

HOUSE BILL 94

C8, Q7, F2

7lr0129

By: **Chair, Ways and Means Committee (By Request – Departmental – Commerce)**
Introduced and read first time: January 16, 2017
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland E–Nnovation Initiative Program – Requirements for Matching Funds**

3 FOR the purpose of authorizing a nonprofit institution of higher education to deposit
4 certain available institutional funds into the research endowment of the institution
5 under certain circumstances to satisfy a certain deposit requirement to receive
6 matching funds under the Maryland E–Nnovation Initiative Program; and generally
7 relating to the Maryland E–Nnovation Initiative Program.

8 BY repealing and reenacting, without amendments,

9 Article – Economic Development

10 Section 6–601(a), (b), (d), (g), (j), and (l) and 6–613

11 Annotated Code of Maryland

12 (2008 Volume and 2016 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Economic Development

15 Section 6–619

16 Annotated Code of Maryland

17 (2008 Volume and 2016 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 6–601.

22 (a) In this subtitle the following words have the meanings indicated.

23 (b) “Authority” means the Maryland E–Nnovation Initiative Fund Authority
24 established under § 6–605 of this subtitle.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (d) "Fund" means the Maryland E-Innovation Initiative Fund created under §
2 6-604 of this subtitle.

3 (g) (1) "Nonprofit institution of higher education" means an institution of
4 postsecondary education located in the State, that receives State funds in the annual
5 operating budget and that generally limits enrollment to graduates of secondary schools
6 and awards degrees at either the associate, baccalaureate, or graduate level.

7 (2) "Nonprofit institution of higher education" includes public and private
8 nonprofit institutions of higher education located in the State.

9 (j) "Qualified donation" means any private donation, gift, irrevocable pledge, or
10 bequest to a research endowment in accordance with § 6-613 of this subtitle.

11 (l) "Research endowment" means an account established at or administered by a
12 nonprofit institution of higher education in accordance with § 6-612 of this subtitle.
13 6-613.

14 (a) Private donations to a research endowment shall be considered a qualified
15 donation if:

16 (1) the donation or pledge is expressly or specifically restricted by the donor
17 for one or more of the eligible uses under § 6-614 of this subtitle;

18 (2) the individual donation or pledge is a minimum of \$500,000 or is
19 bundled with other qualified donations to meet the \$500,000 threshold; and

20 (3) the nonprofit institution of higher education accepts the donation from
21 individuals, partnerships, associations, public or private for-profit and nonprofit
22 corporations, or nongovernmental foundations.

23 (b) Notwithstanding subsection (a) of this section, a nonprofit institution of
24 higher education may designate unrestricted gifts or bequests, or a portion of an
25 unrestricted gift or bequest, for use as a qualified donation.

26 (c) A qualified donation excludes:

27 (1) any donation received by a nonprofit institution of higher education
28 prior to October 1, 2014;

29 (2) educational or general fees, auxiliary fees, or other student fees
30 generated by the institution;

1 (3) proceeds from promissory notes, bonds, loans, or other instruments
2 evidencing an indebtedness or any other obligation of repayment by the governing body of
3 a nonprofit institution of higher education to the maker of the instrument; or

4 (4) any other funds received from the State or federal government.

5 (d) (1) The president of each nonprofit institution of higher education or the
6 president's designee shall make the initial determination of whether a donation constitutes
7 a qualified donation.

8 (2) The president of the nonprofit institution of higher education shall
9 provide a report to the governing body of the institution at least once each fiscal year
10 regarding the amount of qualified donations the institution has received.

11 6-619.

12 (a) Within 90 days after approval by the Authority of a request for matching funds
13 under § 6-618 of this subtitle, each nonprofit institution of higher education shall deposit
14 an amount of qualified donations equal to or greater than the total amount of funds
15 allocated for distribution to the nonprofit institution of higher education in accordance with
16 § 6-618 of this subtitle.

17 (b) If a nonprofit institution of higher education fails to have deposited into its
18 research endowments the required amount of qualified donations as required under
19 subsection (a) of this section, any portion of the funds allocated to the institution that has
20 not been distributed shall be reallocated to another nonprofit institution of higher
21 education in accordance with this subtitle.

22 (c) **(1) THIS SUBSECTION APPLIES TO A NONPROFIT INSTITUTION OF**
23 **HIGHER EDUCATION THAT ANTICIPATES THAT THE INSTITUTION WILL NOT RECEIVE**
24 **THE ENTIRE AMOUNT OF A QUALIFIED DONATION ON WHICH THE INSTITUTION**
25 **INTENDS TO RELY FOR PURPOSES OF REQUESTING MATCHING FUNDS FROM THE**
26 **AUTHORITY BEFORE THE END OF THE FISCAL YEAR IN WHICH THE RESEARCH**
27 **ENDOWMENT PLAN IS APPROVED.**

28 **(2) EXCEPT FOR THE TYPE OF FUNDS SET FORTH IN § 6-613(C)(2),**
29 **(3), AND (4) OF THIS SUBTITLE, A NONPROFIT INSTITUTION OF HIGHER EDUCATION**
30 **MAY DEPOSIT AVAILABLE FUNDS FROM OTHER SOURCES WITHIN THE NONPROFIT**
31 **INSTITUTION OF HIGHER EDUCATION INTO THE RESEARCH ENDOWMENT FOR**
32 **PURPOSES OF SATISFYING THE 90-DAY DEPOSIT REQUIREMENT IN SUBSECTION (A)**
33 **OF THIS SECTION IF THE NONPROFIT INSTITUTION OF HIGHER EDUCATION HAS**
34 **DISCLOSED THE FOLLOWING INFORMATION IN THE RESEARCH ENDOWMENT PLAN**
35 **APPROVED BY THE AUTHORITY:**

1 **(I) THE INTENT OF THE NONPROFIT INSTITUTION OF HIGHER**
2 **EDUCATION TO RELY ON THE OTHER FUNDS;**

3 **(II) THE SOURCE OF THE OTHER FUNDS; AND**

4 **(III) OTHER INFORMATION THE AUTHORITY MAY HAVE**
5 **REQUESTED REGARDING OTHER FUNDS AT THE TIME OF ITS CONSIDERATION OF**
6 **THE APPROVED RESEARCH ENDOWMENT PLAN.**

7 **(D)** If the Authority fails to allocate the funds in the Fund under this subtitle and
8 a nonprofit institution of higher education has previously received 25% of cumulative
9 program funds from the Fund, the Authority may distribute additional funds to the
10 nonprofit institution in accordance with this subtitle.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2017.