

# SENATE BILL 426

F2

3lr2348

---

By: ~~Senator King~~ **Senators King, Benson, Corderman, Elfreth, Jackson, McCray,  
Salling, and Zucker**

Introduced and read first time: February 2, 2023

Assigned to: Budget and Taxation

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2023

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **University System of Maryland – Board of Regents – Quasi-Endowment Funds**

3 FOR the purpose of authorizing the Board of Regents of the University System of Maryland  
4 to make transfers of a certain amount subject to certain conditions to establish  
5 certain quasi-endowment funds; authorizing the Board to use investment income  
6 produced by certain quasi-endowment funds in accordance with certain rules to  
7 provide need-based student financial aid; and generally relating to the Board of  
8 Regents of the University System of Maryland.

9 BY repealing and reenacting, without amendments,  
10 Article – Education  
11 Section 12-104(a) through (b-1), (c), and (d)  
12 Annotated Code of Maryland  
13 (2022 Replacement Volume)

14 BY repealing and reenacting, with amendments,  
15 Article – Education  
16 Section 12-104(e)  
17 Annotated Code of Maryland  
18 (2022 Replacement Volume)

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

---

### 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 – Education**

2 12–104.

3 (a) In addition to any other powers granted and duties imposed by this title, and  
4 subject to the provisions of Title 11 of this article and any other restriction imposed by law  
5 by specific reference to the University System of Maryland, or by any trust agreement  
6 involving a pledge of property or money, the Board of Regents has the powers and duties  
7 set forth in this section.

8 (b) In addition to the powers set forth elsewhere in this title, the University may:

9 (1) Exercise all the corporate powers granted Maryland corporations under  
10 the Maryland General Corporation Law;

11 (2) Adopt and alter an official seal;

12 (3) Sue and be sued, complain, and defend in all courts;

13 (4) Maintain offices at the places the Board of Regents may designate;

14 (5) Enter into contracts of any kind, and execute all instruments necessary  
15 or convenient with respect to its carrying out the powers in this subtitle to accomplish the  
16 purposes of the University;

17 (6) Subject to the provisions of subsections (g) and (h) of this section,  
18 acquire, hold, lease, use, encumber, transfer, exchange, or dispose of real and personal  
19 property;

20 (7) Borrow money from any source to acquire personal property as provided  
21 in § 12–105(c) of this subtitle; and

22 (8) In addition to the powers set forth in Title 19 of this article and subject  
23 to the approval of the Board of Public Works, borrow money from any source for any  
24 corporate purpose, including working capital for its operations, reserve funds or interest,  
25 and mortgage, pledge, or otherwise encumber the property or funds of the University, and  
26 contract with or engage the services of any person in connection with any financing,  
27 including financial institutions, issuers of credit, or insurers.

28 (b–1) The University System of Maryland shall establish its corporate headquarters  
29 in Baltimore City at a place designated by the Board.

30 (c) The Board of Regents:

31 (1) Is responsible for the management of the University System of  
32 Maryland and has all the powers, rights, and privileges that go with that responsibility,

1 including the power to conduct or maintain any institutions, schools, or departments in the  
2 University at the locations the Board determines;

3 (2) Shall consult with the presidents in developing policies, guidelines, and  
4 plans for the University System of Maryland; and

5 (3) May not be superseded in its authority by any other State agency or  
6 office in managing the affairs of the University System of Maryland or of any constituent  
7 institutions and centers under the Board's jurisdiction.

8 (d) In addition to the powers conferred on it by this title, the Board has all the  
9 powers conferred on it by:

10 (1) The act of incorporation of the Maryland College of Agriculture;

11 (2) The Charter of the University of Maryland; and

12 (3) The charter of any constituent institution.

13 (e) (1) The Board may:

14 (i) Apply for, accept, and spend any gift or grant from the federal  
15 government, any foundation, or any other person; and

16 (ii) Maintain and manage gift and endowment funds.

17 (2) (i) Subject to subparagraphs (ii), (iii), ~~and~~ (iv), **AND (V) OF THIS**  
18 **PARAGRAPH, THE** Board may maintain and manage quasi-endowment funds.

19 (ii) The Board may only make a one-time transfer of no more than  
20 \$50,000,000 from the non-State supported fund balance held and invested by the State  
21 Treasurer to the quasi-endowment fund.

22 (iii) 1. Subject to the limitation under subparagraph 2 of this  
23 subparagraph, the Board may make only a one-time transfer of no more than \$50,000,000  
24 from the State-supported fund balance held and invested by the State Treasurer to the  
25 quasi-endowment fund.

26 2. The Board may use the investment proceeds for facility  
27 renewal projects relating only to capital facilities used for State-supported activities.

28 (iv) 1. Subject to the limitation under subparagraph 2 of this  
29 subparagraph, the Board may make only a one-time transfer of no more than \$25,000,000  
30 from the non-State supported fund balance held and invested by the State Treasurer to the  
31 quasi-endowment fund.

1                                   2.     The Board may use the investment proceeds only to match  
2 a privately funded scholarship program at the University of Maryland, College Park  
3 Campus.

4                                   ~~3. (v) 1.~~     **SUBJECT TO THE LIMITATION UNDER**  
5 ~~SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH~~ **SUBPARAGRAPH (IV)2 OF THIS**  
6 **PARAGRAPH, THE BOARD MAY MAKE TRANSFERS OF NO MORE THAN \$150,000,000**  
7 **FROM FUND BALANCES HELD AND INVESTED BY THE STATE TREASURER TO**  
8 **ESTABLISH A QUASI-ENDOWMENT FUND.**

9                                   ~~4. 2.~~     **THE BOARD MAY USE THE INVESTMENT INCOME**  
10 **PRODUCED BY THE QUASI-ENDOWMENT FUND IN ACCORDANCE WITH THE**  
11 **UNIVERSITY SYSTEM OF MARYLAND POLICY ON ENDOWMENT FUND SPENDING**  
12 **RULE TO PROVIDE FUNDING FOR NEED-BASED STUDENT FINANCIAL AID.**

13                                   (3)     On or before November 1 each year, the Board shall submit to the  
14 Governor, the Comptroller, the State Treasurer, and, in accordance with § 2-1257 of the  
15 State Government Article, the General Assembly, an annual investment performance  
16 report comparing the various components of the University’s gift, endowment, and  
17 quasi-endowment investment portfolio to appropriate benchmarks.

18                                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2023.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
President of the Senate.

\_\_\_\_\_  
Speaker of the House of Delegates.