

HOUSE BILL 955

C8

9lr2602
CF SB 593

By: **Delegate Walker**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Technology Development Corporation – Alteration of Purpose**

3 FOR the purpose of altering the purpose and duties of the Maryland Technology
4 Development Corporation to allow investment in and grants to technology-based
5 early-stage and start-up businesses that are located in the State or conduct a
6 substantial part of business activities in the State; altering the definition of qualified
7 business for purposes of certain provisions of law governing the Invest Maryland
8 Program to include any technology-based early-stage or start-up businesses that
9 are located in the State or conduct a substantial part of business activities in the
10 State; and generally relating to grants and investments by the Maryland Technology
11 Development Corporation.

12 BY repealing and reenacting, with amendments,
13 Article – Economic Development
14 Section 10-402, 10-409, 10-437(n), and 10-489(a)
15 Annotated Code of Maryland
16 (2018 Replacement Volume)

17 BY repealing and reenacting, without amendments,
18 Article – Economic Development
19 Section 10-473(a)
20 Annotated Code of Maryland
21 (2018 Replacement Volume)

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

24 **Article – Economic Development**

25 10-402.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) There is a Maryland Technology Development Corporation.

2 (b) The Corporation is a body politic and corporate and is an instrumentality of
3 the State.

4 (c) The purposes of the Corporation are to:

5 (1) assist in transferring to the private sector the results and products of
6 scientific research and development conducted by colleges and universities;

7 (2) assist in commercializing those results and products;

8 (3) assist in commercializing technology developed in the private sector;

9 (4) foster the commercialization of research and development conducted by
10 colleges, universities, and the private sector to create and sustain businesses throughout
11 all regions of the State; [and]

12 (5) INVEST IN TECHNOLOGY-BASED EARLY-STAGE AND START-UP
13 BUSINESSES THAT:

14 (I) ARE LOCATED IN THE STATE; OR

15 (II) CONDUCT A SUBSTANTIAL PART OF BUSINESS ACTIVITIES IN
16 THE STATE; AND

17 [(5)] (6) generally assist early-stage and start-up businesses in the
18 State.

19 10-409.

20 The Corporation may [make grants to or provide equity investment financing for
21 technology-based businesses] INVEST IN AND MAKE GRANTS TO TECHNOLOGY-BASED
22 EARLY-STAGE AND START-UP BUSINESSES THAT:

23 (1) ARE LOCATED IN THE STATE; OR

24 (2) CONDUCT A SUBSTANTIAL PART OF BUSINESS ACTIVITIES IN THE
25 STATE.

26 10-473.

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

28 (n) "Qualified business" means a TECHNOLOGY-BASED EARLY-STAGE OR

1 **START-UP** business that, at the time of the first investment in the business under the
2 Program:

3 (1) **IS LOCATED IN THE STATE; OR**

4 (2) **CONDUCTS A SUBSTANTIAL PART OF BUSINESS ACTIVITIES IN THE**
5 **STATE** [has its principal business operations located in the State and intends to maintain
6 its principal business operations in the State after receiving an investment under the
7 Program;

8 (2) has agreed to use the qualified investment primarily to:

9 (i) support business operations in the State; or

10 (ii) in the case of a start-up company, establish and support business
11 operations in the State;

12 (3) has not more than 250 employees; and

13 (4) is not primarily engaged in:

14 (i) retail sales;

15 (ii) real estate development;

16 (iii) the business of insurance, banking, or lending; or

17 (iv) the provision of professional services by accountants, attorneys,
18 or physicians].

19 10-489.

20 (a) (1) A business that is classified as a qualified business at the time of the
21 first investment in the business by a venture firm, the Enterprise Fund, or the Financing
22 Authority remains classified as a qualified business and may receive follow-on investments
23 from a venture firm, the Enterprise Fund, or the Financing Authority.

24 (2) Except as provided in paragraph (3) of this subsection, a follow-on
25 investment made under this subsection is a qualified investment even though the business
26 does not meet the definition of a qualified business at the time of the follow-on investment.

27 (3) With respect to an investment by the Enterprise Fund or the Financing
28 Authority, a follow-on investment does not qualify as a qualified investment if, at the time
29 of the follow-on investment, the qualified business **IS** no longer [has its principal business
30 operations] **LOCATED** in the State **OR NO LONGER CONDUCTS A SUBSTANTIAL PART OF**
31 **ITS BUSINESS ACTIVITIES IN THE STATE.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2019.