

HOUSE BILL 898

C8, Q3, Q1
HB 498/25 – W&M & APP

6lr0324
CF SB 388

By: **The Speaker (By Request – Administration) and Delegates Allen, Amprey, Behler, Bhandari, Boafu, Boyce, Coley, Edelson, Fennell, Griffith, Guyton, Harrison, Hill, Holmes, Hornberger, Ivey, D. Jones, Kaufman, Lewis, Moreno, Odom, Pasteur, Patterson, Phillips, Pruski, Qi, Roberts, Rogers, Ross, Ruff, Simmons, Solomon, Spiegel, Taveras, Taylor, Tomlinson, Turner, Watson, White Holland, Wims, Wu, and Ziegler**

Introduced and read first time: February 4, 2026

Assigned to: Economic Matters

Reassigned: Ways and Means and Economic Matters, February 6, 2026

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2026

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Delivering Economic Competitiveness and Advancing**
3 **Development Efforts (DECADE) Act**

4 FOR the purpose of altering the designation, administration, and purposes of and eligibility
5 for certain economic development programs; redesignating the Economic
6 Development Opportunities Program Account to be the Strategic Closing Fund
7 within the Department of Commerce; altering the purposes for and methods by
8 which the Strategic Closing Fund may be utilized; altering the distribution of certain
9 video lottery terminal proceeds; altering the termination date of the Build Our
10 Future Grant Pilot Program, Job Creation Tax Credit, Research and Development
11 Tax Credit, and Employer Security Clearance Costs Tax Credit; altering eligibility
12 for and the calculation of certain tax credits; allowing a qualified investor that is a
13 pass-through entity that pays a certain income tax on behalf of its members to
14 receive and allocate in any manner a credit or refund of a credit under the
15 Biotechnology Investment Incentive Tax Credit; establishing the purpose of the film
16 production activity tax credit; authorizing a qualified film production entity to
17 amend its application for the film production activity tax credit under certain
18 circumstances; ~~repealing~~ altering, for certain fiscal years, a certain limit on the
19 aggregate amount of tax credit certificates that the Secretary may issue for a single

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 film production activity; altering certain reporting requirements concerning certain
2 economic development programs and tax credits; requiring the Office of the
3 Comptroller and the Department of Commerce to evaluate the film production
4 activity tax credit and submit a certain report on or before a certain date; and
5 generally relating to economic development and economic development initiatives.

6 BY transferring

7 Article – State Finance and Procurement

8 Section 7–314

9 Annotated Code of Maryland

10 (2021 Replacement Volume and 2025 Supplement)

11 to be

12 Article – Economic Development

13 Section 5–108

14 Annotated Code of Maryland

15 (2024 Replacement Volume and 2025 Supplement)

16 BY renumbering

17 Article – Economic Development

18 Section 5–1401 through 5–1410 and the subtitle “Subtitle 14. Regional Institution
19 Strategic Enterprise Zone Program”; and 5–2301 through 5–2307 and the
20 subtitle “Subtitle 23. Build Our Future Grant Pilot Program”

21 to be Section 10–137 through 10–146 and the part “Part II. Regional Institution
22 Strategic Enterprise Zone Program”; and 10–149 through 10–155 and the part
23 “Part III. Build Our Future Grant Pilot Program”, respectively

24 Annotated Code of Maryland

25 (2024 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, without amendments,

27 Article – Economic Development

28 Section 1–101(a), (c), and (e), 2.5–109(b), 5–301(a), (g), and (l) through (n), 5–310,
29 5–311, 5–320, 5–323, 5–505, 5–509, 10–101(a) and (d), and 12–201(a)

30 Annotated Code of Maryland

31 (2024 Replacement Volume and 2025 Supplement)

32 BY repealing and reenacting, with amendments,

33 Article – Economic Development

34 Section 2.5–109(a)(1), (d)(1), and (e), 5–102, 5–319, 5–324, and 5–325; 5–501 and
35 5–502 to be under the amended subtitle “Subtitle 5. Maryland Small Business
36 Development Financing Authority and Fund”; 5–511 to be under the amended
37 part “Part II. Maryland Small Business Development Financing Authority
38 and Fund”; 5–517, 5–518, 5–524 through 5–528, and 5–530 to be under the
39 amended part “Part III. Small Business Development Contract Financing
40 Program”; 5–533, 5–534, 5–539 through 5–543, 5–545, and 5–546 to be under
41 the amended part “Part IV. Small Business Development Guaranty Program”;
42 and 5–549 through 5–551, 5–553, 5–555 through 5–558, 5–561, 5–562, 5–566
43 through 5–575, 6–309, 10–470(b)(1), and 12–201(p)

1 Annotated Code of Maryland
2 (2024 Replacement Volume and 2025 Supplement)

3 BY adding to
4 Article – Economic Development
5 Section 2.5–109(g) and 5–515; the new part designation “Part I. Maryland Economic
6 Development Corporation” to immediately precede Section 10–101; and
7 10–156
8 Annotated Code of Maryland
9 (2024 Replacement Volume and 2025 Supplement)

10 BY repealing and reenacting, with amendments,
11 Article – Economic Development
12 Section 5–108
13 Annotated Code of Maryland
14 (2024 Replacement Volume and 2025 Supplement)
15 (As enacted by Section 1 of this Act)

16 ~~BY adding to~~
17 ~~Article – Economic Development~~
18 ~~Section 5–515; the new part designation “Part I. Maryland Economic Development~~
19 ~~Corporation” to immediately precede Section 10–101; and 10–156~~
20 ~~Annotated Code of Maryland~~
21 ~~(2024 Replacement Volume and 2025 Supplement)~~

22 BY repealing
23 Article – Economic Development
24 Section 5–519 through 5–523, 5–529, 5–535 through 5–538, 5–544, 5–552, 5–554,
25 5–559, and 5–563 through 5–565
26 Annotated Code of Maryland
27 (2024 Replacement Volume and 2025 Supplement)

28 BY repealing and reenacting, with amendments,
29 Article – Economic Development
30 Section 10–137 and 10–139 through 10–146; and 10–149 through 10–155 to be under
31 the amended part “Part III. Build Our Future Grant Program”
32 Annotated Code of Maryland
33 (2024 Replacement Volume and 2025 Supplement)
34 (As enacted by Section 2 of this Act)

35 BY repealing and reenacting, without amendments,
36 Article – Economic Development
37 Section 10–138
38 Annotated Code of Maryland
39 (2024 Replacement Volume and 2025 Supplement)
40 (As enacted by Section 2 of this Act)

- 1 BY adding to
2 Article – Corporations and Associations
3 Section 1–203(b)(14)
4 Annotated Code of Maryland
5 (2025 Replacement Volume)
- 6 BY repealing and reenacting, with amendments,
7 Article – Corporations and Associations
8 Section 1–203(b)(14)
9 Annotated Code of Maryland
10 (2025 Replacement Volume)
- 11 BY repealing and reenacting, with amendments,
12 Article – State Finance and Procurement
13 Section 7–309
14 Annotated Code of Maryland
15 (2021 Replacement Volume and 2025 Supplement)
- 16 BY repealing and reenacting, with amendments,
17 Article – State Government
18 Section 9–1A–27(a)(6)
19 Annotated Code of Maryland
20 (2021 Replacement Volume and 2025 Supplement)
- 21 BY repealing and reenacting, without amendments,
22 Article – State Government
23 Section 9–1A–27(c)(1)(v)1.
24 Annotated Code of Maryland
25 (2021 Replacement Volume and 2025 Supplement)
- 26 BY repealing and reenacting, without amendments,
27 Article – Tax – General
28 Section 10–702(a)(1), 10–721(a) and (b), 10–725(a) and (b)(2), 10–730(a)(1), (4), and
29 (7) and (b), and 10–732(a)
30 Annotated Code of Maryland
31 (2022 Replacement Volume and 2025 Supplement)
- 32 BY repealing and reenacting, with amendments,
33 Article – Tax – General
34 Section 10–702(a)(4)(ii), (c), and (e)(1), 10–725(b)(3) and (d), 10–730(c) and (f), and
35 10–732(b)
36 Annotated Code of Maryland
37 (2022 Replacement Volume and 2025 Supplement)
- 38 BY adding to
39 Article – Tax – General
40 Section ~~10–721(i) and 10–725(b)(5) and (k)~~ 10–721(i), 10–725(b)(5), and 10–730(a–1)

1 Annotated Code of Maryland
2 (2022 Replacement Volume and 2025 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article – Tax – Property
5 Section ~~9–103(a)(1) and (6) and (b)(1) and~~ 9–103.1(a)(1) and (6), (b), and (c)(5)
6 Annotated Code of Maryland
7 (2019 Replacement Volume and 2025 Supplement)

8 BY repealing and reenacting, with amendments,
9 Article – Tax – Property
10 Section ~~9–103(d)(2) and (5) and (e)(1) and~~ 9–103.1(a)(7), (c)(3), (4), and (6), (d), (e),
11 and (f) and 9–230(m)
12 Annotated Code of Maryland
13 (2019 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Chapter 430 of the Acts of the General Assembly of 2023
16 Section 3

17 BY repealing and reenacting, with amendments,
18 Chapter 431 of the Acts of the General Assembly of 2023
19 Section 3

20 BY repealing and reenacting, with amendments,
21 Chapter 515 of the Acts of the General Assembly of 2000, as amended by Chapter 98
22 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
23 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
24 2019, and Chapter 114 of the Acts of the General Assembly of 2021
25 Section 2 and 4

26 BY repealing and reenacting, with amendments,
27 Chapter 516 of the Acts of the General Assembly of 2000, as amended by Chapter 98
28 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
29 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
30 2019, and Chapter 114 of the Acts of the General Assembly of 2021
31 Section 2 and 4

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
33 That Section(s) 7–314 of Article – State Finance and Procurement of the Annotated Code
34 of Maryland be transferred to be Section(s) 5–108 of Article – Economic Development of the
35 Annotated Code of Maryland.

