

SB0982/349637/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 982

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Maryland” and substitute “State Retirement and Pension System -”; in the same line, strike “Authority” and substitute “Investments”; strike beginning with “establishing” in line 3 down through the second “to” in line 9 and substitute “authorizing”; in line 10, strike “regarding the investment of” and substitute “to enter into an agreement with the Maryland Technology Development Corporation or another entity to make and manage investments in certain private equity and venture capital in the State with”; strike beginning with “to” in line 11 down through “circumstances;” in line 15 and substitute “, if certain conditions are not met, to develop a certain process to authorize the Maryland Technology Development Corporation or another entity to provide certain recommendations regarding certain investments; providing that an entity that provides certain services to the Board of Trustees in accordance with this Act shall be a fiduciary of the several systems;”; in line 15, after “profits” insert “and return of principal”; strike beginning with “include” in line 16 down through “Authority;” in line 17 and substitute “submit a certain report that includes certain information to certain committees of the General Assembly on or before a certain date each year; requiring a certain entity to submit a certain report that includes certain information to certain committees of the General Assembly on or before a certain date each year; providing certain immunities from liability for certain actions or decisions made by certain persons; requiring the Board of Trustees to act in good faith in carrying out the requirements of this Act in a certain manner; providing for the construction of this Act; declaring the intent of the General Assembly;”; strike beginning with the first “the” in line 18 down through “Authority” in line 19 and substitute “investments in private equity and venture capital in the State and the State Retirement and Pension System”; strike in their entirety lines 20 through 24, inclusive; and strike in their entirety lines 27 and 28, inclusive, and substitute “Section 21-123.2”.

AMENDMENT NO. 2

(Over)

**SB0982/349637/1 Budget and Taxation Committee
Amendments to SB 982
Page 2 of 6**

On page 2, strike in their entirety lines 5 through 10, inclusive, and substitute “**21-123.2.**”; in line 11, after “**(A)**” insert “**(1)**”; in the same line, strike “**SUBTITLE**” and substitute “**SECTION**”; strike in their entirety lines 13 and 14; and in lines 15 and 18, strike “**(C)**” and “**(D)**”, respectively, and substitute “**(2)**” and “**(3)**”, respectively.

On pages 2 through 4, strike in their entirety the lines beginning with line 21 on page 2 through line 19 on page 4, inclusive, and substitute:

“(B) FOR PURPOSES OF THIS SECTION, AN INVESTMENT IN THE STATE SHALL INCLUDE AN INVESTMENT IN AN ENTITY OR VEHICLE THAT:

(1) IS DOMICILED IN THE STATE;

(2) OPERATES IN THE STATE; OR

(3) IS REASONABLY EXPECTED TO INVEST IN ENTITIES THAT ARE IN THE STATE.

(C) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT STATE CONTRIBUTIONS IN EXCESS OF STATUTORY REQUIREMENTS BE INVESTED IN THE STATE WITH A GOAL TO INCREASE THE RISK CAPITAL AVAILABLE IN THE STATE, IF THE INVESTMENTS ARE CONSISTENT WITH, AND DO NOT COMPROMISE OR CONFLICT WITH, THE FIDUCIARY DUTIES OF THE BOARD OF TRUSTEES TO THE PARTICIPANTS OF THE SEVERAL SYSTEMS.”.

On page 4, in line 20, strike “**(A)**” and substitute “**(D)**”; strike beginning with “**FOR**” in line 20 down through “**INVESTMENTS**” in line 22 and substitute “**THE BOARD OF TRUSTEES MAY ENTER INTO AN AGREEMENT WITH THE MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION OR ANOTHER ENTITY TO MAKE**

SB0982/349637/1 Budget and Taxation Committee
Amendments to SB 982
Page 3 of 6

AND MANAGE INVESTMENTS ON BEHALF OF THE BOARD OF TRUSTEES"; and in line 28, strike "SUBTITLE" and substitute "TITLE".

On page 5, after line 3, insert:

"(2) IF THE BOARD OF TRUSTEES DOES NOT ENTER INTO AN AGREEMENT WITH THE MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION OR ANOTHER ENTITY IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD OF TRUSTEES SHALL DEVELOP A PROCESS THAT AUTHORIZES THE MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION OR ANOTHER ENTITY TO PROVIDE RECOMMENDATIONS REGARDING INVESTMENTS IN PRIVATE EQUITY AND VENTURE CAPITAL IN THE STATE WITH RESPECT TO THE ADDITIONAL AMOUNT DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION."

in line 4, strike "(2)" and substitute "(3)"; in the same line, before "RECOMMENDATIONS" insert "INVESTMENTS OR"; in line 5, strike "PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE" and substitute "THIS SECTION SHALL INCLUDE A GOAL OF INVESTMENTS OR"; after line 7, insert:

