SPECIFIED CONTRIBUTION
4 FOR EACH TAX CREDIT DOLLAR REQUESTED, WHICH MAY NOT BE LESS THAN
5 THE GREATER OF:

6 (I) 70% OF THE REQUESTED DOLLAR AMOUNT OF TAX
7 CREDITS; OR

8 (II) THE PERCENTAGE OF THE REQUESTED DOLLAR
9 AMOUNT OF TAX CREDITS THAT THE SECRETARY, ON THE RECOMMENDATION
10 OF THE INDEPENDENT THIRD PARTY, DETERMINES TO BE CONSISTENT WITH
11 MARKET CONDITIONS AS OF THE OFFER DATE; AND

12 (3) ANY OTHER INFORMATION THE INDEPENDENT THIRD PARTY
13 REQUIRES.

14 (D) (1) THE DEADLINE FOR SUBMISSION OF APPLICATIONS FOR TAX
15 CREDITS IS ~~DECEMBER 1, 2011~~ FEBRUARY 1, 2012.

16 (2) EACH POTENTIAL PURCHASER SHALL RECEIVE A WRITTEN
17 NOTICE FROM THE DEPARTMENT NOT LATER THAN ~~FEBRUARY MARCH~~ MAY 1,
18 2012, INDICATING WHETHER OR NOT IT HAS BEEN APPROVED AS A PURCHASER
19 AND, IF SO, THE AMOUNT OF TAX CREDITS ALLOCATED.

20 (E) THE MAXIMUM AMOUNT OF PREMIUM TAX CREDITS THAT MAY BE
21 ALLOCATED UNDER THIS SUBTITLE FOR ALL YEARS IN WHICH PREMIUM TAX
22 CREDITS ARE ALLOCATED IS ~~\$142,000,000~~ \$100,000,000.

23 **6-513.**

24 (A) DESIGNATED CAPITAL COMMITTED BY A PURCHASER SHALL BE
25 PAID TO THE ENTERPRISE FUND OF THE DEPARTMENT IN THREE EQUAL
26 YEARLY INSTALLMENTS DUE ON ~~JANUARY APRIL~~ JUNE 1 OF 2012, 2013, AND
27 2014.

28 (B) ON RECEIPT OF EACH INSTALLMENT OF DESIGNATED CAPITAL, THE
29 DEPARTMENT SHALL ISSUE TO EACH PURCHASER A TAX CREDIT CERTIFICATE
30 REPRESENTING A FULLY VESTED CREDIT AGAINST INSURANCE PREMIUM TAX
31 LIABILITY EQUAL TO ONE-THIRD OF THE TOTAL PREMIUM TAX CREDITS
32 ALLOCATED TO THE PURCHASER.

1 **(C) THE DEPARTMENT SHALL ISSUE TAX CREDIT CERTIFICATES TO**
2 **PURCHASERS IN ACCORDANCE WITH THE BIDDING PROCESS SELECTED BY THE**
3 **INDEPENDENT THIRD PARTY ON BEHALF OF THE AUTHORITY UNDER § 6-512 OF**
4 **THIS SUBTITLE.**

5 **(D) THE TAX CREDIT CERTIFICATE SHALL STATE:**

6 **(1) THE TOTAL AMOUNT OF PREMIUM TAX CREDITS THAT THE**
7 **PURCHASER MAY CLAIM;**

8 **(2) THE AMOUNT OF DESIGNATED CAPITAL THAT THE**
9 **PURCHASER HAS CONTRIBUTED IN RETURN FOR THE ISSUANCE OF THE TAX**
10 **CREDIT CERTIFICATE;**

11 **(3) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE**
12 **FOR USE BY THE PURCHASER;**

13 **(4) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE;**

14 **(5) THE PROCEDURES TO BE USED FOR TRANSFERRING THE TAX**
15 **CREDITS; AND**

16 **(6) ANY OTHER REQUIREMENTS THE DEPARTMENT CONSIDERS**
17 **NECESSARY.**

18 **(E) (1) A TAX CREDIT CERTIFICATE MAY NOT BE ISSUED TO ANY**
19 **PURCHASER THAT FAILS TO MAKE A CONTRIBUTION OF DESIGNATED CAPITAL**
20 **WITHIN THE TIME THE DEPARTMENT SPECIFIES.**

21 **(2) A PURCHASER THAT FAILS TO MAKE A CONTRIBUTION OF**
22 **DESIGNATED CAPITAL WITHIN THE TIME THE DEPARTMENT SPECIFIES SHALL**
23 **BE SUBJECT TO A PENALTY EQUAL TO 10% OF THE AMOUNT OF DESIGNATED**
24 **CAPITAL THAT REMAINS UNPAID, PAYABLE TO THE DEPARTMENT WITHIN 30**
25 **DAYS AFTER DEMAND BY THE DEPARTMENT.**

26 **(3) THE DEPARTMENT MAY OFFER TO REALLOCATE THE**
27 **DEFAULTED DESIGNATED CAPITAL AMONG THE OTHER PURCHASERS, SO THAT**
28 **THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL**
29 **ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE PREMIUM**
30 **TAX CREDIT ALLOCATION TO THE DEFAULTING PURCHASER.**

31 **(4) IF THE REALLOCATION OF DESIGNATED CAPITAL RESULTS IN**
32 **THE CONTRIBUTION BY ANOTHER PURCHASER OR PURCHASERS OF THE**
33 **AMOUNT OF DESIGNATED CAPITAL NOT CONTRIBUTED BY THE DEFAULTING**

1 PURCHASER, THEN THE DEPARTMENT MAY WAIVE THE PENALTY PROVIDED
2 UNDER THIS SUBSECTION.

3 (5) (I) A PURCHASER THAT FAILS TO MAKE A CONTRIBUTION
4 OF DESIGNATED CAPITAL WITHIN THE TIME SPECIFIED MAY AVOID THE
5 IMPOSITION OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX
6 CREDITS TO A NEW OR EXISTING PURCHASER WITHIN 30 DAYS AFTER THE DUE
7 DATE OF THE DEFAULTED INSTALLMENT.

8 (II) ANY TRANSFEREE OF AN ALLOCATION OF TAX CREDITS
9 OF A DEFAULTING PURCHASER UNDER THIS SECTION SHALL AGREE TO MAKE
10 THE REQUIRED CONTRIBUTION OF DESIGNATED CAPITAL WITHIN 30 DAYS
11 AFTER THE DATE OF THE TRANSFER.