36 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5–1401 through
37 5–1410 and the subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone
38 Program”; and 5–2301 through 5–2307 and the subtitle “Subtitle 23. Build Our Future
39 Grant Pilot Program” of Article – Economic Development of the Annotated Code of

1 Maryland be renumbered to be Section(s) 10–137 through 10–146 and the part “Part II.
2 Regional Institution Strategic Enterprise Zone Program”; and 10–149 through 10–155 and
3 the part “Part III. Build Our Future Grant Pilot Program”, respectively.

4 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
5 as follows:

6 **Article – Economic Development**

7 1–101.

8 (a) In this division the following words have the meanings indicated.

9 (c) “Department” means the Department of Commerce.

10 (e) “Secretary” means the Secretary of Commerce.

11 2.5–109.

12 (a) In this section, “economic development program” means:

13 (1) the [Economic Development Opportunities Program Account]
14 **STRATEGIC CLOSING FUND** established under [§ 7–314 of the State Finance and
15 Procurement Article] **§ 5–108 OF THIS ARTICLE**;

16 (b) The Department shall compile data in accordance with this section on the
17 economic development programs administered by the Department.

18 (d) (1) The report required under SUBSECTION (C) OF this section shall
19 include the following data, if applicable, on the economic development programs
20 administered by the Department:

21 (i) the number of jobs created;

22 (ii) the number of jobs retained;

23 (III) THE MINIMUM, MAXIMUM, AND AVERAGE SALARY OF THE
24 JOBS CREATED OR RETAINED;

25 (IV) FOR EACH OF THE FOLLOWING CATEGORIES, THE NUMBER
26 OF JOBS CREATED OR RETAINED THAT:

27 **1. PROVIDE CAREER ADVANCEMENT TRAINING;**

28 **2. PROVIDE PAID LEAVE;**

1 **3. OFFER EMPLOYER-PROVIDED HEALTH INSURANCE**
2 **BENEFITS THAT DO NOT EXCEED 8.5% OF THE EMPLOYEE'S NET MONTHLY**
3 **EARNINGS; AND**

4 **4. OFFER RETIREMENT BENEFITS;**

5 [(iii)] (V) the estimated amount of State revenue generated;

6 [(iv)] (VI) the status of any special fund;

7 [(v)] (VII) for minority business enterprises, as defined in § 14-301
8 of the State Finance and Procurement Article;

9 1. the number of enterprises that received assistance from
10 each economic development program; and

11 2. the percentage of assistance distributed to each minority
12 business enterprise from each economic development program compared to the total
13 assistance distributed from each economic development program;

14 [(vi)] (VIII) a statement indicating whether, during the current
15 reporting year, the Department reduced, revoked, or recaptured a tax credit or any amount
16 of financial assistance from a recipient and, if applicable:

17 1. the total amount recovered as a result of the reduction,
18 revocation, or recapture, and any penalty assessed; and

19 2. a justification for the reduction, revocation, or recapture;
20 and

21 [(vii)] (IX) any additional information required by the Department
22 through regulations.

23 (e) The Department shall establish, maintain, and update annually a publicly
24 available database on the Department's website that:

25 (1) provides information that is downloadable by the public in a common
26 machine-readable format; and

27 (2) includes, as applicable:

28 (i) the name of each business entity that is a recipient of an
29 economic development program;

1 (ii) the total amount of tax credits certified, financial assistance
 2 paid, and loans forgiven or uncollectible by the Department for each recipient of the tax
 3 credit or financial assistance;

4 (iii) the number of jobs actually created or retained by each recipient;

5 (iv) the MINIMUM, MAXIMUM, AND average salary of the jobs
 6 created or retained by each recipient;

7 (v) the amount of capital investment made or project costs incurred
 8 by each recipient; and

9 (vi) a statement indicating whether, during the current reporting
 10 year, the Department reduced, revoked, or recaptured a tax credit or any amount of
 11 financial assistance from a recipient and, if applicable:

12 1. the total amount recovered as a result of the reduction,
 13 revocation, or recapture, and any penalty assessed; and

14 2. a justification for the reduction, revocation, or recapture.

15 **(G) (1) ON OR BEFORE DECEMBER 1, 2029, THE DEPARTMENT SHALL**
 16 **SUBMIT A REPORT ON THE ECONOMIC DEVELOPMENT PROGRAMS ADMINISTERED BY**
 17 **THE DEPARTMENT THAT WERE ALTERED BY CHAPTER (S.B. 388) (H.B. 898) OF**
 18 **THE ACTS OF THE GENERAL ASSEMBLY OF 2026 TO THE GOVERNOR AND, IN**
 19 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**
 20 **ASSEMBLY.**

21 **(2) THE REPORT REQUIRED UNDER THIS SUBSECTION SHALL**
 22 **INCLUDE ANALYSIS OF:**

23 **(I) WHETHER THE ALTERATIONS INCREASED OR DECREASED**
 24 **UTILIZATION OF EACH PROGRAM;**

25 **(II) WHETHER THE ALTERATIONS INCREASED OR DECREASED**
 26 **THE EFFECTIVENESS OF EACH PROGRAM; AND**

27 **(III) WHETHER THE ALTERATIONS ACCOMPLISHED THE**
 28 **DEPARTMENT'S GOALS FOR EACH PROGRAM.**

29 5-102.

30 The Department shall administer the State's economic development and financial
 31 assistance programs and funds including:

- 1 (1) the BRAC Revitalization and Incentive Zone Program, under Subtitle
2 13 of this title;
- 3 (2) [the Build Our Future Grant Pilot Program, under Subtitle 23 of this
4 title;
- 5 (3)] the Enterprise Fund, under Subtitle 6 of this title;
- 6 [(4)] (3) the Enterprise Zones Program, under Subtitle 7 of this title;
- 7 [(5)] (4) the Make Office Vacancies Extinct Program, under Subtitle 15 of
8 this title;
- 9 [(6)] (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of
10 this title;
- 11 [(7)] (6) the Maryland Economic Development Assistance Authority and
12 Fund, under Subtitle 3 of this title;
- 13 [(8)] (7) the Maryland Industrial Development Financing Authority,
14 under Subtitle 4 of this title;
- 15 [(9)] (8) the Maryland Small Business Development Financing Authority,
16 under Subtitle 5 of this title;
- 17 [(10)] (9) the Appalachian Regional Development Program, under Title 13,
18 Subtitle 1 of this article;
- 19 [(11)] (10) jointly with the Department of Housing and Community
20 Development, the Community Development Block Grant for Economic Development; **AND**
- 21 [(12) the Regional Institution Strategic Enterprise Zone Program under
22 Subtitle 14 of this title; and
- 23 (13)] (11) any other programs or funds designated by statute, the
24 Governor, or the Secretary.

25 5–108.

- 26 (a) (1) In this section the following words have the meanings indicated.
- 27 (2) [“Account” means the Economic Development Opportunities Program
28 Account.

1 (3) “Executive agency” means an executive department or agency in the
2 Executive Branch of State government, including all offices of the Executive Department
3 or agency directly responsible to the Governor.

4 (4)] “Extraordinary economic development opportunity” means the:

5 (i) attraction of a new private sector enterprise to the State or
6 retention or expansion of an existing private sector enterprise in the State that:

7 1. maintains a strong financial condition and minimal credit
8 risk profile;

9 2. is capable of accessing alternative sources of financing
10 through financial institutions or capital markets;

11 3. is consistent with the strategic plan of the State for
12 economic development; AND

13 4. creates or retains substantial employment[, particularly
14 in areas of high unemployment; and

15 5. invests in capital at a level equal to five times the value of
16 the incentive offered];

17 (ii) retention or expansion of an existing public institution, private
18 institution, or federal research and development institute that:

19 1. is consistent with the strategic plan of the State for
20 economic development; and

21 2. creates or retains substantial employment[, particularly
22 in areas of high unemployment]; or

23 (iii) establishment or attraction of a public institution, a private
24 institution, or a federal research and development institute new to the State that:

25 1. is consistent with the strategic plan of the State for
26 economic development; and

27 2. creates or retains substantial employment[, particularly
28 in areas of high unemployment].

