

SB0125/143627/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 125
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute “**Maryland Technology Development Corporation – Business Diversity Incubator Program and Fund – Establishment**”; in lines 3 and 6, in each instance, after “Program” insert “**and Fund**”; in lines 3, 6, and 14, in each instance, strike “Digital Bay”; in the same lines, in each instance, after “Diversity” insert “**Incubator**”; in line 9, strike “9–101(a) and (c) and”; and strike in their entirety lines 21 through 23, inclusive.

AMENDMENT NO. 2

On page 2, in line 6, strike “**DIGITAL BAY**”; in the same line, after “**DIVERSITY**” insert “**INCUBATOR**”; in line 8, after “**(A)**” insert “**(1)**”; strike beginning with the comma in line 8 down through “**PROGRAM.**” in line 9 and substitute “**THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**”

(2) “FUND” MEANS THE BUSINESS DIVERSITY INCUBATOR FUND.

(3) “PROGRAM” MEANS THE BUSINESS DIVERSITY INCUBATOR PROGRAM.

(4) “QUALIFIED INCUBATOR” MEANS A NONPROFIT ORGANIZATION, B CORPORATION, OR SOCIAL ENTERPRISE IN THE STATE THAT:

(1) PRIMARILY SERVES OR WILL PRIMARILY SERVE BUSINESSES IN THE STATE;

(II) REQUIRES OR WILL REQUIRE PARTICIPATING BUSINESSES TO ENGAGE IN A FORMAL INCUBATOR PROGRAM DESIGNED TO ADVANCE EARLY-STAGE BUSINESSES;

(III) IS STAFFED OR WILL BE STAFFED BY AT LEAST ONE INDIVIDUAL DEDICATED TO MENTORING BUSINESSES AND GUIDING THEM THROUGH THE INCUBATOR PROGRAM;

(IV) IS DIRECTED BY AN INDIVIDUAL WHO HAS COMPLETED A TRAINING PROGRAM FOCUSED ON OPERATING A BUSINESS INCUBATOR TARGETING SOCIALLY AND ECONOMICALLY DISADVANTAGED ENTREPRENEURS, OR HELPING SOCIALLY AND ECONOMICALLY DISADVANTAGED ENTREPRENEURS SECURE INVESTMENT, THAT INCLUDED TOPICS SUCH AS:

1. ADVOCATING FOR DIVERSE TECH ENTREPRENEURSHIP;

2. THE HISTORY OF DIVERSE ECOSYSTEMS AND VENTURE CAPITAL;

3. NAVIGATING DIVERSE TECH ENTREPRENEURSHIP;

4. RISK, LEGAL ISSUES, AND SECURITIES AND EXCHANGE COMMISSION REGULATIONS;

5. THE DUE DILIGENCE PROCESS FOR EARLY-STAGE INVESTMENTS;

6. THE BUSINESS OF VENTURE CAPITAL;

7. UNDERSTANDING INVESTMENT DOCUMENTS AND TERM SHEETS;
8. ACCOUNTING, TAXES, AND EXITS FOR COMPANIES AND FOUNDERS;
9. BUILDING WEALTH IN DIVERSE COMMUNITIES;
10. UNDERSTANDING SOCIETAL RACISM, DISCRIMINATION, AND BIAS;
11. UNDERSTANDING AND MITIGATING CONSCIOUS AND UNCONSCIOUS BIAS;
12. DEALING WITH MICROAGGRESSIONS IN THE WORKPLACE AND BEYOND;
13. DIVERSITY, EQUITY, AND INCLUSION STRATEGIES;
- AND
14. CORPORATE BOARD GOVERNANCE, HUMAN RESOURCES, PROCUREMENT, PRODUCT DEVELOPMENT, AND CORPORATE INNOVATION; AND

(V) WAS ESTABLISHED ON OR AFTER JANUARY 1, 2012.”;

in line 10, strike “DIGITAL BAY”; in the same line, after “DIVERSITY” insert “INCUBATOR”; in line 13, strike “NONPROFIT ORGANIZATIONS” and substitute “QUALIFIED INCUBATORS”; in line 15, strike “(1)”; in the same line, strike “, IN

(Over)

CONSULTATION WITH THE DEPARTMENT,”; strike in their entirety lines 17 through 21, inclusive; in line 22, strike “(E)” and substitute “(D)”;

strike beginning with “FOR” in line 22 down through “(3)” in line 28; and in line 28, strike “THIS SECTION” and substitute “THE PROGRAM”.

AMENDMENT NO. 3

On page 3, strike beginning with “SMALL” in line 2 down through “MATERIALS.” in line 6 and substitute “PLANNING THE ESTABLISHMENT OF A QUALIFIED INCUBATOR OR PLANNING FOR A QUALIFIED INCUBATOR’S LONG-TERM SUSTAINABILITY;

(II) CAPITAL IMPROVEMENTS, SECURING REAL ESTATE, RENOVATIONS, AND THE PURCHASE OF CAPITAL EQUIPMENT TO ESTABLISH OR GROW A QUALIFIED INCUBATOR; OR

(III) OPERATING AND PROGRAM EXPENSES ASSOCIATED WITH SUPPORTING PROGRAMS.