12 (6) (I) THE DEPARTMENT IN ITS SOLE DISCRETION MAY
13 PURCHASE INSURANCE OR MAKE OTHER FINANCIAL ARRANGEMENTS IN ORDER
14 TO ENSURE THE AVAILABILITY OF THE FULL AMOUNT OF DESIGNATED CAPITAL
15 COMMITTED BY PURCHASERS.

16 (II) THE DEPARTMENT SHALL DISCLOSE ANY PURCHASE OF
17 INSURANCE OR OTHER SIMILAR FINANCIAL ARRANGEMENT UNDER THIS
18 PARAGRAPH IN THE ANNUAL REPORT REQUIRED UNDER ~~§ 6-529~~ ~~§ 6-528~~ §
19 6-529 OF THIS SUBTITLE.

20 ~~(F) THE AWARDING OF TAX CREDIT CERTIFICATES SHALL BE IN THE~~
21 ~~SECRETARY'S SOLE DISCRETION.~~

22 6-514.

23 (A) (1) SUBJECT TO THE RESTRICTION IN PARAGRAPH (2) OF THIS
24 SUBSECTION, A PURCHASER MAY CLAIM THE PREMIUM TAX CREDIT ON A
25 PREMIUM TAX RETURN FILED AFTER DECEMBER 31, 2014, FOR A TAXABLE
26 YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2014.

27 (2) IN EACH CALENDAR YEAR FROM 2015 THROUGH 2019, A
28 PURCHASER MAY CLAIM UP TO 20% OF THE PREMIUM TAX CREDIT ALLOCATED
29 TO THAT PURCHASER.

30 (B) (1) THE CREDIT TO BE APPLIED AGAINST INSURANCE PREMIUM
31 TAX LIABILITY IN ANY 1 YEAR MAY NOT EXCEED THE INSURANCE PREMIUM TAX
32 LIABILITY OF THE PURCHASER FOR THAT TAXABLE YEAR.

33 (2) ANY UNUSED CREDIT AGAINST INSURANCE PREMIUM TAX
34 LIABILITY MAY BE:

1 **(I) CARRIED FORWARD INDEFINITELY UNTIL THE PREMIUM**
2 **TAX CREDITS ARE USED; AND**

3 **(II) USED BY THE PURCHASER WITHOUT RESTRICTION**
4 **DURING ANY CALENDAR YEAR AFTER 2019.**

5 **(3) ON 30 DAYS' ADVANCE NOTICE TO THE DEPARTMENT,**
6 **PREMIUM TAX CREDITS ALLOCATED TO A PURCHASER UNDER THIS SUBTITLE**
7 **MAY BE TRANSFERRED WITHOUT FURTHER RESTRICTION TO ANY OTHER ENTITY**
8 **THAT:**

9 **(I) MEETS THE DEFINITION OF A PURCHASER;**

10 **(II) IS IN GOOD STANDING WITH THE MARYLAND**
11 **INSURANCE ADMINISTRATION; AND**

12 **(III) AGREES TO ASSUME ALL OF THE TRANSFEROR'S**
13 **OBLIGATIONS UNDER THE PROGRAM.**

14 **(C) A PURCHASER CLAIMING A CREDIT AGAINST INSURANCE PREMIUM**
15 **TAX LIABILITY EARNED THROUGH AN INVESTMENT UNDER THE PROGRAM IS**
16 **NOT REQUIRED TO PAY ANY ADDITIONAL TAX AS A RESULT OF CLAIMING THE**
17 **CREDIT.**

18 **(D) A PURCHASER IS NOT REQUIRED TO REDUCE THE AMOUNT OF**
19 **PREMIUM TAX INCLUDED BY THE PURCHASER IN CONNECTION WITH**
20 **RATE-MAKING FOR ANY INSURANCE CONTRACT WRITTEN IN THE STATE**
21 **BECAUSE OF A REDUCTION IN THE PURCHASER'S INSURANCE PREMIUM TAX**
22 **DERIVED FROM THE CREDIT GRANTED UNDER THIS SUBTITLE.**

23 **~~6-515. RESERVED.~~**

24 **~~6-516. RESERVED.~~**

25 **~~PART IV. VENTURE FIRMS AND INVESTMENTS.~~**

26 **~~6-517.~~**

27 **~~(A) THE SECRETARY SHALL ESTABLISH APPLICATION PROCEDURES~~**
28 **~~FOR AN ENTITY TO BE CERTIFIED AS A VENTURE FIRM.~~**

29 **PART IV. VENTURE FIRMS AND INVESTMENTS.**

1 6-517.

2 (A) SUBJECT TO THE APPROVAL OF THE DEPARTMENT, THE
3 AUTHORITY SHALL OBTAIN THE SERVICES OF AN INDEPENDENT THIRD PARTY
4 TO:

5 (1) ESTABLISH APPLICATION PROCEDURES FOR AN ENTITY TO BE
6 CERTIFIED AS A VENTURE FIRM; AND

7 (2) REVIEW AND EVALUATE APPLICATIONS FOR VENTURE FIRM
8 CERTIFICATION UNDER THIS SECTION.

9 (B) THE INDEPENDENT THIRD PARTY SELECTED BY THE AUTHORITY
10 SHALL:

11 (1) REVIEW AND EVALUATE THE APPLICATION, ORGANIZATIONAL
12 DOCUMENTS, AND BUSINESS HISTORY OF EACH APPLICANT;

13 (2) EVALUATE WHETHER THE APPLICANT IS LIKELY TO ACHIEVE
14 THE INVESTMENT CRITERIA SET FORTH IN THIS SUBTITLE; AND

15 (3) RECOMMEND TO THE AUTHORITY WHICH VENTURE FIRMS
16 SHOULD RECEIVE ALLOCATIONS OF DESIGNATED CAPITAL UNDER THE
17 PROGRAM.

18 (C) (1) ON RECEIVING THE RECOMMENDATIONS OF THE
19 INDEPENDENT THIRD PARTY SELECTED UNDER SUBSECTION (A) OF THIS
20 SECTION AND SUBJECT TO ~~§ 6-517~~ § 6-518 OF THIS SUBTITLE, THE AUTHORITY
21 SHALL SELECT VENTURE FIRMS TO RECEIVE ALLOCATIONS OF DESIGNATED
22 CAPITAL THAT ARE CONSISTENT WITH THE INVESTMENT CRITERIA SET FORTH
23 IN THIS SUBTITLE.

