

Chapter 391

(Senate Bill 885)

AN ACT concerning

Maryland Technology Development Corporation – Maryland Equity Investment Fund – Established

FOR the purpose of establishing the Maryland Equity Investment Fund in the Maryland Technology Development Corporation; providing for the investment of certain General Fund surplus in certain private equity and venture capital in the State for a certain purpose through the Fund; altering, for a certain fiscal year, the distribution of certain General Fund surplus; and generally relating to investments in private equity and venture capital in the State and the Maryland Technology Development Corporation.

BY adding to

Article – Economic Development

Section 10–487 to be under the amended part “Part X. Miscellaneous Funds”

Annotated Code of Maryland

(2018 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 7–311(a)(1) and (2)

Annotated Code of Maryland

(2021 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 7–311(j)(1)(iii) and (iv)

Annotated Code of Maryland

(2021 Replacement Volume)

BY adding to

Article – State Finance and Procurement

Section 7–311(j)(1)(v)

Annotated Code of Maryland

(2021 Replacement Volume)

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

Article – Economic Development

Part X. [Pre–Seed Builder Fund] **MISCELLANEOUS FUNDS.**

10-487.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “FUND” MEANS THE MARYLAND EQUITY INVESTMENT FUND.

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

(4) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT, AT THE TIME OF THE FIRST INVESTMENT IN THE BUSINESS:

(I) HAS ITS PRINCIPAL BUSINESS OPERATIONS LOCATED IN THE STATE AND INTENDS TO MAINTAIN ITS PRINCIPAL BUSINESS OPERATIONS IN THE STATE AFTER RECEIVING AN INVESTMENT UNDER THE PROGRAM;

(II) HAS AGREED TO USE THE QUALIFIED INVESTMENT PRIMARILY TO:

1. SUPPORT BUSINESS OPERATIONS IN THE STATE; OR

2. IN THE CASE OF A START-UP COMPANY, ESTABLISH AND SUPPORT BUSINESS OPERATIONS IN THE STATE;

(III) HAS NOT MORE THAN 250 EMPLOYEES; AND

(IV) IS NOT PRIMARILY ENGAGED IN:

1. RETAIL SALES;

2. REAL ESTATE DEVELOPMENT;

3. THE BUSINESS OF INSURANCE, BANKING, OR LENDING; OR

4. THE PROVISION OF PROFESSIONAL SERVICES BY ACCOUNTANTS, ATTORNEYS, OR PHYSICIANS.

~~(4)~~ (5) “SEVERAL SYSTEMS” HAS THE MEANING STATED IN § 20-201 OF THE STATE PERSONNEL AND PENSIONS ARTICLE.

~~(5)~~ **(6)** “VENTURE CAPITAL” MEANS AN INVESTMENT OF CAPITAL TO A BUSINESS AT ANY STAGE OF ITS DEVELOPMENT BEFORE THE BUSINESS MAKES A PUBLIC OFFERING OF STOCK.

(B) THERE IS A MARYLAND EQUITY INVESTMENT FUND IN THE CORPORATION.

(C) THE PURPOSE OF THE FUND IS TO ALLOW UNAPPROPRIATED GENERAL FUND SURPLUS TO BE INVESTED IN ~~THE STATE~~ A QUALIFIED BUSINESS WITH A GOAL TO INCREASE PRIVATE EQUITY AND VENTURE CAPITAL IN THE STATE, WITH THE INTEREST EARNINGS AND INVESTMENT RETURNS REALIZED FROM THOSE INVESTMENTS TO THE BENEFIT OF THE PARTICIPANTS OF THE SEVERAL SYSTEMS.

(D) THE CORPORATION SHALL MANAGE AND SUPERVISE THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING REVOLVING FUND THAT IS NOT SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) MONEY DISTRIBUTED TO THE FUND UNDER § 7-311 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY:

(1) FOR THE PURPOSES DESCRIBED IN SUBSECTION (C) OF THIS SECTION; AND

(2) TO PAY THE COSTS NECESSARY TO ADMINISTER THE FUND.

(H) (1) THE STATE TREASURER SHALL INVEST MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ANY INVESTMENT EARNINGS OF THE FUND AND INVESTMENT

RETURNS REALIZED FROM THE INVESTMENTS MADE UNDER THIS SECTION SHALL BE CREDITED TO THE ACCUMULATION FUNDS OF THE SEVERAL SYSTEMS ESTABLISHED UNDER § 21-303 OF THE STATE PERSONNEL AND PENSIONS ARTICLE ~~AT THE DIRECTION OF THE BOARD OF TRUSTEES FOR THE STATE RETIREMENT AND PENSION SYSTEM.~~

(II) THE CORPORATION MAY RETAIN 50% OF INVESTMENT RETURNS REALIZED FROM THE INVESTMENTS MADE UNDER THIS SECTION.

Article – State Finance and Procurement

7-311.

(a) (1) In this section the following words have the meanings indicated.

(2) “Account” means the Revenue Stabilization Account.

(j) (1) Except as provided in paragraph (2) of this subsection, for fiscal year 2007 and for each subsequent fiscal year, the Governor shall include in the budget bill an appropriation:

(iii) for fiscal year 2021, to the Account in the amount of \$291,439,149; [and]

(iv) **EXCEPT AS PROVIDED IN ITEM (V) OF THIS PARAGRAPH**, for fiscal year 2022 and each fiscal year thereafter:

1. to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$25,000,000, that is equal to one-quarter of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000;

2. to the Postretirement Health Benefits Trust Fund established under § 34-101 of the State Personnel and Pensions Article an amount, up to a maximum of \$25,000,000, that is equal to one-quarter of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000; and

3. to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000, less the amount of the appropriations under items 1 and 2 of this item;
AND

(V) FOR FISCAL YEAR 2024:

1. TO THE MARYLAND EQUITY INVESTMENT FUND ESTABLISHED UNDER § 10-487 OF THE ECONOMIC DEVELOPMENT ARTICLE AN AMOUNT, UP TO \$10,000,000, THAT IS EQUAL TO 10% OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;

2. TO THE ACCUMULATION FUNDS OF THE STATE RETIREMENT AND PENSION SYSTEM AN AMOUNT, UP TO A MAXIMUM OF \$15,000,000, THAT IS EQUAL TO 15% OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;

3. TO THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND ESTABLISHED UNDER § 34-101 OF THE STATE PERSONNEL AND PENSIONS ARTICLE AN AMOUNT, UP TO A MAXIMUM OF \$25,000,000, THAT IS EQUAL TO 25% OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000; AND

4. TO THE ACCOUNT EQUAL TO THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000, LESS THE AMOUNT OF THE APPROPRIATIONS UNDER ITEMS 1 THROUGH 3 OF THIS ITEM.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022.

Approved by the Governor, May 16, 2022.