

HOUSE BILL 1585

C8, Q7, F2

0lr3622
CF SB 389

By: **Delegate B. Barnes**

Introduced and read first time: February 13, 2020

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, February 24, 2020

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 9, 2020

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Maryland E–Nnovation Initiative**
3 **Program – Extension and Alterations**

4 FOR the purpose of extending and altering the Maryland E–Nnovation Initiative Program;
5 requiring the Governor to include in the annual budget bill certain appropriations to
6 the Maryland E–Nnovation Initiative Fund for certain fiscal years; ~~altering the~~
7 ~~purposes for which certain endowment proceeds may be expended;~~ altering certain
8 requirements for certain individuals in certain positions funded by endowment
9 proceeds; altering the distribution of certain revenue from a certain tax in a certain
10 manner; and generally relating to the Maryland E–Nnovation Initiative Program.

11 BY repealing and reenacting, without amendments,
12 Article – Economic Development
13 Section 6–604(a), (d), and (f), 6–612(a), and 6–618(b), (d), and (e)
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2019 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Economic Development
18 Section 6–604(e) and 6–614
19 Annotated Code of Maryland
20 (2018 Replacement Volume and 2019 Supplement)

21 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Tax – General
 2 Section 2–202(a)(1)(i)
 3 Annotated Code of Maryland
 4 (2016 Replacement Volume and 2019 Supplement)

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

7 **Article – Economic Development**

8 6–604.

9 (a) There is a Maryland E–Nnovation Initiative Fund in the Department.

10 (d) The Fund consists of:

11 (1) revenue distributed to the Fund under § 2–202(a)(1) of the
 12 Tax – General Article;

13 (2) money appropriated in the State budget to the Fund; and

14 (3) any other money from any other source accepted for the benefit of the
 15 Fund.

16 (e) ~~For each of fiscal years 2016 through 2021~~ **2026**, the ~~THE~~ Governor shall
 17 include in the budget bill an appropriation to the Fund in an amount that when combined
 18 with the amount estimated to be distributed to the Fund under subsection (d)(1) of this
 19 section equals:

20 ~~(1) FOR EACH OF FISCAL YEARS 2016 THROUGH 2021~~, at least
 21 \$8,500,000; ~~AND~~

22 ~~(2) FOR EACH OF FISCAL YEARS 2022 THROUGH 2026, AT LEAST~~
 23 ~~\$12,500,000.~~

24 (f) The Department may use the Fund to:

25 (1) finance research endowments at nonprofit institutions of higher
 26 education in scientific and technical fields of study; and

27 (2) pay the related administrative, legal, and actuarial expenses of the
 28 Department.

29 6–612.

1 (a) The governing body of each nonprofit institution of higher education may
2 create and administer one or more research endowments to receive funding from the Fund.

3 6-614.

4 (a) Endowment proceeds shall be expended by a nonprofit institution of higher
5 education to further basic and applied research in scientific and technical fields of study as
6 designated by the Authority that offer promising and significant economic impacts and the
7 opportunity to develop clusters of technological innovation in the State, including:

- 8 (1) physical sciences;
- 9 (2) life and neuro sciences;
- 10 (3) engineering;
- 11 (4) mathematical and computational sciences;
- 12 (5) regulatory science;
- 13 (6) autonomous systems;
- 14 (7) aeronautical and space science;
- 15 (8) environmental sciences;
- 16 (9) behavioral and language science;
- 17 (10) health sciences;
- 18 (11) agriculture; or
- 19 (12) cybersecurity.

20 (b) Endowment proceeds may be expended by a nonprofit institution of higher
21 education for:

22 (1) the payment of the base salaries of newly endowed department chairs,
23 new professorship positions, new research scientists, or new research staff positions,
24 including research technicians and support personnel, and to fund affiliated graduate or
25 undergraduate student research fellowships, if the positions or fellowships are engaged in
26 the areas of research identified in subsection (a) of this section; ~~for~~

27 (2) ~~THE CREATION OF START-UP PACKAGES TO ATTRACT~~
28 ~~WORLD-CLASS FACULTY ENGAGED IN AREAS OF RESEARCH IDENTIFIED IN~~
29 ~~SUBSECTION (A) OF THIS SECTION THROUGH THE FUNDING OF INFRASTRUCTURE~~

1 ~~AND STAFF TO ASSIST THOSE FACULTY MEMBERS IN THEIR WORK AND RESEARCH;~~
2 ~~OR~~

3 ~~(3)~~ the purchase of basic infrastructure, including laboratory and scientific
4 equipment or other essential equipment and materials, related to an area of research
5 identified in subsection (a) of this section.

6 (c) An individual in a position that is funded by endowment proceeds under
7 subsection (b)(1) of this section shall:

8 (1) work at least [one day each week] **20% OF THE YEAR** in support of a
9 federal laboratory or associated federal laboratory research support organization;

10 (2) hold a joint appointment or secondary position at another nonprofit
11 institution of higher education in the State; or

12 (3) work at least [one day each week] **20% OF THE YEAR** in support of
13 entrepreneurial activities with a company engaged in one or more of the research areas
14 identified in subsection (a) of this section.

15 (d) The Authority shall issue eligibility criteria regarding the expenditure of
16 endowment proceeds to pay the base salaries of personnel, fund student fellowships, and
17 purchase basic infrastructure.

18 6–618.

19 (b) A nonprofit institution of higher education seeking a distribution of matching
20 funds from the Fund shall first obtain qualified donations in an amount equal to the
21 amount of matching funds requested for distribution and shall submit a request to the
22 Authority.

23 (d) The Authority shall review each request for distribution of matching funds
24 from the Fund for compliance with the provisions of this subtitle and Department
25 regulations.

26 (e) If the Authority approves the request of a nonprofit institution of higher
27 education, the Authority shall distribute matching funds to the applicable research
28 endowment in an amount equal to the amount of qualified donations.

29 Article – Tax – General

30 2–202.

31 (a) After making the distribution required under § 2–201 of this subtitle, within
32 20 days after the end of each quarter, the Comptroller shall distribute:

1 (1) except as provided in subsections (b) and (c) of this section, from the
2 revenue from the State admissions and amusement tax on electronic bingo and electronic
3 tip jars under § 4-102(e) of this article:

4 (i) 1. for fiscal years 2016 through **[2021] 2026**, the revenue
5 attributable to a tax rate of 20% to the Maryland E-Innovation Initiative Fund under §
6 6-604 of the Economic Development Article; and

7 2. in fiscal year **[2022] 2027** and in each fiscal year
8 thereafter, the revenue attributable to a tax rate of 20% to the General Fund of the State;
9 and

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2020.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.