24 (2) THE AUTHORITY SHALL ENSURE THAT THE VENTURE FIRMS
25 RECEIVING DESIGNATED CAPITAL FOR INVESTMENT UNDER THIS SUBTITLE
26 MAKE INVESTMENTS IN THE STATE THAT EQUAL OR EXCEED THE AMOUNT OF
27 DESIGNATED CAPITAL RECEIVED UNDER THIS SUBTITLE.

28 (3) SUBJECT TO THE APPROVAL OF THE DEPARTMENT, THE
29 AUTHORITY MAY ENTER INTO WRITTEN AGREEMENTS, INCLUDING
30 PARTNERSHIP AGREEMENTS AND SIDE AGREEMENTS, THAT ARE NECESSARY TO
31 CARRY OUT THE PURPOSES OF THIS SUBTITLE.

32 6-518.

1 **(A) IN SELECTING APPLICANTS FOR VENTURE FIRM CERTIFICATION,**
2 **THE AUTHORITY SHALL CONSIDER:**

3 **(1) THE MANAGEMENT STRUCTURE OF THE APPLICANT,**
4 **INCLUDING:**

5 **(I) THE INVESTMENT EXPERIENCE OF THE PRINCIPALS;**

6 **(II) THE APPLICANT'S REPUTATION IN THE VENTURE FIRM**
7 **INDUSTRY AND THE APPLICANT'S ABILITY TO ATTRACT CO-INVESTMENT**
8 **CAPITAL AND SYNDICATE INVESTMENTS IN QUALIFIED BUSINESSES IN THE**
9 **STATE;**

10 **(III) THE KNOWLEDGE, EXPERIENCE, AND CAPABILITIES OF**
11 **THE APPLICANT IN SUBJECT AREAS RELEVANT TO VENTURE-STAGE**
12 **BUSINESSES IN THE STATE; AND**

13 **(IV) THE TENURE AND TURNOVER HISTORY OF PRINCIPALS**
14 **AND SENIOR INVESTMENT PROFESSIONALS OF THE APPLICANT;**

15 **(2) THE APPLICANT'S INVESTMENT STRATEGY, INCLUDING:**

16 **(I) THE APPLICANT'S TRACK RECORD OF INVESTING IN**
17 **VENTURE-STAGE BUSINESSES;**

18 **(II) THE APPLICANT'S HISTORY OF ATTRACTING**
19 **CO-INVESTMENT CAPITAL AND SYNDICATE INVESTMENTS;**

20 **(III) THE SOUNDNESS OF THE APPLICANT'S INVESTMENT**
21 **STRATEGY AND THE COMPATIBILITY OF THAT STRATEGY WITH BUSINESS**
22 **OPPORTUNITIES IN THE STATE; AND**

23 **(IV) THE APPLICANT'S HISTORY OF JOB CREATION THROUGH**
24 **INVESTMENT;**

25 **(3) THE APPLICANT'S COMMITMENT TO MAKING INVESTMENTS,**
26 **THAT TO THE FULLEST EXTENT POSSIBLE:**

27 **(I) CREATE EMPLOYMENT OPPORTUNITIES IN THE STATE;**

28 **(II) LEAD TO THE GROWTH OF THE STATE ECONOMY AND**
29 **QUALIFIED BUSINESSES IN THE STATE;**

1 (III) COMPLEMENT THE RESEARCH AND DEVELOPMENT
2 PROJECTS OF STATE ACADEMIC INSTITUTIONS; AND

3 (IV) FOSTER THE DEVELOPMENT OF TECHNOLOGIES AND
4 INDUSTRIES THAT PRESENT OPPORTUNITIES FOR THE GROWTH OF QUALIFIED
5 BUSINESSES IN THE STATE; AND

6 (4) THE APPLICANT'S COMMITMENT TO THE STATE INCLUDING:

7 (I) THE APPLICANT'S PRESENCE IN THE STATE THROUGH
8 PERMANENT LOCAL OFFICES OR AFFILIATION WITH LOCAL INVESTMENT FIRMS;

9 (II) THE LOCAL PRESENCE OF SENIOR INVESTMENT
10 PROFESSIONALS;

11 (III) THE APPLICANT'S HISTORY OF INVESTING IN
12 VENTURE-STAGE BUSINESSES IN THE STATE;

13 (IV) THE APPLICANT'S ABILITY TO IDENTIFY INVESTMENT
14 OPPORTUNITIES THROUGH WORKING RELATIONSHIPS WITH STATE RESEARCH
15 AND DEVELOPMENT INSTITUTIONS AND STATE-BASED BUSINESSES;

16 (V) THE APPLICANT'S RELATIONSHIP WITH OTHER
17 VENTURE FIRMS IN THE REGION;

18 (VI) THE APPLICANT'S HISTORY OF INVESTING IN AREAS
19 RELEVANT TO VENTURE-STAGE BUSINESSES IN THE STATE; AND

20 (VII) THE APPLICANT'S COMMITMENT TO INVESTING A
21 SIMILAR OR GREATER AMOUNT OF DESIGNATED CAPITAL RECEIVED UNDER
22 THIS SUBTITLE IN STATE-BASED VENTURES AND QUALIFIED BUSINESSES.

23 (B) (1) AN APPLICANT SHALL FILE AN APPLICATION WITH THE
24 DEPARTMENT IN THE FORM REQUIRED BY THE DEPARTMENT, ACCOMPANIED
25 BY A NONREFUNDABLE APPLICATION FEE OF \$7,500 DEPARTMENT.

26 (2) THE APPLICATION SHALL INCLUDE AN AUDITED BALANCE
27 SHEET AS OF A DATE NOT MORE THAN 60 DAYS BEFORE THE APPLICATION DATE
28 WITH AN UNQUALIFIED OPINION FROM AN INDEPENDENT CERTIFIED PUBLIC
29 ACCOUNTANT THE APPLICANT'S MOST RECENT FINANCIAL STATEMENTS.

30 (3) THE DEPARTMENT SHALL BEGIN ACCEPTING APPLICATIONS
31 FOR CERTIFICATION ON OR BEFORE JANUARY 1, 2012.