(2) GRANTS AWARDED UNDER THE PROGRAM MAY NOT BE USED TO SUPPORT MORE THAN 25% OF THE OPERATING EXPENSES OF A QUALIFIED INCUBATOR UNLESS THE GRANT IS AWARDED WITHIN THE FIRST YEAR OF OPERATION OF THE QUALIFIED INCUBATOR.

(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, GRANTS AWARDED UNDER THE PROGRAM SHALL BE FOR A PERIOD OF 3 YEARS.

(II) 1. THE CORPORATION MAY RENEW A GRANT AT THE END OF THE 3-YEAR PERIOD ON A COMPETITIVE BASIS WITH OTHER QUALIFIED INCUBATORS APPLYING FOR FUNDING.

2. THE RENEWAL OF A GRANT IS SUBJECT TO THE QUALIFIED INCUBATOR'S COMPLIANCE WITH THE TERMS OF THE GRANT INCLUDING ECONOMIC IMPACT METRICS PROPOSED IN THE APPLICATION FOR THE GRANT.;

in line 8, after "GRANT" insert "UNDER THE PROGRAM"; in the same line, strike "EXCEEDS \$250,000" and substitute "IS LESS THAN \$100,000 OR EXCEEDS \$400,000"; in line 9, strike "(F)" and substitute "(E)"; in the same line, strike ", IN CONSULTATION WITH THE DEPARTMENT,"; in line 11, strike "THIS SECTION" and substitute "THE PROGRAM"; strike beginning with "AWARD" in line 12 down through "ARTICLE" in line 14 and substitute "GIVE PREFERENCE TO QUALIFIED INCUBATORS THAT:

(I) HAVE A PROGRAM MANAGED BY SOCIALLY OR ECONOMICALLY DISADVANTAGED INDIVIDUALS;

(II) ARE LOCATED IN A FEDERALLY RECOGNIZED HUB ZONE, A STATE QUALIFIED OPPORTUNITY ZONE, OR AN UNDERSERVED COMMUNITY;

(III) HAVE EXPERIENCE SUPPORTING COMPANIES IN THE START-UP STAGE;

(IV) SERVE COMPANIES LED BY SOCIALLY OR ECONOMICALLY DISADVANTAGED INDIVIDUALS AND HAVE AN ECONOMIC IMPACT ON UNDERSERVED COMMUNITIES; OR

(V) HAVE ESTABLISHED A PRESENCE IN AN UNDERSERVED COMMUNITY;

(Over)

in line 15, strike “(G)” and substitute “(F)”; strike beginning with “THE” in line 19 down through “(4)” in line 21; in line 26, strike “(H)” and substitute “(G)”; and in line 27, strike “THIS SECTION” and substitute “THE PROGRAM”.

AMENDMENT NO. 4

On page 4, after line 1, insert:

“(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

(I) INFORMATION ABOUT THE USE OF THE GRANT;

(II) THE ECONOMIC IMPACT OF THE GRANT; AND

(III) ANY OTHER INFORMATION THE CORPORATION DEEMS NECESSARY TO DETERMINE THE EFFECTIVENESS AND IMPACT OF THE PROGRAM.”;

in line 2, strike “(2)” and substitute “(3)”; in the same line, strike “2023” and substitute “2024”; in the same line, strike “2 YEARS” and substitute “YEAR”; in line 5, strike “THIS SECTION” and substitute “THE PROGRAM”; in line 7, after the semicolon insert “AND”; in line 9, strike “THIS SECTION; AND” and substitute “THE PROGRAM.”; strike in their entirety lines 10 and 11; strike lines 12 and 13 and substitute:

“(H) (1) THERE IS A BUSINESS DIVERSITY INCUBATOR FUND.

(2) THE PURPOSE OF THE FUND IS TO FUND GRANTS AWARDED BY THE PROGRAM IN ACCORDANCE WITH THIS SECTION.

(3) THE CORPORATION SHALL ADMINISTER THE FUND.

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

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

(6) THE FUND CONSISTS OF MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND AND ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(7) EXCEPT AS PROVIDED IN PARAGRAPH (8) OF THIS SUBSECTION, THE FUND MAY BE USED ONLY TO PROVIDE GRANTS UNDER THE PROGRAM.

(8) UP TO 15% OF THE ANNUAL APPROPRIATION TO THE FUND MAY BE USED FOR THE ADMINISTRATION OF THE FUND AND THE PROGRAM.

(9) FOR FISCAL YEAR 2025, THE GOVERNOR MAY INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$1,000,000 TO THE FUND.

(10) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(11) MONEY EXPENDED FROM THE FUND FOR THE PROGRAM IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THE BUSINESS DIVERSITY INCUBATOR PROGRAM.”;

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in line 14, strike “**(J)**” and substitute “**(I)**”; in line 18, strike “6 years and 6 months” and substitute “7 years”; and in line 19, strike “December 31, 2029” and substitute “June 30, 2030”.