

SENATE BILL 982

K4, C8

6lr2801

By: **Senators Kasemeyer and Miller**

Introduced and read first time: February 12, 2016

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Private Equity and Venture Capital Authority**

3 FOR the purpose of establishing the Maryland Private Equity and Venture Capital
4 Authority in the State Retirement and Pension System for a certain purpose;
5 providing for the membership, terms, chair, quorum, and duties of the Authority;
6 prohibiting a member of the Authority from receiving certain compensation, but
7 authorizing the reimbursement of certain expenses; requiring members of the
8 Authority to file certain financial disclosures; requiring, beginning in a certain fiscal
9 year, the Authority to make certain recommendations to the Board of Trustees for
10 the State Retirement and Pension System regarding the investment of certain
11 additional funds; requiring the Board of Trustees to make certain investments in
12 accordance with certain recommendations of the Authority; prohibiting the Board of
13 Trustees from making certain investments under certain circumstances; prohibiting
14 a member of the Authority from making certain recommendations under certain
15 circumstances; requiring certain profits from certain investments to accrue to certain
16 accumulation funds; requiring the Board of Trustees to include certain information
17 in a certain report; providing for the initial terms of the members of the Authority;
18 defining certain terms; and generally relating to the establishment of the Maryland
19 Private Equity and Venture Capital Authority.

20 BY repealing and reenacting, with amendments,
21 Article – State Personnel and Pensions
22 Section 21–108(c)
23 Annotated Code of Maryland
24 (2015 Replacement Volume)

25 BY adding to
26 Article – State Personnel and Pensions
27 Section 21–701 through 21–707 to be under the new subtitle “Subtitle 7. Maryland
28 Private Equity and Venture Capital Authority”
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2015 Replacement Volume)

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

4 **Article – State Personnel and Pensions**

5 21–108.

6 (c) Subject to §§ 21–122 and 21–123 of this subtitle **AND § 21–706 OF THIS**
7 **TITLE**, the Board of Trustees shall have full power to invest the assets of the several
8 systems.

9 **SUBTITLE 7. MARYLAND PRIVATE EQUITY AND VENTURE CAPITAL AUTHORITY.**

10 **21–701.**

11 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
12 **INDICATED.**

13 (B) **“AUTHORITY” MEANS THE MARYLAND PRIVATE EQUITY AND VENTURE**
14 **CAPITAL AUTHORITY ESTABLISHED UNDER § 21–702 OF THIS SUBTITLE.**

15 (C) **“PRIVATE EQUITY” MEANS AN ASSET CLASS CONSISTING OF EQUITY**
16 **SECURITIES AND DEBT IN OPERATING COMPANIES THAT ARE NOT PUBLICLY**
17 **TRADED ON A STOCK EXCHANGE.**

18 (D) **“VENTURE CAPITAL” MEANS AN INVESTMENT OF CAPITAL TO A**
19 **BUSINESS AT ANY STAGE OF ITS DEVELOPMENT BEFORE THE BUSINESS MAKES A**
20 **PUBLIC OFFERING OF STOCK.**

21 **21–702.**

22 (A) **THERE IS A MARYLAND PRIVATE EQUITY AND VENTURE CAPITAL**
23 **AUTHORITY IN THE STATE RETIREMENT AND PENSION SYSTEM.**

24 (B) **THE PURPOSE OF THE AUTHORITY IS TO PROVIDE RECOMMENDATIONS**
25 **TO THE BOARD OF TRUSTEES REGARDING INVESTMENTS IN PRIVATE EQUITY AND**
26 **VENTURE CAPITAL IN THE STATE.**

27 **21–703.**

28 (A) **THE AUTHORITY CONSISTS OF THE FOLLOWING MEMBERS:**

1 **(1) THE EXECUTIVE DIRECTOR OF THE MARYLAND TECHNOLOGY**
2 **DEVELOPMENT CORPORATION, OR THE EXECUTIVE DIRECTOR'S DESIGNEE;**

3 **(2) THE CHAIRMAN OF THE BOARD OF TRUSTEES, OR THE**
4 **CHAIRMAN'S DESIGNEE;**

5 **(3) FOUR MEMBERS WITH EXPERTISE IN TECHNOLOGY, TECHNOLOGY**
6 **TRANSFER, PRIVATE EQUITY, OR VENTURE CAPITAL APPOINTED AS FOLLOWS:**

7 **(I) ONE MEMBER APPOINTED BY THE PRESIDENT OF THE**
8 **SENATE;**

9 **(II) ONE MEMBER APPOINTED BY THE SPEAKER OF THE HOUSE;**
10 **AND**

11 **(III) TWO MEMBERS APPOINTED BY THE GOVERNOR;**

12 **(4) ONE REPRESENTATIVE OF A PUBLIC INSTITUTION OF HIGHER**
13 **EDUCATION WITH EXPERTISE IN TECHNOLOGY TRANSFER AND HIGHER EDUCATION;**
14 **AND**

15 **(5) ONE REPRESENTATIVE OF A PRIVATE NONPROFIT INSTITUTION**
16 **OF HIGHER EDUCATION WITH EXPERTISE IN TECHNOLOGY TRANSFER AND HIGHER**
17 **EDUCATION.**