1 **(4) AN APPLICATION FOR CERTIFICATION MAY NOT BE ACCEPTED**
2 **AFTER MAY 1, 2012.**

3 **(C) TO BE CERTIFIED AS A VENTURE FIRM:**

4 **(1) THE APPLICANT MUST HAVE, AT THE TIME OF APPLICATION,**
5 **AN EQUITY ~~CAPITALIZATION~~ CAPITALIZATION, NET ASSETS, OR WRITTEN**
6 **COMMITMENTS OF AT LEAST \$500,000 IN THE FORM OF CASH OR CASH**
7 **EQUIVALENTS; AND**

8 **(2) AT LEAST TWO PRINCIPALS OR PERSONS EMPLOYED TO**
9 **DIRECT THE INVESTMENT OF THE DESIGNATED CAPITAL OF THE APPLICANT**
10 **MUST HAVE AT LEAST 5 YEARS OF MONEY MANAGEMENT EXPERIENCE IN THE**
11 **VENTURE CAPITAL OR PRIVATE EQUITY SECTORS; AND.**

12 ~~**(3) THE APPLICANT MUST HAVE ESTABLISHED AN OFFICE IN THE**~~
13 ~~**STATE OR DO SO WITHIN 60 DAYS AFTER CERTIFICATION.**~~

14 ~~**(D) AN INDEPENDENT THIRD PARTY THAT THE AUTHORITY SELECTS**~~
15 ~~**SHALL:**~~

16 ~~**(1) REVIEW AND EVALUATE THE APPLICATION, ORGANIZATIONAL**~~
17 ~~**DOCUMENTS, AND BUSINESS HISTORY OF EACH APPLICANT;**~~

18 ~~**(2) ENSURE THAT THE APPLICANT SATISFIES THE**~~
19 ~~**REQUIREMENTS OF THIS SUBTITLE; AND**~~

20 ~~**(3) BASED ON SELECTION CRITERIA LISTED IN THIS SECTION AND**~~
21 ~~**ANY ADDITIONAL CRITERIA PROVIDED BY THE DEPARTMENT OR THE**~~
22 ~~**AUTHORITY, CERTIFY THE VENTURE FIRMS THAT ARE TO RECEIVE**~~
23 ~~**ALLOCATIONS OF DESIGNATED CAPITAL UNDER THE PROGRAM.**~~

24 ~~**(E) (1) THE DEPARTMENT SHALL BEGIN ACCEPTING APPLICATIONS**~~
25 ~~**FOR CERTIFICATION ON OR BEFORE JANUARY 1, 2012.**~~

26 ~~**(2) AN APPLICATION FOR CERTIFICATION MAY NOT BE ACCEPTED**~~
27 ~~**AFTER MARCH 1, 2012.**~~

28 ~~**(F)**~~ **(D) NOT LATER THAN ~~45~~ 90 DAYS AFTER AN APPLICATION IS**
29 **FILED, THE SECRETARY SHALL EITHER:**

30 **(1) ISSUE THE CERTIFICATION; OR**

1 (2) REFUSE TO ISSUE THE CERTIFICATION AND COMMUNICATE IN
2 DETAIL TO THE APPLICANT THE GROUNDS FOR THE ~~REFUSAL, INCLUDING~~
3 ~~SUGGESTIONS FOR THE REMOVAL OF THOSE GROUNDS~~ REFUSAL.

4 ~~(C) (1) NOT LATER THAN APRIL 1 OF EACH YEAR, EACH VENTURE~~
5 ~~FIRM SHALL PAY A NONREFUNDABLE RENEWAL FEE OF \$5,000 TO THE~~
6 ~~DEPARTMENT.~~

7 ~~(2) IF A VENTURE FIRM FAILS TO PAY ITS RENEWAL FEE ON OR~~
8 ~~BEFORE THAT DATE, THE VENTURE FIRM SHALL PAY, IN ADDITION TO THE~~
9 ~~RENEWAL FEE, A LATE FEE OF \$5,000 TO CONTINUE ITS CERTIFICATION.~~

10 ~~(H) NOTWITHSTANDING SUBSECTION (C) OF THIS SECTION, A RENEWAL~~
11 ~~FEE IS NOT REQUIRED WITHIN 6 MONTHS AFTER THE DATE ON WHICH THE~~
12 ~~VENTURE FIRM'S CERTIFICATION IS ISSUED UNDER THIS SECTION.~~

13 ~~6-518. 6-519.~~

14 ~~(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A VENTURE FIRM,~~
15 ~~THE ENTERPRISE FUND, AND THE FINANCING AUTHORITY SHALL MAKE~~
16 ~~QUALIFIED INVESTMENTS EQUAL TO 90% OF THEIR RESPECTIVE AMOUNTS OF~~
17 ~~DESIGNATED CAPITAL WITHIN 5 YEARS AFTER RECEIVING THE FIRST~~
18 ~~INSTALLMENT OF DESIGNATED CAPITAL UNDER THE PROGRAM.~~

19 ~~(B) (1) THE AGGREGATE CUMULATIVE AMOUNT OF ALL QUALIFIED~~
20 ~~INVESTMENTS MADE BY THE VENTURE FIRM, THE ENTERPRISE FUND, AND THE~~
21 ~~FINANCING AUTHORITY AFTER THE RECEIPT OF THE FIRST INSTALLMENT OF~~
22 ~~DESIGNATED CAPITAL UNDER THE PROGRAM SHALL BE CONSIDERED IN~~
23 ~~COMPUTING THE PERCENTAGE REQUIREMENTS UNDER THIS SUBTITLE.~~

24 ~~(2) ANY PROCEEDS RECEIVED FROM A QUALIFIED INVESTMENT:~~

25 ~~(I) MAY BE INVESTED IN ANOTHER QUALIFIED~~
26 ~~INVESTMENT; AND~~

27 ~~(II) SHALL COUNT TOWARD ANY REQUIREMENT IN THIS~~
28 ~~SUBTITLE WITH RESPECT TO INVESTMENTS OF DESIGNATED CAPITAL.~~

29 ~~(C)~~ (A) (1) A BUSINESS THAT IS CLASSIFIED AS A QUALIFIED
30 BUSINESS AT THE TIME OF THE FIRST INVESTMENT IN THE BUSINESS BY A
31 VENTURE FIRM, THE ENTERPRISE FUND, OR THE FINANCING AUTHORITY
32 REMAINS CLASSIFIED AS A QUALIFIED BUSINESS AND MAY RECEIVE FOLLOW-ON
33 INVESTMENTS FROM A VENTURE FIRM, THE ENTERPRISE FUND, OR THE
34 FINANCING AUTHORITY.

1 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS
2 SUBSECTION, A FOLLOW-ON INVESTMENT MADE UNDER THIS SUBSECTION IS A
3 QUALIFIED INVESTMENT EVEN THOUGH THE BUSINESS DOES NOT MEET THE
4 DEFINITION OF A QUALIFIED BUSINESS AT THE TIME OF THE FOLLOW-ON
5 INVESTMENT.