29 **(3) “FUND” MEANS THE STRATEGIC CLOSING FUND.**

30 [(5)] (4) (i) “Performance requirement” means a contractual
31 agreement between an executive agency and [an Account] A FUND recipient that requires

1 the [Account] FUND recipient to meet minimum economic development outcomes in
2 exchange for a grant or a loan under this section.

3 (ii) “Performance requirement” includes claw-back, penalty,
4 rescission, and recalibration clauses that utilize job creation, capital investment, and other
5 measures of economic development.

6 [(6)] (5) “Private sector enterprise” means any commercial, industrial,
7 educational, or research organization which is not a part of or controlled by a federal, State,
8 or local government agency.

9 (b) Subject to the provisions of this section, the [Economic Development
10 Opportunities Program Account] STRATEGIC CLOSING FUND is established WITHIN THE
11 DEPARTMENT to maximize extraordinary economic development opportunities.

12 (c) [Subject to subsection (r) of this section, the] THE Governor may provide an
13 appropriation in the budget bill to the [Account] FUND for a specific or general purpose or
14 purposes.

15 (d) After notice to and approval by the Legislative Policy Committee, the
16 Governor may transfer funds by budget amendment [from the Economic Development
17 Opportunities Program Account to the expenditure account of the appropriate executive
18 agency] TO THE FUND.

19 (e) (1) The [Account] FUND is a continuing, nonlapsing fund which is not
20 subject to § 7–302 of [this subtitle] THE STATE FINANCE AND PROCUREMENT ARTICLE.

21 (2) The Treasurer shall separately hold, and the Comptroller shall account
22 for, the [Account] FUND.

23 (3) The [Account] FUND shall be invested and reinvested in the same
24 manner as other State funds.

25 (4) [Except as provided in paragraph (5) of this subsection, any] ANY
26 investment earnings shall be [subject to § 7–311(d) of this subtitle] CREDITED TO THE
27 GENERAL FUND OF THE STATE.

28 [(5) Any investment earnings on money transferred from the Account to a
29 second continuing, nonlapsing fund may be retained to the credit of the second fund.]

30 (f) (1) Money appropriated or credited to the [Account] FUND does not revert
31 to the [Revenue Stabilization Account] GENERAL FUND OF THE STATE.

1 (2) [Except as provided in paragraph (3) of this subsection, repayments]
2 **REPAYMENTS** of principal or interest on any loan from the [Account] **FUND** shall be
3 retained to the credit of the [Account] **FUND**.

4 [(3) Repayments of principal or interest on any loan made from money
5 transferred from the Account to a second continuing, nonlapsing fund may be retained to
6 the credit of the second fund.]

7 (g) (1) The Department [of Commerce] shall include the following information
8 in the report that is required under § 2.5–109 of [the Economic Development Article] **THIS**
9 **ARTICLE**:

10 (i) the financial status of the program and a summary of its
11 operations for the preceding fiscal year;

12 (ii) for the previous 3 fiscal years, the status of [Account] **FUND**
13 disbursements for economic development projects reviewed by the Legislative Policy
14 Committee under this section;

15 (iii) for the previous 3 fiscal years, the status of job creation, capital
16 investment, and other measures of economic development for each economic development
17 project reviewed by the Legislative Policy Committee under this section; **AND**

18 (iv) [a list of guidelines for the kinds of performance requirements
19 that may be negotiated with the loan or grant applicant; and

20 (v)] an explanation if the job creation, capital investment, and other
21 measures of economic development described in items (i) through (iii) of this paragraph are
22 lower than negotiated according to subsection (h)(1) of this section.

23 (2) [Upon] **ON** receipt of the information that is required to be reported
24 under this subsection, the Legislative Policy Committee shall have [60] ~~21~~ **30** days to
25 review and comment on the information provided by the Department [of Commerce] under
26 paragraph (1) of this subsection, during which time the Department [of Commerce] shall
27 provide any additional information regarding the [Account] **FUND** as requested by the
28 Legislative Policy Committee.

29 (h) (1) Except as provided in paragraph (2) of this subsection and in subsection
30 (i) of this section, any funds transferred from the [Economic Development Opportunities
31 Program Account] **FUND** shall be used only for extraordinary economic development
32 opportunities that:

33 (i) meet the criteria provided in this section;

34 (ii) include performance requirements; and

1 (iii) in addition to the performance requirements under item (ii) of
2 this paragraph, include a performance requirement that utilizes a claw-back provision.

3 (2) The [Account] **DEPARTMENT** may **UTILIZE THE FUND TO** pay [an
4 executive agency] for administrative, legal, or actuarial expenses incurred by the [agency
5 in connection with transactions funded by transfers of money to the agency from the
6 Account] **DEPARTMENT**.

7 (i) (1) The Legislative Policy Committee may approve an economic
8 development opportunity that is not an extraordinary economic development opportunity
9 if the executive agency requesting the transfer of funds offers a detailed justification for the
10 exception.

11 (2) The Legislative Policy Committee shall give particular consideration to
12 an exception that would provide a significant economic development opportunity for an area
13 of the State that has a relatively high unemployment rate or relatively low per capita
14 income.

15 (j) (1) The Department [of Commerce] may modify the guidelines for the
16 kinds of performance requirements that may be negotiated with the loan or grant as
17 needed, upon approval of the Legislative Policy Committee.

18 (2) [An executive agency] **THE DEPARTMENT** may depart from these
19 guidelines as needed, upon approval of the Legislative Policy Committee.

20 (k) [Subject to the provisions of this subtitle, funds transferred] **MONEY** from the
21 [Economic Development Opportunities Program Account, to an executive agency,] **FUND**
22 may be loaned, granted, or invested for:

23 (1) assisting in the retention or expansion of existing private sector
24 enterprises, public or private institutions, or federal research and development institutes;

25 (2) assisting in the establishment or attraction of private sector
26 enterprises, public or private institutions, or federal research and development institutes
27 new to this State; or

28 (3) providing assistance where existing State or local programs lack
29 sufficient resources or are constrained by timing or program design from being utilized.

30 (l) [Upon submission to the Legislative Policy Committee of a proposed budget
31 amendment to transfer money from the Account, the Governor] **BEFORE FUNDS FROM**
32 **THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH**
33 **SUBSECTION (K) OF THIS SECTION, THE DEPARTMENT** shall provide, subject to §
34 2-1257 of the State Government Article, to the Legislative Policy Committee:

- 1 (1) a detailed description of:
- 2 (i) the proposed use of the funds;
- 3 (ii) the manner in which the proposed use meets the criteria as set
4 forth in this section;
- 5 (iii) the degree to which the proposed use of funds will advance
6 statewide or local economic development strategies and objectives; and
- 7 (iv) the degree to which available sources of federal, State, local, and
8 private financial support have been sought and will be utilized;
- 9 (2) the terms, conditions, and performance requirements of any grant or
10 loan for which the funds are to be used;
- 11 (3) a comprehensive economic analysis of the proposed use of the funds
12 which estimates:
- 13 (i) the economic impact to the State and the local jurisdictions
14 affected;
- 15 (ii) a minimum level of net economic benefits to the public sector;
- 16 (iii) the number of jobs expected to be created as a result of the
17 proposed economic development project and the percentage of those jobs that are expected
18 to be held by Maryland residents;
- 19 (iv) the wage rates and benefit packages for the jobs expected to be
20 created as a result of the proposed economic development project; and
- 21 (v) any other appropriate financial or economic benefits;
- 22 (4) any other analysis or information that is requested by the Legislative
23 Policy Committee; and
- 24 (5) the date on which the executive agency expects to disburse the funds to
25 the proposed recipient.
- 26 (m) [If an executive agency fails to disburse transferred funds to a recipient within
27 1 year after the expected disbursement date presented to the Legislative Policy Committee
28 under subsection (l) of this section, the funds will revert back to the Account and the
29 Governor shall:
- 30 (1) resubmit the proposed budget amendment to transfer money from the
31 Account to the Legislative Policy Committee; and

1 (2) provide the Legislative Policy Committee with the information required
2 under subsection (l) of this section.

3 (n) Funds appropriated to the [Economic Development Opportunities Program
4 Account] **FUND** may not be loaned, granted, or invested for:

5 (1) substituting for funds from other State or local programs for which a
6 project may be eligible and sufficient resources exist;

7 (2) projects which are not likely to attract or retain employment
8 opportunities;

9 (3) funding projects located outside the State;

10 (4) construction or land acquisition by the Maryland Stadium Authority; or

11 (5) funding for any sports activity or facility.

