

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 799 (Delegates Vogel and Buckel)
 Ways and Means

Economic Development - Maryland Innovation Initiative University Partnership
 Extension Program - Establishment

This bill establishes the Maryland Innovation Initiative (MII) University Partnership Extension Program. The extension program is implemented and administered by MII, which already exists in the Maryland Technology Development Corporation (TEDCO). The purpose of the extension program is to expand opportunities at Bowie State University (BSU) and Frostburg State University (FSU) for technology validation, entrepreneurial development, and industry engagement. Each university must pay an annual contribution of \$50,000 to qualify for participation in the extension program, and only these universities are eligible to submit project proposals for funding under the program. In fiscal 2027 and 2028, the Governor must include in the annual budget bill an appropriation of \$0.5 million for the program. **The bill takes effect July 1, 2025, and terminates June 30, 2028.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by \$500,000 in FY 2027 and 2028; higher education expenditures for BSU and FSU increase by \$50,000 each both years. Special fund revenues and expenditures for the MII Fund (MIIF) increase correspondingly. **This bill establishes a mandated appropriation in FY 2027 and 2028.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$0	\$600,000	\$600,000	\$0	\$0
GF Expenditure	\$0	\$500,000	\$500,000	\$0	\$0
SF Expenditure	\$0	\$600,000	\$600,000	\$0	\$0
Higher Ed Exp.	\$0	\$100,000	\$100,000	\$0	\$0
Net Effect	\$0	(\$600,000)	(\$600,000)	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: To qualify for a grant under the program, a project proposal must:

- support the creation of a new technology-based business in Maryland;
- advance technology toward commercialization of a product or service;
- foster entrepreneurial development at BSU or FSU;
- create an opportunity for meaningful economic impact in the region around BSU or FSU; or
- foster collaboration between BSU or FSU and an industry partner, including (1) product development with commercialization potential and (2) matching funds provided by the industry partner.

MII must develop criteria to review, evaluate, and rate project proposals for funding under the program, and grants must be distributed to projects based on the criteria. MII must collaborate with BSU or FSU to identify and support industry partnerships and commercialization opportunities.

The funding provided under the bill must supplement, not supplant, any funds that would otherwise be provided to MII.

By July 1, 2028, TEDCO must include information on the program in its annual report to the General Assembly.

Current Law: Chapter 697 of 2021 established the MII University Partnership *Pilot Program*, with essentially identical provisions as the extension program established by the bill. The pilot program terminated June 30, 2024.

Maryland Innovation Initiative

Chapter 450 of 2012 established MII in TEDCO to promote technology transfer from Maryland's public and private nonprofit research institutions to the private sector. The initiative is authorized to provide grant funding or equity investment financing to a qualifying university, qualifying university-based entrepreneur, or other start-up entity to promote the commercialization of technology developed in whole or in part by a qualifying university.

Only qualifying universities may submit proposals for grant funding from the initiative. Eligible universities must contribute specified amounts each year (\$100,000 or \$200,000, depending on the university) to qualify for the program. The eligible universities are the Johns Hopkins University; the University of Maryland, Baltimore Campus; the University

of Maryland, College Park Campus; Morgan State University; and the University of Maryland Baltimore County. Chapter 450 also established a special fund, the MII Fund, or MIIF, for the administration of the program, including receipt and distribution of contributions from eligible universities.

State Fiscal Effect: While the bill does not preclude discretionary funding in fiscal 2026, this estimate assumes funding is provided coincident with the bill's mandated appropriation. Accordingly, general fund expenditures increase by \$500,000 in fiscal 2027 and 2028 to fund the extension program, as required by the bill, and higher education expenditures for BSU and FSU each increase by \$50,000 annually in those years to qualify for the program. Special fund revenues for MIIF increase by \$600,000 annually in fiscal 2027 and 2028. Special fund expenditures increase correspondingly to provide grants for eligible purposes and to pay administrative expenses. TEDCO estimates administrative expenses of approximately \$200,000 annually for travel, marketing, legal services, information technology, and on-site contractual assistance at the universities, leaving \$400,000 available to be distributed as grants in each year.

Small Business Effect: Small businesses may benefit from projects funded under the extension program, although the overall program size and duration is limited. Use of funds for the previous pilot program are detailed in TEDCO's [July 2024 report](#) on the program.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Technology Development Corporation; Department of Commerce; University System of Maryland; Department of Budget and Management; Department of Legislative Services

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km/ljm

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