6 (3) A WITH RESPECT TO AN INVESTMENT BY THE ENTERPRISE
7 FUND OR THE FINANCING AUTHORITY, A FOLLOW-ON INVESTMENT DOES NOT
8 QUALIFY AS A QUALIFIED INVESTMENT IF, AT THE TIME OF THE FOLLOW-ON
9 INVESTMENT, THE QUALIFIED BUSINESS NO LONGER HAS ITS PRINCIPAL
10 BUSINESS OPERATIONS IN THE STATE.

11 ~~(D) WITHOUT THE PRIOR APPROVAL OF THE DEPARTMENT, A VENTURE~~
12 ~~FIRM OR THE FINANCING AUTHORITY MAY NOT MAKE A QUALIFIED~~
13 ~~INVESTMENT IN ANY ONE QUALIFIED BUSINESS THAT IS GREATER THAN 15% OF~~
14 ~~THE TOTAL DESIGNATED CAPITAL ALLOCATED TO THE VENTURE FIRM OR TO~~
15 ~~THE FINANCING AUTHORITY.~~

16 ~~(E) AS A CONDITION OF THE INVESTMENT, THE QUALIFIED BUSINESS~~
17 ~~SHALL:~~

18 ~~(1) AGREE THAT WHILE THE VENTURE FIRM, THE ENTERPRISE~~
19 ~~FUND, OR THE FINANCING AUTHORITY CONTINUES TO HOLD THE INVESTMENT,~~
20 ~~THE QUALIFIED BUSINESS WILL MAINTAIN ITS PRINCIPAL BUSINESS~~
21 ~~OPERATIONS IN THE STATE; AND~~

22 ~~(2) EXECUTE A REPURCHASE AGREEMENT WITH THE~~
23 ~~DEPARTMENT UNDER WHICH THE QUALIFIED BUSINESS AGREES TO~~
24 ~~REPURCHASE ANY QUALIFIED INVESTMENT HELD BY A VENTURE FIRM, THE~~
25 ~~ENTERPRISE FUND, OR THE FINANCING AUTHORITY UNDER THE PROGRAM IF~~
26 ~~THE QUALIFIED BUSINESS VOLUNTARILY RELOCATES ITS BUSINESS~~
27 ~~OPERATIONS OUT OF THE STATE.~~

28 ~~(F) A VENTURE FIRM MAY INVEST ANY DESIGNATED CAPITAL NOT~~
29 ~~INVESTED IN QUALIFIED INVESTMENTS IN ANY MANNER THAT IT CONSIDERS~~
30 ~~APPROPRIATE.~~

31 ~~(G)~~ (B) EACH VENTURE FIRM SHALL:

32 ~~(1)~~ (1) INFORM THE DEPARTMENT IN WRITING WHEN THE VENTURE
33 FIRM REQUIRES DESIGNATED CAPITAL FOR INVESTMENT ~~IN A QUALIFIED~~
34 ~~BUSINESS~~ OR FOR THE PAYMENT OF APPROVED FEES AND EXPENSES; ~~AND~~

1 ~~(2) PROVIDE DOCUMENTATION TO THE DEPARTMENT FOR EACH~~
2 ~~QUALIFIED INVESTMENT IN A QUALIFIED BUSINESS IN THE FORM REQUIRED BY~~
3 ~~THE DEPARTMENT.~~

4 ~~6-510.~~

5 ~~(A) BEFORE MAKING AN INVESTMENT IN A BUSINESS, A VENTURE FIRM~~
6 ~~SHALL REQUEST FROM THE SECRETARY OR THE SECRETARY'S DESIGNEE A~~
7 ~~WRITTEN DETERMINATION AS TO WHETHER THE BUSINESS IS A QUALIFIED~~
8 ~~BUSINESS.~~

9 ~~(B) NOT LATER THAN 10 BUSINESS DAYS AFTER RECEIVING A REQUEST~~
10 ~~UNDER SUBSECTION (A) OF THIS SECTION, THE SECRETARY OR THE~~
11 ~~SECRETARY'S DESIGNEE SHALL:~~

12 ~~(1) DETERMINE WHETHER THE BUSINESS MEETS THE DEFINITION~~
13 ~~OF A QUALIFIED BUSINESS; AND~~

14 ~~(2) PROVIDE THE VENTURE FIRM:~~

15 ~~(I) NOTICE AND EXPLANATION OF THE DETERMINATION;~~
16 ~~OR~~

17 ~~(II) NOTICE THAT AN ADDITIONAL 10 BUSINESS DAYS WILL~~
18 ~~BE NEEDED TO REVIEW AND MAKE THE DETERMINATION.~~

19 ~~6-520.~~

20 (A) AN INSURANCE COMPANY OR AFFILIATE MAY NOT DIRECTLY OR
21 INDIRECTLY:

22 (1) MANAGE A VENTURE FIRM;

23 (2) BENEFICIALLY OWN, THROUGH RIGHTS, OPTIONS,
24 CONVERTIBLE INTERESTS, OR OTHERWISE, MORE THAN 15% OF THE VOTING
25 SECURITIES OR OTHER VOTING OWNERSHIP INTEREST OF A VENTURE FIRM; OR

26 (3) CONTROL THE DIRECTION OF INVESTMENTS FOR A VENTURE
27 FIRM.

28 (B) SUBSECTION (A) OF THIS SECTION APPLIES WHETHER OR NOT THE
29 INSURANCE COMPANY OR AFFILIATE IS AUTHORIZED TO DO BUSINESS IN THE
30 STATE.