12 [(o) (1) This subsection does not apply to an economic development opportunity
13 located in an area designated as a qualified opportunity zone under § 1400Z-1 of the
14 Internal Revenue Code in Allegany County, Garrett County, Somerset County, or Wicomico
15 County.

16 (2) In the case of an economic development opportunity located outside a
17 priority funding area as established under Title 5, Subtitle 7B of this article, the
18 Department shall first comply with the provisions of that subtitle before making a request
19 for approval by the Legislative Policy Committee under this section.]

20 [(p) (N) [An executive agency] **THE DEPARTMENT** may approve changes to a
21 transaction approved by the Legislative Policy Committee as long as the changes do not
22 materially and adversely affect the overall position of the [executive agency]
23 **DEPARTMENT** in the transaction or the economic development benefits to be derived by
24 the State in the transaction.

25 [(q) (O) (1) (i) In this subsection the following words have the meanings
26 indicated.

27 (ii) “Financial assistance” means a grant, loan, or investment
28 provided under this subsection that exceeds \$100,000.

29 (iii) “Political subdivision” includes an agency or other
30 instrumentality of the political subdivision.

31 (2) This subsection does not apply to financial assistance used solely for the
32 purpose of acquiring real property or structures on real property.

1 (3) With respect to financial assistance under this section to a political
2 subdivision:

3 (i) if the political subdivision has a program for promoting
4 procurement opportunities among minority businesses that is acceptable to the
5 Department [of Commerce], the political subdivision shall apply the requirements of that
6 program to the procurement of goods or services made with the proceeds from the financial
7 assistance; but

8 (ii) if the political subdivision does not have a program that is
9 acceptable to the Department [of Commerce] under item (i) of this paragraph, the political
10 subdivision is subject to paragraph (4) of this subsection.

11 (4) (i) In this paragraph, “minority business enterprise” has the
12 meaning stated in § 14–301 of [this article] **THE STATE FINANCE AND PROCUREMENT**
13 **ARTICLE**.

14 (ii) With respect to financial assistance under this section to an
15 entity other than a political subdivision, the entity shall agree to include in the agreement
16 providing the financial assistance a provision acceptable to the Department [of Commerce]
17 that would encourage the procurement from minority business enterprises of goods or
18 services purchased with the proceeds from the financial assistance.

19 (iii) In negotiating the provision required under subparagraph (ii) of
20 this paragraph, the Department [of Commerce] shall take into account relevant factors,
21 including:

22 1. the intended use of the proceeds from the financial
23 assistance; and

24 2. the feasibility of obtaining the required goods or services
25 from minority business enterprises.

26 (5) The Department [of Commerce] may require that a recipient of
27 financial assistance under this section submit to the Department [of Commerce] a list, or
28 an updated list, of the minority business enterprises from which goods or services were
29 procured and the nature and dollar amount of the goods or services.

30 [(r) For fiscal years 2019 through 2021, the Governor shall include in the annual
31 budget bill an appropriation of \$5,000,000 to the Account to be used by the Department of
32 Commerce to provide conditional loans or grants to companies that meet the following
33 criteria:

34 (1) construction of company headquarters in the State with capital
35 expenditures of at least \$500,000,000; and

1 (2) retention of company headquarters in the State with at least 3,250
2 eligible employees, consistent with a letter of intent entered into with the Department of
3 Commerce in October 2016.]

4 5–301.

5 (a) In this subtitle the following words have the meanings indicated.

6 (g) “Authority” means the Maryland Economic Development Assistance
7 Authority.

8 (l) “Corporation” means the Maryland Economic Development Corporation.

9 (m) “Financial assistance” means a grant, loan, or investment provided under this
10 subtitle.

11 (n) “Fund” means the Maryland Economic Development Assistance Fund.

12 5–310.

13 There is a Maryland Economic Development Assistance Fund in the Department.

14 5–311.

15 The purposes of the Fund are to:

16 (1) expand employment opportunities in the State by providing financial
17 assistance to businesses that are engaged in eligible industry sectors, including financial
18 assistance for:

19 (i) aquaculture projects;

20 (ii) arts and entertainment enterprises;

21 (iii) arts and entertainment projects; and

22 (iv) creation and expansion of child care facilities;

23 (2) provide financial assistance for the redevelopment of qualified
24 brownfields sites;

25 (3) provide financial assistance to local governments and the Corporation
26 for economic development projects; and

27 (4) provide grants to local economic development funds.

28 5–319.

1 (a) (1) Financial assistance from the Fund not exceeding ~~[\$2,500,000]~~
2 **\$5,000,000** may be approved by the Secretary.

3 (2) Except as provided in paragraph (3) of this subsection, financial
4 assistance from the Fund exceeding ~~[\$2,500,000]~~ **\$5,000,000** requires approval by the
5 Authority.

6 (3) For a Tier I county project, the Secretary may approve financial
7 assistance exceeding ~~[\$2,500,000]~~ **\$5,000,000**.

8 (b) Except as provided in subsection (a)(3) of this section, with respect to requests
9 for financial assistance exceeding ~~[\$2,500,000]~~ **\$5,000,000**:

10 (1) the Department shall evaluate the requests; and

11 (2) the Authority shall:

12 (i) evaluate the requests that have first been evaluated by the
13 Department;

14 (ii) determine whether to approve the requests; and

15 (iii) set the terms and conditions of the financial assistance.

16 (c) (1) Except as provided in paragraph (2) of this subsection, financial
17 assistance provided to a local government or the Corporation for a project shall be approved
18 by a **LETTER FROM OR** formal resolution of:

19 (i) the governing body of the jurisdiction in which the project is
20 located; or

21 (ii) if the recipient of the financial assistance is the Corporation, its
22 board of directors.

23 (2) If the recipient of financial assistance is the Corporation for a Tier I
24 county project, the financial assistance shall be approved by **LETTERS FROM OR** formal
25 resolutions of both the board of directors of the Corporation and the governing body of the
26 jurisdiction in which the project is located.

27 (3) A project that is funded by a grant from the Fund to a local government
28 or the Corporation, and carried out by the local government or the Corporation, shall be
29 consistent with the strategy or plan for economic development of the county or municipal
30 corporation in which the project is located.

1 (4) If the Department provides financial assistance to a local government
 2 for a project, an interest in that project is later transferred to a third party, and the transfer
 3 of the interest is financed by the local government:

4 (i) the local government may assign the financing documents to the
 5 Department as a repayment of or return on the Department's financial assistance to the
 6 local government, and

7 (ii) the assignment may not be considered a new financing under this
 8 subtitle.

9 (d) For a local economic development opportunity, the local government of the
 10 jurisdiction in which the project is located shall provide~~f~~:

11 (1)~~f~~ a **LETTER FROM OR** formal resolution of the governing body of the
 12 jurisdiction in which the project is located that endorses the financial assistance to be
 13 provided from the Fund~~f~~; and

14 (2) as determined by the Department or Authority to evidence the support
 15 of the local government for the project:

16 (i) a guarantee, secured by the full faith and credit of the county or
 17 municipal corporation in which the project is located, of all or part of the financial
 18 assistance to be provided by the Fund;

19 (ii) the financing of part of the costs of the project ~~equal to at least~~
 20 ~~10% of the financial assistance to be provided from the Fund~~; or

21 (iii) both~~f~~.

22 **(E) A LETTER SUBMITTED UNDER THIS SECTION SHALL INCLUDE THE**
 23 **SIGNATURES OF A MAJORITY OF THE MEMBERS OF THE GOVERNING BODY.**

24 5-320.

25 (a) To be eligible for financial assistance from the Fund, an applicant shall be:

26 (1) a local economic development fund that meets the criteria set forth in
 27 Part V of this subtitle; or

28 (2) an individual, private business, nonprofit entity, or local government,
 29 or the Corporation that intends to use the requested financial assistance for a project that:

30 (i) except as provided in subsection (b) of this section, is in an
 31 eligible industry sector under § 5-321 of this subtitle; and

1 (ii) has a strong potential for expanding or retaining employment
2 opportunities in the State.

3 (b) A project need not be in an eligible industry sector if the applicant:

4 (1) is located in a Tier I county; or

5 (2) (i) is a local government or the Corporation; and

6 (ii) does not intend to use the financial assistance to carry out a
7 project that benefits a particular private sector entity.

8 (c) In form and content acceptable to the Department, an applicant for financial
9 assistance from the Fund shall submit to the Department an application that contains:

10 (1) the information that the Department or Authority considers necessary
11 to evaluate the request for financial assistance; and

12 (2) for a Tier I county project:

13 (i) a marketing plan designed to market the project to prospective
14 businesses;

15 (ii) a statement of planned marketing expenditures as a percent of
16 the total financial assistance amount requested; and

17 (iii) a plan for the project that is consistent with the county's local
18 strategic economic development plan as to the location and type of project.

