

HOUSE BILL 1108

C8, F2

5lr2825

By: **Delegate Frick**

Introduced and read first time: February 18, 2015

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Technology Development Corporation – Maryland Innovation**
3 **Initiative**

4 FOR the purpose of altering the membership of the Maryland Innovation Initiative in the
5 Maryland Technology Development Corporation; authorizing the use of money in the
6 Maryland Innovation Initiative Fund to provide equity investment financing to
7 promote the commercialization of research in accordance with certain provisions of
8 law; authorizing the Initiative to provide equity investment financing for certain
9 entities to promote the commercialization of certain technology developed by a
10 certain university; requiring certain equity investment financing to be awarded for
11 certain costs; and generally relating to the Maryland Innovation Initiative and the
12 commercialization of technology developed by universities in the State.

13 BY repealing and reenacting, with amendments,
14 Article – Economic Development
15 Section 10–455, 10–457, and 10–458
16 Annotated Code of Maryland
17 (2008 Volume and 2014 Supplement)

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

20 **Article – Economic Development**

21 10–455.

22 (a) There is a Maryland Innovation Initiative.

23 (b) The Initiative consists of the following participating members:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) [one official] **TWO OFFICIALS** of State government not affiliated with
2 Maryland higher education, or the [official's designee] **DESIGNEES OF THE OFFICIALS**,
3 appointed by the Governor;

4 (2) [two] **FOUR** individuals from the private sector not affiliated with
5 Maryland higher education with experience in commercializing technology in the State,
6 [one] **TWO** appointed by the President of the Senate, and [one] **TWO** appointed by the
7 Speaker of the House of Delegates; and

8 (3) subject to subsection (c) of this section, the following members
9 appointed by the respective universities:

- 10 (i) one representative of the Johns Hopkins University;
- 11 (ii) one representative of Morgan State University;
- 12 (iii) one representative of University of Maryland, Baltimore;
- 13 (iv) one representative of University of Maryland Baltimore County;
- 14 and
- 15 (v) one representative of University of Maryland, College Park.

16 (c) (1) Subject to paragraph (2) of this subsection, only the universities listed
17 under subsection (b)(3) of this section may qualify for participation in the Initiative.

18 (2) To qualify for participation in the Initiative, a university shall provide,
19 as specified in paragraph (3) of this subsection, a contribution annually to the Initiative to
20 carry out the purposes set forth under this part.

21 (3) (i) To qualify for participation in the Initiative, the following
22 universities shall pay an annual contribution of at least \$200,000:

- 23 1. Johns Hopkins University;
- 24 2. University of Maryland, Baltimore; and
- 25 3. University of Maryland, College Park.

26 (ii) To qualify for participation in the Initiative, the following
27 universities shall pay an annual contribution of at least \$100,000:

- 28 1. Morgan State University; and
- 29 2. University of Maryland Baltimore County.

1 (4) A university listed under subsection (b)(3) of this section may elect to
2 withdraw as a participating member for future years on providing 60 days' written notice
3 to the Chair or Executive Director of the Initiative.

4 (d) The participating members of the Initiative shall select a chair from among
5 their members.

6 (e) A participating member of the Initiative:

7 (1) may not receive compensation as a member of the Initiative; but

8 (2) is entitled to reimbursement for expenses under the Standard State
9 Travel Regulations, as provided in the State budget or under the applicable travel
10 regulations of a university if the university reimburses the participating member.

11 (f) The Initiative may employ staff, including an Executive Director.

12 10-457.

13 (a) There is a Maryland Innovation Initiative Fund.

14 (b) The purpose of the Fund is to provide funding for the purposes described in §
15 10-456 of this part.

16 (c) The Corporation shall administer the Fund.

17 (d) The Fund consists of:

18 (1) appropriations as provided in the State budget;

19 (2) contributions by the qualifying universities under § 10-455 of this part;

20 (3) grants or funds from federal laboratories located in Maryland;

21 (4) interest or other income earned on the investment of money in the
22 Fund; and

23 (5) any other money accepted for the benefit of the Initiative.

24 (e) Money in the Fund may be used only to:

25 (1) award grants **OR PROVIDE EQUITY INVESTMENT FINANCING** to
26 promote the commercialization of research in accordance with the terms of this part; and

27 (2) pay the costs necessary to administer the Initiative.

1 (f) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
2 the State Finance and Procurement Article.

3 (2) The State Treasurer shall hold the Fund separately, and the
4 Comptroller shall account for the Fund.

5 (3) The State Treasurer shall invest the money in the Fund in the same
6 manner as other State money may be invested.

7 (4) Any investment earnings of the Fund shall be credited to the Fund.

8 10–458.

9 (a) The Initiative may:

10 (1) provide grant funding to **OR EQUITY INVESTMENT FINANCING FOR** a
11 qualifying university, qualifying university–based entrepreneur, or other start–up entity,
12 to promote the commercialization of technology developed in whole or in part by a
13 qualifying university;

14 (2) pursue grants, other funds, and in–kind contributions for the Initiative
15 or its qualifying universities;

16 (3) develop and implement guidelines for technology transfer; and

17 (4) identify projects at qualifying universities that may be viable for
18 commercialization.

19 (b) The grant funding **OR EQUITY INVESTMENT FINANCING** in subsection (a)
20 shall be awarded:

21 (1) to support pre–commercial research on intellectual property to increase
22 the likelihood of commercializing the intellectual property;

23 (2) to defray costs of evaluating the feasibility of a technology becoming
24 commercialized through a start–up company;

25 (3) to defray the direct costs of developing early stage technology through
26 a start–up entity;

27 (4) to assess intellectual property issues, including licensing and patents;
28 or

29 (5) for any other costs that the Initiative’s participating members
30 determine are appropriate to promote technology transfer and commercialization in the
31 State.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2015.