1 **6-521.**

2 ~~(A) THE DEPARTMENT SHALL REPORT TO EACH VENTURE FIRM AND~~
3 ~~THE FINANCING AUTHORITY AS SOON AS PRACTICABLE BUT NOT LATER THAN~~
4 ~~30 DAYS AFTER RECEIVING DESIGNATED CAPITAL FROM PURCHASERS;~~

5 ~~(1) THE NAME OF EACH PURCHASER FROM WHOM THE~~
6 ~~DESIGNATED CAPITAL WAS RECEIVED;~~

7 ~~(2) THE AMOUNT OF EACH PURCHASER'S COMMITMENT OF~~
8 ~~DESIGNATED CAPITAL; AND~~

9 ~~(3) THE DATES WHEN EACH INSTALLMENT OF DESIGNATED~~
10 ~~CAPITAL WILL BE PAID TO THE DEPARTMENT.~~

11 ~~(B)~~ (A) NOT LATER THAN JANUARY 31 OF EACH YEAR, EACH
12 VENTURE FIRM AND THE FINANCING AUTHORITY SHALL REPORT TO THE
13 DEPARTMENT:

14 (1) THE AMOUNT OF DESIGNATED CAPITAL REMAINING
15 UNINVESTED AT THE END OF THE PRECEDING CALENDAR YEAR;

16 (2) ALL QUALIFIED INVESTMENTS ~~THAT THE VENTURE FIRM OR~~
17 ~~THE FINANCING AUTHORITY HAS~~ MADE DURING THE PRECEDING CALENDAR
18 YEAR, INCLUDING THE NUMBER OF EMPLOYEES OF EACH ~~QUALIFIED~~ BUSINESS
19 AT THE TIME THE QUALIFIED INVESTMENT WAS MADE AND AS OF DECEMBER 31
20 OF THAT YEAR;

21 (3) FOR ANY QUALIFIED ~~BUSINESS~~ INVESTMENT IN WHICH THE
22 VENTURE FIRM OR THE FINANCING AUTHORITY NO LONGER HAS ~~AN~~
23 ~~INVESTMENT~~ A POSITION AS OF THE END OF THE CALENDAR YEAR, THE NUMBER
24 OF EMPLOYEES OF THE ~~QUALIFIED~~ BUSINESS AS OF THE DATE THE INVESTMENT
25 WAS TERMINATED; AND

26 (4) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES TO
27 ASCERTAIN THE IMPACT OF THE PROGRAM ON THE ECONOMY OF THE STATE.

28 (C) NOT LATER THAN 180 DAYS AFTER THE END OF ITS FISCAL YEAR,
29 EACH VENTURE FIRM SHALL PROVIDE TO THE DEPARTMENT AN AUDITED
30 FINANCIAL STATEMENT THAT INCLUDES THE OPINION OF AN INDEPENDENT
31 CERTIFIED PUBLIC ACCOUNTANT.

32 (D) NOT LATER THAN 60 DAYS AFTER THE SALE OR OTHER DISPOSITION
33 OF ~~AN INTEREST IN A QUALIFIED BUSINESS~~ A QUALIFIED INVESTMENT, THE

1 SELLING VENTURE FIRM OR THE FINANCING AUTHORITY SHALL PROVIDE TO
2 THE DEPARTMENT A REPORT ON THE AMOUNT OF THE INTEREST SOLD OR
3 DISPOSED OF AND THE CONSIDERATION RECEIVED FOR THE SALE OR
4 DISPOSITION.

5 ~~(E) (1) EACH VENTURE FIRM AND THE FINANCING AUTHORITY~~
6 ~~SHALL REPORT TO THE DEPARTMENT WHEN IT HAS SATISFIED THE~~
7 ~~INVESTMENT SCHEDULE REQUIREMENTS OF § 6-518(A) OF THIS SUBTITLE.~~

8 ~~(2) WITHIN 60 DAYS AFTER RECEIVING THE NOTICE, THE~~
9 ~~DEPARTMENT SHALL EITHER:~~

10 ~~(I) CONFIRM THAT THE VENTURE FIRM OR THE FINANCING~~
11 ~~AUTHORITY HAS SATISFIED THOSE REQUIREMENTS; OR~~

12 ~~(II) PROVIDE NOTICE OF NONCOMPLIANCE WITH AN~~
13 ~~EXPLANATION OF ANY EXISTING DEFICIENCIES.~~

14 **6-522.**

15 (A) A VENTURE FIRM MAY MAKE A QUALIFIED DISTRIBUTION AT ANY
16 TIME.

17 (B) TO MAKE A DISTRIBUTION THAT IS NOT A QUALIFIED
18 DISTRIBUTION, A VENTURE FIRM FIRST SHALL ~~HAVE RETURNED TO THE~~
19 ~~DEPARTMENT ALL~~ PAY TO THE COMPTROLLER THE TOTAL AMOUNT OF THE
20 DESIGNATED CAPITAL ALLOCATED TO THE VENTURE FIRM.

21 (C) AFTER THE VENTURE FIRM HAS MADE THE PAYMENT REFERRED TO
22 IN SUBSECTION (B) OF THIS SECTION, ANY ADDITIONAL NONQUALIFIED
23 DISTRIBUTIONS SHALL BE MADE:

24 (I) 80% TO THE ~~DEPARTMENT~~ COMPTROLLER; AND

25 (II) 20% TO THE OWNERS OF THE VENTURE FIRM.

26 (D) ~~ALL PAYMENTS MADE TO THE DEPARTMENT UNDER THIS SECTION~~
27 ~~SHALL BE DEPOSITED IN THE ENTERPRISE FUND~~ THE COMPTROLLER SHALL
28 DISTRIBUTE ALL PAYMENTS RECEIVED UNDER THIS SECTION TO THE GENERAL
29 FUND WITHIN 30 DAYS OF RECEIPT.

30 **6-523.**

1 INVESTMENT RETURNS RESULTING FROM THE QUALIFIED INVESTMENTS
2 MADE UNDER THE PROGRAM BY THE ENTERPRISE FUND OR THE FINANCING
3 AUTHORITY SHALL BE USED TO MAKE ADDITIONAL QUALIFIED INVESTMENTS IN
4 QUALIFIED BUSINESSES BY THE ENTERPRISE FUND OR THE FINANCING
5 AUTHORITY.

6 ~~6-523.~~

7 ~~(A) THE INVESTMENT IN QUALIFIED BUSINESSES BY VENTURE FIRMS~~
8 ~~UNDER THIS SUBTITLE SHALL TERMINATE AS OF JANUARY 1, 2022.~~

9 ~~(B) ANY VENTURE FIRM HOLDING AN INVESTMENT IN A QUALIFIED~~
10 ~~BUSINESS AS OF JANUARY 1, 2022, SHALL EITHER:~~

11 ~~(1) LIQUIDATE THE INVESTMENT AND DISTRIBUTE THE~~
12 ~~PROCEEDS IN ACCORDANCE WITH § 6-512 OF THIS SUBTITLE; OR~~

13 ~~(2) DISTRIBUTE THE INVESTMENT IN ACCORDANCE WITH § 6-512~~
14 ~~OF THIS SUBTITLE.~~

15 ~~6-524 6-523.~~ 6-524. RESERVED.