19 5-323.

20 Financial assistance from the Fund may not exceed the lesser of:

21 (1) \$10,000,000; or

22 (2) 20% of the Fund balance.

23 5-324.

24 (a) Each subsection of this section is subject to § 5-323 of this subtitle.

25 (b) If the Department or Authority determines a project to be a significant
26 strategic economic development opportunity, the Department or Authority may provide a
27 loan from the Fund for the project to an individual, private business, nonprofit entity, or
28 the Corporation in an amount not exceeding \$10,000,000.

1 (c) If the Department or Authority determines a project to be a local economic
2 development opportunity, the Department or Authority may provide financial assistance
3 from the Fund for the project to an individual, private business, nonprofit entity, or the
4 Corporation in an amount not exceeding:

5 (1) ~~[\$5,000,000]~~ **\$7,500,000** for a loan or investment; and

6 (2) ~~[\$2,000,000]~~ **\$5,000,000** for a grant.

7 (d) (1) Financial assistance provided to a local government or the Corporation
8 to finance a project may be:

9 (i) in the form of a grant, loan, or investment; and

10 (ii) except as provided in paragraph (2) of this subsection, in an
11 amount not exceeding ~~[\$3,000,000]~~ **\$5,000,000**.

12 (2) Financial assistance for a Tier I county project may be in an amount
13 determined by the Department.

14 (3) A grant to a local economic development fund is subject to the
15 requirements of Part V of this subtitle.

16 (e) Financial assistance for a specialized economic development opportunity may
17 be:

18 (1) provided to an individual, private business, nonprofit entity, or local
19 government, or the Corporation;

20 (2) in the form of a grant, loan, or investment; and

21 (3) in an amount determined by the Department or Authority.

22 5-325.

23 (a) Subject to the restrictions of this subtitle, the Department or Authority may
24 impose the terms and conditions on financial assistance from the Fund as either considers
25 appropriate.

26 (b) (1) Except as provided in paragraph (2), (3), or (4) of this subsection,
27 financial assistance from the Fund may not exceed 70% of the total costs of the project being
28 financed.

29 (2) Financial assistance from the Fund may constitute 100% of the total
30 costs of the project being financed if:

31 (i) the recipient is the Corporation; or

1 (ii) the financial assistance is for:

- 2 1. an arts and entertainment enterprise;
- 3 2. an arts and entertainment project; or
- 4 3. a Tier I county project.

5 (3) (i) Except as provided in subparagraph (ii) of this paragraph,
6 financial assistance from the Fund:

7 1. may be used to finance up to 50% of the costs of
8 construction, purchase, or renovation of real property, fixtures, or equipment related to a
9 child care facility; but

10 2. may not be used for working capital, supplies, or inventory
11 related to a child care facility.

12 (ii) Financial assistance from the Fund may be used to finance up to
13 20% of the costs described in subparagraph (i) of this paragraph incurred by a business that
14 has received or will receive a day care loan insured by the Maryland Industrial
15 Development Financing Authority.

16 (4) Financial assistance for preparation of a strategy or plan for economic
17 development of a county or municipal corporation may not exceed:

18 (i) 50% of the costs of preparation; or

19 (ii) \$50,000 in a 3-year period.

20 [(c) (1) A loan from the Fund shall bear an interest rate below the market rate
21 of interest, as determined by the Department, if the loan is for:

22 (i) a significant strategic economic development opportunity; or

23 (ii) a specialized economic development opportunity.

24 (2) A loan from the Fund for a Tier I county project shall bear an interest
25 rate determined by the Department or the Authority.

26 (3) A loan from the Fund shall bear an interest rate not exceeding
27 one-eighth of 1% plus the net interest cost of the most recent State general obligation bond
28 issue preceding the approval of the loan if the loan is:

29 (i) for a local economic development opportunity; or

1 (ii) to a local government.

2 (4) A loan from the Fund may not bear an interest rate of less than 3%
3 unless:

4 (i) the project funded by the loan is located in an area of high
5 unemployment; or

6 (ii) the Department determines that the borrower is carrying out a
7 compelling economic development initiative.

8 (d) (1) The Department may waive interest during the first 2 years of the term
9 of a loan from the Fund.

10 (2) If a borrower defaults on a loan from the Fund, the Department may
11 impose an interest rate that exceeds the limits set forth in subsection (c)(1) or (3) of this
12 section.

13 (e) The term of a loan from the Fund may not exceed:

14 (1) for working capital, 3 years;

15 (2) for financing equipment, furnishings, or fixtures, the lesser of 15 years
16 or the useful life of the asset, as determined by the Department;

17 (3) for financing the construction or acquisition of buildings and real
18 property, 25 years; and

19 (4) for financing the redevelopment of a qualified brownfields site or a Tier
20 I county project, a term approved by the Department or Authority.]

21 **(C) THE DEPARTMENT OR THE AUTHORITY SHALL DETERMINE WHETHER A**
22 **LOAN FROM THE FUND SHALL BEAR INTEREST AND, IF SO, THE INTEREST RATE.**

23 Subtitle 5. Maryland Small Business Development Financing Authority **AND FUND.**

24 5-501.

25 (a) In this subtitle the following words have the meanings indicated.

26 (b) "Authority" means the Maryland Small Business Development Financing
27 Authority.

28 (c) "Financial institution" means:

29 (1) a financial institution, as defined in § 1-101 of the Financial
30 Institutions Article; and

1 (2) any other lender that the Authority approves.

2 (D) “FUND” MEANS THE MARYLAND SMALL BUSINESS DEVELOPMENT
3 FINANCING FUND.

4 [(d)] (E) (1) “Loan document” means an instrument or agreement that
5 evidences, secures, or guarantees a loan.

6 (2) “Loan document” includes a note, financing statement, mortgage,
7 pledge, assignment, loan and security agreement, or guaranty.

8 [(e)] (F) (1) “Working capital” means money used to meet the cash needs of
9 an operating business entity.

10 (2) “Working capital” does not include money used for a capital purchase.

11 5–502.

12 (a) The General Assembly finds that:

13 (1) the inability of socially or economically disadvantaged individuals to
14 obtain working capital is a major limitation on their opportunity to win and perform
15 government and other contracts;

16 (2) because socially or economically disadvantaged individuals frequently
17 have been awarded government or other contracts but have lacked the working capital to
18 post a bond, buy supplies needed to begin the work, or pay employees, these individuals
19 have been unable to accept the contracts;

20 (3) some individuals are unable to obtain government and other contracts
21 for reasons other than the cost to the owner or the ability to perform the contract work
22 competently;

23 (4) socially or economically disadvantaged individuals frequently lack
24 adequate capital to sustain and expand their businesses and to hire and train employees;

25 (5) because high risk, problem, or uncollectible loans are not in the interest
26 of financial institutions, financial institutions generally are reluctant to lend money to
27 socially or economically disadvantaged individuals with insufficient records of
28 performance;

29 (6) the inability of businesses owned by socially or economically
30 disadvantaged individuals to obtain long-term financing is a major limitation on their
31 opportunity to survive and expand; and

1 (7) the public welfare is served by promoting the viability and expansion of
2 businesses owned by economically or socially disadvantaged individuals, retaining or
3 increasing the employment of these individuals, and expanding the taxable base of the
4 economy of the State.

5 (b) The purposes of the [Authority] **FUND** are:

6 (1) to assist socially or economically disadvantaged individuals to obtain
7 adequate working capital to begin, continue, and complete projects[, the majority of funding
8 for which is provided by government entities or utilities];

9 (2) to encourage socially or economically disadvantaged individuals to seek
10 government and other contracts;

11 (3) to encourage financial institutions to make loans to these individuals;
12 and

13 (4) to assist small businesses that are unable to obtain adequate business
14 financing on reasonable terms through normal financing channels because the businesses
15 do not meet the established credit criteria of financial institutions.

16 Part II. Maryland Small Business Development Financing Authority **AND FUND**.

17 5-505.

18 There is a Maryland Small Business Development Financing Authority in the
19 Department.

20 5-509.

21 (a) (1) The Executive Director is the chief administrative officer of the
22 Authority.

23 (2) With the approval of the Secretary, the Authority may:

24 (i) appoint the Executive Director; or

25 (ii) contract with a private entity to perform the duties of the
26 Executive Director.

27 (b) The Executive Director serves at the pleasure of the Authority, with the
28 concurrence of the Secretary.