"(4) AN ENTITY PROVIDING SERVICES TO THE BOARD OF TRUSTEES IN ACCORDANCE WITH PARAGRAPH (1) OR (2) OF THIS SUBSECTION SHALL BE A FIDUCIARY OF THE SEVERAL SYSTEMS IN ACCORDANCE WITH SUBTITLE 2 OF THIS TITLE, WITH RESPECT TO THE SERVICES PROVIDED."

strike in their entirety lines 8 through 18, inclusive; in line 19, strike "(D)" and substitute "(E)"; in the same line, after "OF" insert "AND RETURN OF PRINCIPAL FROM"; in line 21, strike "21-707."; strike beginning with "THE" in line 22 down through "TITLE," in line 23 and substitute:

(Over)

“(F) (1) ON OR BEFORE DECEMBER 1 EACH YEAR, THE BOARD OF TRUSTEES SHALL SUBMIT A REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE APPROPRIATIONS COMMITTEE, AND THE JOINT COMMITTEE ON PENSIONS, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, AND SUBJECT TO § 4-335 OF THE GENERAL PROVISIONS ARTICLE, THAT INCLUDES”;

after line 23, insert:

“(I) THE INVESTMENTS, IF ANY, MADE UNDER THIS SECTION;”;

in line 24, strike “(1)” and substitute “(II)”; in the same line, after “RECOMMENDATIONS” insert “, IF ANY,”; in the same line, strike “BY THE AUTHORITY”; in line 25, strike “SUBTITLE” and substitute “SECTION”; in the same line, strike “AND”; in line 26, strike “(2)” and substitute “(III)”; in the same line, after “ACTIONS” insert “, IF ANY,”; and in line 27, strike “BY THE AUTHORITY” and substitute “UNDER THIS SECTION;”

(IV) THE INVESTMENT PERFORMANCE OF ANY INVESTMENTS MADE UNDER THIS SECTION;

(V) TO THE EXTENT POSSIBLE, AN ACCOUNTING OF THE FEES AND EXPENSES INCURRED UNDER THIS SECTION; AND

(VI) TO THE EXTENT POSSIBLE, THE RATIO OF FUNDS INVESTED IN PROJECTS UNDER THIS SECTION TO THE TOTAL PERCENTAGE OF VENTURE CAPITAL FUNDS RAISED IN THE STATE BY ALL SOURCES.

(2) ON OR BEFORE DECEMBER 1 EACH YEAR, THE MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION OR ANOTHER ENTITY WITH WHICH THE BOARD OF TRUSTEES ENTERED INTO AN AGREEMENT UNDER SUBSECTION (D)(1) OR (2) OF THIS SECTION SHALL SUBMIT A REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE APPROPRIATIONS COMMITTEE, AND THE JOINT COMMITTEE ON PENSIONS, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THAT, TO THE EXTENT POSSIBLE, PROVIDES:

(I) THE ECONOMIC BENEFIT GENERATED FROM INVESTMENTS MADE UNDER THIS SECTION, INCLUDING:

- 1. THE CREATION OF NEW BUSINESSES;**
- 2. THE EXPANSION OF EXISTING BUSINESSES;**
- 3. THE CREATION OF NEW JOBS;**
- 4. THE TERMINATION OF ANY JOBS; AND**
- 5. ANY INCREASES IN PAYROLL; AND**

(II) THE NUMBER OF BUSINESSES RECEIVING FUNDS FROM INVESTMENTS UNDER THIS SECTION THAT SUBSEQUENTLY RELOCATE TO OTHER STATES OR COUNTRIES”.

On pages 5 and 6, strike in their entirety the lines beginning with line 28 on page 5 through line 2 on page 6, inclusive, and substitute:

(Over)

“(G) THE BOARD OF TRUSTEES, OR ANY OTHER FIDUCIARY OF THE SEVERAL SYSTEMS, MAY NOT BE HELD LIABLE FOR ANY ACTIONS TAKEN OR DECISIONS MADE IN GOOD FAITH FOR THE PURPOSE OF COMPLYING WITH OR EXECUTING THE REQUIREMENTS OF THIS SECTION.

(H) THE BOARD OF TRUSTEES SHALL ACT IN GOOD FAITH TO CARRY OUT THE REQUIREMENTS OF THIS SECTION IN COMPLIANCE WITH ALL APPLICABLE STATE AND FEDERAL LAW, INCLUDING RELEVANT JUDICIAL DECISIONS.

(I) NOTHING IN THIS SECTION SHALL REQUIRE THE BOARD OF TRUSTEES TO TAKE ACTION AS DESCRIBED IN THIS SECTION UNLESS THE BOARD OF TRUSTEES DETERMINES, IN GOOD FAITH, THAT THE ACTION IS CONSISTENT WITH THE FIDUCIARY RESPONSIBILITIES OF THE BOARD OF TRUSTEES AS DESCRIBED IN SUBTITLE 2 OF THIS TITLE.”.

AMENDMENT NO. 3

On page 6, in line 3, strike “3.” and substitute “2.”.