18 **(B) THE MEMBERS APPOINTED BY THE PRESIDENT AND THE SPEAKER MAY**
19 **NOT BE ELECTED OFFICIALS.**

20 **(C) EACH MEMBER SHALL RESIDE IN THE STATE.**

21 **(D) (1) THE TERM OF AN APPOINTED MEMBER IS 4 YEARS.**

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

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

26 **(4) A MEMBER APPOINTED BY THE GOVERNOR MAY BE REMOVED BY**
27 **THE GOVERNOR WITH OR WITHOUT CAUSE.**

1 **(5) THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS**
2 **REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE AUTHORITY ON JULY 1,**
3 **2016.**

4 **21-704.**

5 **(A) THE AUTHORITY SHALL ELECT A CHAIR FROM AMONG ITS MEMBERS.**

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

8 **21-705.**

9 **(A) (1) FIVE MEMBERS OF THE AUTHORITY ARE A QUORUM.**

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

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

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

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

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

19 **21-706.**

20 **(A) (1) FOR FISCAL YEAR 2017 AND EACH FISCAL YEAR THEREAFTER,**
21 **THE AUTHORITY SHALL MAKE RECOMMENDATIONS TO THE BOARD OF TRUSTEES**
22 **FOR INVESTMENTS IN PRIVATE EQUITY AND VENTURE CAPITAL IN THE STATE WITH**
23 **THE AMOUNT OF MONEY APPROPRIATED TO THE SYSTEM, THE STATE RETIREMENT**
24 **AGENCY, OR THE ACCUMULATION FUNDS OF THE SEVERAL SYSTEMS THAT IS IN**
25 **ADDITION TO:**

26 **(I) THE AMOUNTS APPROPRIATED FOR THE STATE AND LOCAL**
27 **EMPLOYER CONTRIBUTIONS AND THE SUPPLEMENTAL CONTRIBUTION REQUIRED**
28 **UNDER §§ 21-308, 21-309, 21-309.1, AND 21-310 OF THIS SUBTITLE;**

29 **(II) THE AMOUNT APPROPRIATED UNDER § 7-311(J)(1)(I)1 OF**
30 **THE STATE FINANCE AND PROCUREMENT ARTICLE; AND**

1 (III) ANY OTHER AMOUNTS REQUIRED BY ANY OTHER
2 PROVISIONS OF LAW TO BE APPROPRIATED TO THE SYSTEM, THE STATE
3 RETIREMENT AGENCY, OR THE ACCUMULATION FUNDS OF THE SEVERAL SYSTEMS.

4 (2) THE RECOMMENDATIONS MADE IN ACCORDANCE WITH
5 PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE RECOMMENDATIONS FOR
6 THE INVESTMENT OF 50% OF THE FUNDS IN COMMERCIALIZATION OF TECHNOLOGY
7 SPONSORED OR CREATED BY A UNIVERSITY IN THE STATE.

8 (B) (1) WITH RESPECT TO THE ADDITIONAL AMOUNT DESCRIBED UNDER
9 SUBSECTION (A) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL MAKE
10 INVESTMENTS IN PRIVATE EQUITY AND VENTURE CAPITAL IN THE STATE IN
11 ACCORDANCE WITH THE RECOMMENDATIONS OF THE AUTHORITY.

12 (2) IF THE BOARD OF TRUSTEES REJECTS THE RECOMMENDATIONS
13 OF THE AUTHORITY, THE BOARD OF TRUSTEES IS PROHIBITED FROM INVESTING
14 THE AMOUNT DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION.

15 (C) A MEMBER OF THE AUTHORITY MAY NOT MAKE A RECOMMENDATION TO
16 INVEST THE ADDITIONAL AMOUNT DESCRIBED UNDER SUBSECTION (A) OF THIS
17 SECTION WITH A VENTURE CAPITAL FIRM OR A PRIVATE EQUITY FIRM IN WHICH THE
18 MEMBER HAS A FINANCIAL INTEREST.

19 (D) ALL PROFITS OF INVESTMENTS MADE UNDER THIS SECTION SHALL
20 ACCRUE TO THE ACCUMULATION FUNDS OF THE SEVERAL SYSTEMS.

21 21-707.

22 THE BOARD OF TRUSTEES SHALL INCLUDE, AS PART OF THE REPORT
23 REQUIRED UNDER § 21-112 OF THIS TITLE, A DETAILED DESCRIPTION OF:

24 (1) THE RECOMMENDATIONS MADE BY THE AUTHORITY UNDER THIS
25 SUBTITLE; AND

26 (2) THE ACTIONS TAKEN BY THE BOARD OF TRUSTEES ON THE
27 RECOMMENDATIONS MADE BY THE AUTHORITY.

28 SECTION 2. AND BE IT FURTHER ENACTED, That the initial terms of the
29 members of the Maryland Private Equity and Venture Capital Authority appointed under
30 § 21-703 of the State Personnel and Pensions Article, as enacted by this Act, shall expire
31 as follows:

32 (1) two members in 2018;

1 (2) two members in 2019; and

2 (3) two members in 2020.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2016.