29 (c) In addition to any other duties set forth in this subtitle, the Executive Director
30 shall:

1 (1) supervise the administrative affairs and technical activities of the
2 Authority in accordance with its regulations and policies;

3 (2) attend all meetings of the Authority;

4 (3) keep minutes of all proceedings of the Authority;

5 (4) approve all accounts for salaries, per diem payments, and allowable
6 expenses of the Authority, its employees, and its consultants;

7 (5) approve all expenses incidental to the operation of the Authority; and

8 (6) perform any other duty that the Authority or the Secretary requires to
9 carry out this subtitle.

10 5-511.

11 [(a) In this section, "Authority staff" means any of the individuals who are
12 employed by the Department to operate the programs of the Authority immediately prior
13 to the execution by the Department of a contract under this section with the private
14 corporation organized by any of those individuals.

15 (b) (1) **(A)** The Department may contract for and engage the services of
16 [some or all of the Authority staff] **A PRIVATE MARYLAND CORPORATION** to administer
17 **SOME OR ALL OF** the programs of the Authority[, for a period of 3 years, if the Authority
18 staff has organized itself as a private Maryland corporation].

19 ~~(2)~~ **(B)** The Department may:

20 ~~(i) (1)~~ extend the termination date of ~~the A~~ contract in effect ~~as of~~
21 ~~September 30, 2008, to June 30, 2012,~~ and modify that extended contract as needed; and

22 ~~(ii) (2)~~ renew the extended contract for up to ~~two additional~~
23 ~~5-year terms~~ **ONE ADDITIONAL 3-YEAR TERM**, and modify that renewed and extended
24 contract as needed.

25 ~~(3) (C)~~ An extension or renewal contract shall include standards to
26 evaluate the performance of the private contractor in rendering services under the contract.

27 ~~(e) In its name the corporation may use "Maryland Small Business Development~~
28 ~~Financing Agency", "MSBDEA, Inc.", or any close approximation of those terms.]~~

29 **5-515.**

30 **(A) THERE IS A MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING**
31 **FUND IN THE DEPARTMENT.**

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

3 **(C) THE STATE TREASURER SHALL:**

4 **(1) INVEST THE MONEY IN THE FUND IN THE SAME MANNER AS OTHER**
5 **STATE MONEY MAY BE INVESTED;**

6 **(2) CREDIT ANY INVESTMENT EARNINGS TO THE FUND; AND**

7 **(3) REPORT EACH YEAR TO THE DEPARTMENT ON:**

8 **(I) THE STATUS OF THE MONEY INVESTED UNDER THIS**
9 **SUBTITLE;**

10 **(II) THE MARKET VALUE OF THE ASSETS IN THE FUND AS OF THE**
11 **DATE OF THE REPORT; AND**

12 **(III) THE INTEREST RECEIVED FROM INVESTMENTS DURING THE**
13 **PERIOD COVERED BY THE REPORT.**

14 **(D) (1) THE FUND IS THE SUCCESSOR OF THE SMALL BUSINESS**
15 **DEVELOPMENT CONTRACT FINANCING FUND, THE SMALL BUSINESS**
16 **DEVELOPMENT GUARANTY FUND, THE EQUITY PARTICIPATION INVESTMENT**
17 **INCENTIVE PROGRAM FUND, AND THE SMALL BUSINESS SURETY BOND FUND**
18 **ESTABLISHED UNDER THE MARYLAND SMALL BUSINESS DEVELOPMENT**
19 **FINANCING AUTHORITY.**

20 **(2) ALL FINANCIAL ASSISTANCE TRANSACTIONS AND OBLIGATIONS**
21 **APPROVED BY THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING**
22 **AUTHORITY SHALL CONTINUE AS OBLIGATIONS OF THE FUND AND ARE**
23 **AUTHORIZED UNDER THIS SUBTITLE.**

24 **(E) THE FUND CONSISTS OF:**

25 **(1) PREMIUMS FOR GUARANTEEING LOANS UNDER THIS SUBTITLE;**

26 **(2) PREMIUMS FOR GUARANTEEING EQUITY INVESTMENTS UNDER**
27 **THIS SUBTITLE;**

28 **(3) REPAYMENTS OF PRINCIPAL OF AND INTEREST ON DIRECT LOANS**
29 **AND EQUITY PARTICIPATION FINANCING MADE UNDER THIS SUBTITLE;**

1 (4) **PROCEEDS FROM THE SALE, DISPOSITION, LEASE, OR RENTAL OF**
2 **COLLATERAL FOR DIRECT LOANS, LOAN GUARANTIES, OR EQUITY PARTICIPATION**
3 **FINANCING MADE UNDER THIS SUBTITLE;**

4 (5) **LOANS AND GRANTS FROM THE FEDERAL GOVERNMENT OR A UNIT**
5 **OR INSTRUMENTALITY OF THE FEDERAL GOVERNMENT;**

6 (6) **GRANTS AND CONTRIBUTIONS OF FUNDS FROM THE STATE, A**
7 **POLITICAL SUBDIVISION, OR ANY OTHER SOURCE;**

8 (7) **PREMIUMS FOR GUARANTEEING LONG-TERM LOANS UNDER THIS**
9 **SUBTITLE;**

10 (8) **NOTWITHSTANDING § 10-469(E) AND (F) OF THIS ARTICLE OR ANY**
11 **OTHER LAW, ANY RECOVERY OF INVESTMENTS MADE UNDER § 10-469 OF THIS**
12 **ARTICLE THAT WERE FUNDED BY A TRANSFER OF MONEY FROM THE FUNDS UNDER**
13 **THIS SUBTITLE TO THE ENTERPRISE FUND, INCLUDING AN INVESTMENT IN MMG**
14 **VENTURES LLP;**

15 (9) **NOTWITHSTANDING § 10-469(E) AND (F) OF THIS ARTICLE OR ANY**
16 **OTHER LAW, ANY REPAYMENT OF A GRANT MADE UNDER § 10-469 OF THIS ARTICLE**
17 **THAT WAS FUNDED BY A TRANSFER OF MONEY FROM THE FUNDS UNDER THIS**
18 **SUBTITLE TO THE ENTERPRISE FUND;**

19 (10) **MONEY THE STATE APPROPRIATES TO THE FUND;**

20 (11) **MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL**
21 **PROGRAMS OR PRIVATE CONTRIBUTIONS;**

22 (12) **PREMIUMS, FEES, ROYALTIES, AND REPAYMENTS OF**
23 **INVESTMENTS MADE UNDER THE TERMS OF BONDING ASSISTANCE AND EQUITY**
24 **PARTICIPATION FINANCING; AND**

25 (13) **ALL OTHER RECEIPTS OF THE DEPARTMENT UNDER THIS**
26 **SUBTITLE.**

27 Part III. Small Business Development Contract Financing [Fund] **PROGRAM.**

28 5-517.

29 In this part, ["Fund"] **"PROGRAM"** means the Small Business Development
30 **Contract Financing [Fund] PROGRAM.**

1 5-518.

2 There is a Small Business Development Contract Financing [Fund] PROGRAM
3 WITHIN THE FUND.

4 [5-519.

5 The Authority shall use the Fund to implement this part.]

6 [5-520.

7 The Authority shall administer the Fund.]

8 [5-521.

9 (a) The Fund is a special, nonlapsing fund that is not subject to reversion under
10 § 7-302 of the State Finance and Procurement Article.

11 (b) The Treasurer shall:

12 (1) invest the money in the Fund in the same manner as other State money
13 may be invested; and

14 (2) credit any investment earnings to the Fund.

15 (c) If the Authority determines by resolution that any money in the Fund is no
16 longer needed to meet its obligations, the Authority may authorize the Comptroller to first
17 employ that money to pay the principal of and interest on outstanding bonds issued under
18 any Act authorizing the issue of State general obligation bonds issued to implement this
19 subtitle.]

20 [5-522.

21 The Fund consists of:

22 (1) premiums for guaranteeing loans under § 5-525(a) of this subtitle;

23 (2) premiums for guaranteeing equity investments under § 5-525(b) of this
24 subtitle;

25 (3) repayments of principal of and interest on direct loans made under §
26 5-525(c) of this subtitle;

27 (4) proceeds from the sale, disposition, lease, or rental of collateral for
28 direct loans or loan guaranties made under § 5-525 of this subtitle; and

1 (5) all other receipts of the Authority under this part.]

2 [5-523.

3 (a) If the Authority and the Secretary determine that more money is needed to
4 keep the Fund at an adequate level, the Authority shall send a written request for the
5 additional money to the Board of Public Works.

6 (b) The Board of Public Works may pay the amount requested from the General
7 Emergency Fund.]

8 [5-524.] **5-519.**

9 The Authority may use the Fund for:

10 (1) loan guaranties made under [§ 5-525(a)] **§ 5-520(A)** of this subtitle;

11 (2) equity investment guaranties made under [§ 5-525(b)] **§ 5-520(B)** of
12 this subtitle;

13 (3) direct loans made under [§ 5-525(c)] **§ 5-520(C)** of this subtitle; and

14 (4) expenses for administrative, legal, actuarial, and other services.