16 ~~6-525 6-524.~~ 6-525. RESERVED.

17 PART V. MISCELLANEOUS.

18 ~~6-526 6-525.~~ 6-526.

19 (A) IN ANY CASE UNDER THE INSURANCE LAW OF THE STATE IN WHICH
20 THE ASSETS OF A PURCHASER ARE EXAMINED OR CONSIDERED, THE
21 DESIGNATED CAPITAL SHALL BE TREATED AS AN ADMITTED ASSET, SUBJECT TO
22 THE SAME FINANCIAL RATING AS THAT HELD BY THE STATE.

23 (B) THE DEPARTMENT SHALL SUBMIT THE FOLLOWING TO THE
24 MARYLAND INSURANCE ADMINISTRATION:

25 (1) THE NAMES, ADDRESSES, AND AMOUNT OF DESIGNATED
26 CAPITAL TO BE CONTRIBUTED AND PREMIUM TAX CREDITS EARNED BY EACH
27 SUCCESSFUL BIDDER WITHIN 30 DAYS AFTER THE CLOSE OF THE BIDDING
28 PROCESS UNDER § 6-512 OF THIS SUBTITLE;

29 (2) A COPY OF THE TAX CREDIT CERTIFICATE ISSUED TO EACH
30 PURCHASER WITHIN 30 DAYS AFTER THE ISSUANCE OF THE CERTIFICATE
31 UNDER § 6-513 OF THIS SUBTITLE;

1 (3) THE OCCURRENCE OF A DEFAULT BY A PURCHASER; AND

2 (4) THE TRANSFER OF PREMIUM TAX CREDITS BY A PURCHASER.

3 ~~6-527~~ ~~6-526~~ 6-527.

4 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
5 DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES NOT
6 APPLY TO A SERVICE THAT THE DEPARTMENT OBTAINS THAT IS RELATED TO
7 THE INVESTMENT, MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF AN ASSET
8 OF THE DEPARTMENT IN A TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

9 (B) THE DEPARTMENT IS SUBJECT TO TITLE 12, SUBTITLE 4 OF THE
10 STATE FINANCE AND PROCUREMENT ARTICLE FOR SERVICES RELATED TO THE
11 INVESTMENT, MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF ASSETS OF THE
12 DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

13 (C) SECTION 10-305 OF THE STATE FINANCE AND PROCUREMENT
14 ARTICLE DOES NOT APPLY TO THE SALE, LEASE, TRANSFER, EXCHANGE, OR
15 OTHER DISPOSITION OF REAL OR PERSONAL PROPERTY, INCLUDING A SHARE
16 OF STOCK IN A BUSINESS ENTITY, THAT THE DEPARTMENT ACQUIRES IN A
17 TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.

18 ~~6-528~~ ~~6-527~~ 6-528.

19 THE DEPARTMENT SHALL ADMINISTER THIS SUBTITLE AND MAY ADOPT
20 REGULATIONS TO CARRY OUT THIS SUBTITLE.

21 ~~6-529~~ ~~6-528~~ 6-529.

22 (A) (1) ON OR BEFORE JANUARY 1, 2013, AND JANUARY 1 OF EACH
23 SUBSEQUENT YEAR, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE
24 IMPLEMENTATION OF THE PROGRAM TO THE GOVERNOR AND, IN ACCORDANCE
25 WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ~~TO THE GENERAL~~
26 ~~ASSEMBLY~~ THE SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE
27 WAYS AND MEANS COMMITTEE.

28 (2) THE DEPARTMENT SHALL PUBLISH THE REPORT ON THE
29 DEPARTMENT'S WEB SITE IN A PUBLICLY AVAILABLE FORMAT.

30 (3) THE REPORT PUBLISHED ON THE WEB SITE IS NOT REQUIRED
31 TO INCLUDE ANY PROPRIETARY OR CONFIDENTIAL INFORMATION.

1 (B) THE REPORT SHALL INCLUDE:

2 ~~(1) THE NUMBER OF VENTURE FIRMS THAT HAVE BEEN~~
3 ~~ALLOCATED DESIGNATED CAPITAL;~~

4 ~~(2) THE AMOUNT OF DESIGNATED CAPITAL ALLOCATED TO EACH~~
5 ~~VENTURE FIRM, THE ENTERPRISE FUND, AND THE FINANCING AUTHORITY;~~

6 ~~(3) THE CUMULATIVE AMOUNT OF DESIGNATED CAPITAL THE~~
7 ~~VENTURE FIRM, THE ENTERPRISE FUND, OR THE FINANCING AUTHORITY HAS~~
8 ~~INVESTED IN QUALIFIED BUSINESSES AS OF THE DATE OF THE REPORT;~~

9 ~~(4) THE TOTAL AMOUNT OF TAX CREDITS GRANTED UNDER THE~~
10 ~~PROGRAM FOR EACH YEAR THAT CREDITS HAVE BEEN GRANTED;~~

11 ~~(5) THE PERFORMANCE OF EACH VENTURE FIRM WITH RESPECT~~
12 ~~TO RENEWAL AND REPORTING REQUIREMENTS IMPOSED UNDER THIS~~
13 ~~SUBTITLE;~~

14 (1) WITH RESPECT TO EACH PURCHASER OF PREMIUM TAX
15 CREDITS UNDER THE PROGRAM:

16 (I) THE NAME OF THE PURCHASER OF PREMIUM TAX
17 CREDITS;

18 (II) THE AMOUNT OF PREMIUM TAX CREDITS ALLOCATED TO
19 THE PURCHASER;

20 (III) THE AMOUNT OF DESIGNATED CAPITAL THE
21 PURCHASER CONTRIBUTED FOR THE ISSUANCE OF THE TAX CREDIT
22 CERTIFICATE; AND

23 (IV) THE AMOUNT OF ANY TAX CREDITS THAT HAVE BEEN
24 TRANSFERRED UNDER § 6-514 OF THIS SUBTITLE;

25 (2) WITH RESPECT TO EACH VENTURE FIRM THAT HAS RECEIVED
26 AN ALLOCATION OF DESIGNATED CAPITAL:

27 (I) THE NAME AND ADDRESS OF THE VENTURE FIRM;

28 (II) THE NAMES OF THE INDIVIDUALS MAKING QUALIFIED
29 INVESTMENTS UNDER THE PROGRAM;

1 (III) THE AMOUNT OF DESIGNATED CAPITAL RECEIVED
2 DURING THE PREVIOUS YEAR;