15 [5-525.] **5-520.**

16 (a) (1) The Authority may use the Fund to guarantee a loan made to an
17 applicant only if:

18 (i) the applicant meets the requirements of this part;

19 (ii) [the loan is to be used to perform a contract for which the
20 majority of the funding is provided by the federal government, a state government, a local
21 government, or a utility regulated by the Public Service Commission;

22 (iii)] the maximum amount payable by the Authority under the
23 guaranty does not exceed [\$2,000,000] **\$3,000,000**; and

24 [(iv)] **(III)** the guaranteed loan is to be used for:

25 1. working capital; or

26 2. equipment needed to perform the contract, the cost of
27 which can be repaid from contract proceeds, if the Authority has entered into an agreement
28 with the applicant to secure the loan or guaranty.

1 (2) A guaranty made by the Authority may not exceed the term of the
2 contract, unless the Authority determines that a longer term better serves the purposes of
3 this subtitle.

4 (b) (1) The Authority may use the Fund to guarantee a person's proposed
5 equity investment in the applicant only if:

6 (i) the applicant meets the requirements of this part;

7 (ii) the amount of the equity investment to be guaranteed does not
8 exceed the lesser of:

9 1. 10% of the person's equity investment in the applicant; or

10 2. \$250,000; **AND**

11 (iii) [the equity investment to be guaranteed is to be used to perform
12 a contract for which the majority of funding is provided by the federal government, a state
13 government, a local government, or a utility regulated by the Public Service Commission;
14 and

15 (iv)] the equity investment to be guaranteed is to be used for:

16 1. working capital; or

17 2. equipment needed to perform the contract, the cost of
18 which can be repaid from contract proceeds, if the Authority has entered into an agreement
19 with the applicant to secure the guaranty.

20 (2) The Authority may not guarantee the equity investment of a person
21 who:

22 (i) previously held an equity investment in the applicant;

23 (ii) previously participated in the management of the applicant; or

24 (iii) in any other manner is related to:

25 1. the applicant; or

26 2. any of the current stockholders, officers, or management
27 personnel of the applicant.

28 (c) (1) The Authority may use the Fund to lend money to an applicant only if:

29 (i) the applicant meets the requirements of this part;

1 (ii) the applicant is unable to obtain money on reasonable terms
2 through normal lending channels from another source;

3 (iii) the loan does not exceed [~~\$2,000,000~~] **\$3,000,000**; AND

4 (iv) [the loan is to be used to perform a contract for which the
5 majority of funding is provided by the federal government, a state government, a local
6 government, or a utility regulated by the Public Service Commission; and

7 (v)] the loan is to be used for:

8 1. working capital; or

9 2. equipment needed to perform the contract, if the contract
10 proceeds can repay the cost of the equipment and if the Authority has entered into an
11 agreement with the applicant to secure the loan.

12 (2) A loan that the Authority makes shall mature not later than the term
13 of the contract, unless the Authority finds that a longer term better serves the purposes of
14 this part.

15 (d) In providing financial assistance under this section, the Authority shall
16 recognize the need to serve applicants from all political subdivisions in the State.

17 [~~5-526.~~] **5-521.**

18 (a) If the applicant is an individual, to qualify for financial assistance under this
19 part the applicant shall satisfy the Authority that:

20 (1) the applicant is of good moral character;

21 (2) the applicant has a reputation for financial responsibility, as
22 determined from creditors, employers, and other individuals who have personal knowledge
23 of the applicant;

24 (3) the applicant is a resident of the State or the principal place of business
25 of the applicant is in the State; and

26 (4) the applicant is unable to obtain adequate business financing on
27 reasonable terms through normal lending channels because the applicant:

28 (i) belongs to a group that historically has been deprived of access
29 to normal economic or financial resources [because of race, color, creed, sex, religion, or
30 national origin];

1 (ii) has [an identifiable physical handicap that severely limits the
2 ability of the applicant to obtain financial assistance, but that does not limit the ability of
3 the applicant to perform the contract or other activity for which the applicant would be
4 receiving financial assistance] **A DOCUMENTED DISABILITY**;

5 (iii) has any other social or economic impediment that is beyond the
6 control of the applicant but that does not limit the ability of the applicant to perform the
7 contract or other activity for which the applicant would be receiving financial assistance,
8 including:

9 1. the lack of formal education or financial capacity; or

10 2. geographical or regional economic distress; or

11 (iv) does not meet the established credit criteria of at least one
12 financial institution.

13 (b) If the applicant is a business enterprise that is not a sole proprietorship, to
14 qualify for financial assistance under this part at least 70% of the business enterprise shall
15 be owned by individuals who meet the qualifications for an individual applicant under
16 subsection (a) of this section.

17 (c) An applicant for a loan guaranty shall have applied for and been denied a loan
18 by a financial institution.

19 ~~[5-527.]~~ **5-522.**

20 (a) To apply for financial assistance from the Fund under ~~[§ 5-525]~~ **§ 5-520** of
21 this subtitle, an applicant shall submit to the Authority an application on the form that the
22 Authority provides **WITH THE INFORMATION THE AUTHORITY REQUIRES.**

23 **[(b) The application shall:**

24 (1) describe the project in detail;

25 (2) itemize known and estimated costs;

26 (3) specify the total amount of investment required to perform the contract;

27 (4) specify the amount of funds available to the applicant without financial
28 assistance from the Authority;

29 (5) specify the amount of financial assistance requested from the
30 Authority;

1 (6) provide information that demonstrates the inability of the applicant to
2 obtain adequate financing on reasonable terms through normal lending channels;

3 (7) provide information that demonstrates the financial status of the
4 applicant, including:

5 (i) a current balance sheet;

6 (ii) a profit and loss statement; and

7 (iii) credit references; and

8 (8) contain any other relevant information that the Authority requires.]

9 [(c) (B) The Authority may require an applicant to provide an audited balance
10 sheet before the Authority approves or denies the application.

11 [(d) The Authority may delegate the review and approval of the application
12 information required under subsection (b)(1), (2), and (3) of this section to the Executive
13 Director if an applicant meets all other requirements of this section.]

14 [5-528.] **5-523.**

15 (a) The Authority may set the terms and conditions for a loan guaranty made
16 under [§ 5-525(a)] **§ 5-520(A)** of this subtitle.

17 (b) (1) If the Authority decides to lend money from the Fund to an applicant
18 under [§ 5-525(c)] **§ 5-520(C)** of this subtitle, the Authority shall prepare loan documents
19 that include:

20 (i) the interest rate on the loan that equals the market rate for a
21 conventional loan of comparable risk unless the Authority determines that a lower rate
22 better serves the purposes of this subtitle;

23 (ii) a disbursement schedule that provides enough money to the
24 applicant when the applicant needs it to perform the contract;

25 (iii) a requirement that the applicant and the Authority co-sign each
26 request for an advance of money before release of the money; and

27 (iv) provisions for repayment of the loan.

28 (2) The loan documents may include any other provision that the Authority
29 determines is necessary to secure the loan, including an assignment of or a lien on payment
30 under the contract.

1 [5-529.

2 The Treasurer shall report each year to the Authority on:

3 (1) the status of the money invested under § 5-521 of this subtitle;

4 (2) the market value of the assets in the Fund as of the date of the report;
5 and

6 (3) the interest received from investments during the period covered by the
7 report.]

8 [5-530.] **5-524.**

9 (a) A person may not knowingly make or cause to be made a false statement or
10 report in an application or document submitted to the Authority under this part.

11 (b) A person may not knowingly make or cause to be made a false statement or
12 report to influence an action of the Authority under this part:

13 (1) on an application for financial assistance; or

14 (2) affecting financial assistance whether or not the assistance has already
15 been extended.

16 (c) A person who violates this section is guilty of a misdemeanor and on conviction
17 is subject to imprisonment not exceeding 5 years or a fine not exceeding \$50,000 or both.

18 **5-525. RESERVED.**

19 **5-526. RESERVED.**

20 Part IV. Small Business Development Guaranty [Fund] **PROGRAM.**

21 [5-533.] **5-527.**

22 In this part, ["Fund"] "**PROGRAM**" means the Small Business Development
23 Guaranty [Fund] **PROGRAM.**

24 [5-534.] **5-528.**

25 There is a Small Business Development Guaranty **PROGRAM WITHIN THE** Fund.

26 [5-535.

27 The Authority shall use the Fund to implement this part.]

1 [5-536.

2 The Authority shall administer the Fund.]

3 [5-537.

4 (a) The Fund is a special, nonlapsing fund that is not subject to reversion under
5 § 7-302 of the State Finance and Procurement Article.