3 (IV) THE CUMULATIVE AMOUNT OF DESIGNATED CAPITAL
4 RECEIVED;

5 (V) THE AMOUNT OF DESIGNATED CAPITAL REMAINING
6 UNINVESTED AT THE END OF THE PREVIOUS CALENDAR YEAR;

7 (VI) THE NAMES *AND LOCATIONS* OF QUALIFIED BUSINESSES
8 RECEIVING DESIGNATED CAPITAL AND THE AMOUNT OF EACH QUALIFIED
9 INVESTMENT;

10 (VII) THE ANNUAL PERFORMANCE OF EACH QUALIFIED
11 INVESTMENT INCLUDING THE INVESTMENT'S FAIR MARKET VALUE AS
12 CALCULATED ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES;
13 AND

14 (VIII) THE AMOUNT OF ANY QUALIFIED DISTRIBUTION OR
15 NONQUALIFIED DISTRIBUTION TAKEN DURING THE PRIOR YEAR, INCLUDING
16 ANY MANAGEMENT FEE;

17 (3) WITH RESPECT TO THE ENTERPRISE FUND:

18 (I) THE AMOUNT OF DESIGNATED CAPITAL RECEIVED
19 DURING THE PREVIOUS YEAR;

20 (II) THE CUMULATIVE AMOUNT OF DESIGNATED CAPITAL
21 RECEIVED;

22 (III) THE AMOUNT OF DESIGNATED CAPITAL REMAINING
23 UNINVESTED AT THE END OF THE PRECEDING CALENDAR YEAR;

24 (IV) THE NAMES *AND LOCATIONS* OF QUALIFIED BUSINESSES
25 RECEIVING DESIGNATED CAPITAL AND THE AMOUNT OF EACH QUALIFIED
26 INVESTMENT; AND

27 (V) THE ANNUAL PERFORMANCE OF EACH QUALIFIED
28 INVESTMENT INCLUDING THE INVESTMENT'S FAIR MARKET VALUE AS
29 CALCULATED UNDER FINANCIAL ACCOUNTING STANDARD 157 OF THE
30 FINANCIAL ACCOUNTING STANDARDS BOARD;

31 (4) WITH RESPECT TO THE FINANCING AUTHORITY:

1 **(I) THE AMOUNT OF DESIGNATED CAPITAL RECEIVED**
 2 **DURING THE PREVIOUS YEAR AND THE AMOUNT ALLOCATED TO THE EQUITY**
 3 **PARTICIPATION INVESTMENT PROGRAM;**

4 **(II) THE CUMULATIVE AMOUNT OF DESIGNATED CAPITAL**
 5 **RECEIVED;**

6 **(III) THE AMOUNT OF DESIGNATED CAPITAL REMAINING**
 7 **UNINVESTED AT THE END OF THE PRECEDING CALENDAR YEAR;**

8 **(IV) THE NAMES AND LOCATIONS OF QUALIFIED BUSINESSES**
 9 **RECEIVING DESIGNATED CAPITAL AND THE AMOUNT OF EACH QUALIFIED**
 10 **INVESTMENT; AND**

11 **(V) THE ANNUAL PERFORMANCE OF EACH QUALIFIED**
 12 **INVESTMENT INCLUDING THE INVESTMENT'S FAIR MARKET VALUE AS**
 13 **CALCULATED UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; AND**

14 **(6) (5) WITH RESPECT TO THE QUALIFIED BUSINESSES IN**
 15 **WHICH VENTURE FIRMS, THE ENTERPRISE FUND, OR THE FINANCING**
 16 **AUTHORITY HAVE INVESTED:**

17 **(I) THE CLASSIFICATION OF THE QUALIFIED BUSINESSES**
 18 **ACCORDING TO THE INDUSTRIAL SECTOR AND THE SIZE OF THE BUSINESS;**

19 **(II) THE TOTAL NUMBER OF JOBS CREATED *IN THE STATE***
 20 **BY THE INVESTMENT AND THE AVERAGE WAGES PAID FOR THE JOBS; AND**

21 **(III) THE TOTAL NUMBER OF JOBS RETAINED *IN THE STATE***
 22 **AS A RESULT OF THE INVESTMENT AND THE AVERAGE WAGES PAID FOR THE**
 23 **JOBS; ~~AND.~~**

24 **(7) ~~THE VENTURE FIRMS THAT HAVE FAILED TO RENEW THE~~**
 25 **~~CERTIFICATION.~~**

26 **Article – Insurance**

27 **6-122.**

28 **AN INSURER MAY CLAIM A TAX CREDIT FOR AN INVESTMENT OF**
 29 **DESIGNATED CAPITAL AS PROVIDED UNDER TITLE 6, SUBTITLE 5 OF THE**
 30 **ECONOMIC DEVELOPMENT ARTICLE.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That the initial terms of the
2 Maryland Venture ~~Capital~~ Fund Authority appointed under § 6-505 of the Economic
3 Development Article, as enacted by this Act, shall expire as follows:

4 (1) three members in 2014; and

5 (2) four members in 2015.

6 SECTION 3. AND BE IT FURTHER ENACTED, That:

7 (a) If the December 2011 report of the Board of Revenue Estimates indicates
8 an increase in General Fund revenues for fiscal year 2012 over the revenues estimated
9 in the March 2011 report as adjusted by the 2011 enacted legislation by at least
10 \$70,000,000, the Governor shall submit a deficiency appropriation for the fiscal year
11 2012 budget to the Dedicated Purpose Account during the 2012 legislative session.

12 (b) The amount of the deficiency appropriation may not exceed \$70,000,000.

13 (c) If the General Assembly approves or modifies the deficiency appropriation,
14 the maximum amount specified in § 6-512(e) of the Economic Development Article, as
15 enacted by this Act, of the credits that may be allocated under this Act shall be reduced
16 in an amount so that the resulting amount of designated capital as defined under §
17 6-501 of the Economic Development Article, as enacted by this Act, plus the amount of
18 the deficiency appropriation, as approved by the General Assembly, is equal to the
19 amount of designated capital that the auction would have otherwise resulted in if
20 \$100,000,000 in credits were available for auction.

21 (d) The Governor is authorized to transfer by approved budget amendment
22 from the Dedicated Purpose Account an amount equal to the approved deficiency
23 appropriation to fund investments under this Act.

24 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
25 General Assembly that a portion of funds received under this Act be used to make
26 qualified investments in qualified businesses located in rural counties of the State.

27 SECTION ~~3~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect July 1, 2011.