6 (b) The Treasurer shall:

7 (1) invest the money in the Fund in the same manner as other State money
8 may be invested; and

9 (2) credit any investment earnings to the Fund.

10 (c) If the Authority determines by resolution that any money in the Fund is no
11 longer needed to meet its obligations, the Authority may authorize the Comptroller to first
12 apply that money to pay the principal of and interest on outstanding bonds issued under
13 any Act authorizing the issue of State general obligation bonds issued to implement this
14 subtitle.]

15 [5-538.

16 The Fund consists of:

17 (1) loans and grants from the federal government or a unit or
18 instrumentality of the federal government;

19 (2) grants and contributions of funds from the State, a political subdivision,
20 or any other source;

21 (3) premiums for guaranteeing long-term loans under § 5-540 of this
22 subtitle;

23 (4) proceeds from the sale, disposition, lease, or rental of collateral by the
24 Authority relating to loans guaranteed under § 5-540 of this subtitle; and

25 (5) all other receipts of the Authority under this part.]

26 [5-539.] **5-529.**

27 The Authority may use the Fund for:

1 (ii) an official treasurer's check;

2 (iii) funds on deposit in an escrow or other depository account; or

3 (iv) any other legal instrument promising a financial institution
4 restitution or reimbursement for its loan losses, within the limits of the guaranty.

5 (3) Any terms and conditions governing the instruments described under
6 paragraph (2) of this subsection may not be so onerous as to discourage the financial
7 institution from offering the loan.

8 (4) (i) The Authority may only approve a guaranty under this section if
9 the Authority determines that the loan to be guaranteed will have a substantial economic
10 impact.

11 (ii) To determine the economic impact of a loan, the Authority may
12 consider:

13 1. the amount of the guaranty obligation;

14 2. the terms of the loan to be guaranteed;

15 3. the number of new jobs that the loan will create; and

16 4. any other factor that the Authority considers relevant.

17 (b) (1) In addition to a loan guaranty, the Authority may provide an interest
18 subsidy for the benefit of the applicant.

19 (2) The subsidy:

20 (i) may be for the life of the loan;

21 (ii) may not exceed 4%;

22 (iii) shall be payable quarterly; and

23 (iv) shall be made to the financial institution that makes the loan
24 that the Authority guarantees.

25 (3) (i) The subsidy may not exceed the difference between:

26 1. the interest rate on the guaranteed loan; and

27 2. the discount interest rate that the Federal Reserve Bank
28 uses.

1 (ii) The interest rate may not exceed the monthly weighted average
2 of the prime lending rate that prevails in Baltimore City on unsecured commercial loans,
3 as the Authority determines as of the date of closing, plus 2%.

4 (4) The subsidy may not be paid during any period in which the loan is in
5 default.

6 (c) In providing financial assistance under this section, the Authority shall
7 recognize the need to serve applicants from all political subdivisions in the State.

8 ~~[5-541.]~~ **5-531.**

9 (a) If the applicant is a sole proprietor, to qualify for financial assistance under
10 this part the applicant shall satisfy the Authority that:

11 (1) the applicant is of good moral character;

12 (2) the applicant has a reputation for financial responsibility, as
13 determined from creditors, employers, and other individuals who have personal knowledge
14 of the applicant;

15 (3) the applicant is a resident of the State or the principal place of business
16 of the applicant is in the State; and

17 (4) the applicant is unable to obtain adequate business financing on
18 reasonable terms through normal lending channels because the applicant:

19 (i) belongs to a group that historically has been deprived of access
20 to normal economic or financial resources [because of race, color, creed, sex, religion, or
21 national origin];

22 (ii) has [an identifiable physical handicap that severely limits the
23 ability of the applicant to obtain financial assistance, but that does not limit the ability of
24 the applicant to perform the contract or other activity for which the applicant would be
25 receiving financial assistance] **A DOCUMENTED DISABILITY**;

26 (iii) has any other social or economic impediment that is beyond the
27 control of the applicant, but that does not limit the ability of the applicant to perform the
28 contract or other activity for which the applicant would be receiving financial assistance,
29 including:

30 1. the lack of formal education or financial capacity; or

31 2. geographical or regional economic distress; or

1 (iv) does not meet the established credit criteria of at least one
2 financial institution.

3 (b) If the applicant is not a sole proprietorship, to qualify for financial assistance
4 under this part at least 70% of the business enterprise shall be owned by individuals who
5 meet the qualifications for an individual applicant under subsection (a) of this section.

6 (c) An applicant for a loan guaranty shall have applied for and been denied a loan
7 by a financial institution.

8 ~~[5-542.] 5-532.~~

9 (a) To apply for financial assistance from the Fund, a financial institution shall
10 submit to the Authority an application on the form that the Authority provides **WITH THE**
11 **INFORMATION THE AUTHORITY REQUIRES.**

12 [(b) The application shall include:

13 (1) a detailed description of the proposed use of the loan proceeds, including
14 projected cash flow analyses, marketing plans, and appraisals;

15 (2) a detailed description of the funds available to the applicant;

16 (3) a detailed description of the proposed loan documents to be executed by
17 the financial institution and the applicant;

18 (4) a detailed description of the property proposed as collateral for the loan
19 and the financial institution's certification of the property's value;

20 (5) information that demonstrates the inability of the applicant to obtain
21 adequate financing on reasonable terms through normal lending channels;

22 (6) information that demonstrates the financial status of the applicant,
23 including:

24 (i) a current balance sheet;

25 (ii) a profit and loss statement; and

26 (iii) credit references;

27 (7) a proposed disbursement schedule;

28 (8) a proposed amortization schedule;

29 (9) a detailed description of the applicant's experience in the trade or
30 business for which the loan and guarantee are requested;

1 (10) information that shows that the applicant satisfies the requirements of
2 § 5-541 of this subtitle; and

3 (11) any other relevant information that the Authority requests.]

4 [(c) (B) The Authority may require an applicant to provide an audit report and
5 balance sheet certified by an independent certified public accountant in accordance with
6 generally accepted accounting principles before the Authority approves or denies the
7 application.

8 [5-543.] **5-533.**

9 A guaranty shall contain terms and conditions that the Authority determines to be
10 appropriate.

11 [5-544.

12 The Treasurer shall report each year to the Authority on:

13 (1) the status of the money invested under § 5-537 of this subtitle;

14 (2) the market value of the assets in the Fund as of the date of the report;
15 and

16 (3) the interest received from investments during the period covered by the
17 report.]

18 [5-545.] **5-534.**

19 (a) A person may not knowingly make or cause to be made a false statement or
20 report in an application or document submitted to the Authority under this part.

21 (b) A person may not knowingly make or cause to be made a false statement or
22 report to influence an action of the Authority under this part:

23 (1) on an application for financial assistance; or

24 (2) affecting financial assistance whether or not the assistance has already
25 been extended.

26 (c) A person who violates this section is guilty of a misdemeanor and on conviction
27 is subject to imprisonment not exceeding 5 years or a fine not exceeding \$50,000 or both.

28 [5-546.] **5-535.**

1 If an applicant or financial institution violates any provision of the loan documents
2 or ceases to meet the requirements of this part, on reasonable notice to the applicant or
3 financial institution, the Authority may:

4 (1) withhold from the applicant further loan payments until the applicant
5 complies with the documents or requirements;

6 (2) withhold from the financial institution further interest subsidy
7 payments until the financial institution complies with the loan documents or requirements;
8 and

9 (3) exercise any other remedy for which the loan documents provide.

10 **5-536. RESERVED.**

11 **5-537. RESERVED.**

12 Part V. Equity Participation Investment Program.

13 ~~[5-549.]~~ **5-538.**

14 (a) In this part the following words have the meanings indicated.

15 (b) (1) “Enterprise” means a business entity proposing to carry on a business
16 in the State that meets the requirements of ~~[§ 5-526]~~ **§ 5-521** of this subtitle.

17 (2) “Enterprise” includes:

18 (i) a sole proprietorship;

19 (ii) a partnership;

20 (iii) **A LIMITED LIABILITY CORPORATION;**

21 **(IV)** a limited partnership;

22 ~~[(iv)]~~ **(V)** a corporation; or

23 ~~[(v)]~~ **(VI)** a joint venture.

24 (c) “Equity participation financing” includes investment or guaranty of
25 investment in an enterprise.

26 (d) “Existing business” means a business whose board of directors or owners
27 approve the sale of the business to an enterprise receiving equity participation financing.

1 (e) ["Fund" means the Equity Participation Investment Program Fund.

2 (f) "Program" means the Equity Participation Investment Program.

3 [(g)] (F) "Qualified security" means:

4 (1) a note, bond, debenture, or other evidence of indebtedness;

5 (2) stock or other form of equity participation;

6 (3) a certificate of interest or participation in a profit-sharing agreement;

7 (4) an investment contract;

8 (5) a certificate of deposit for a security;

9 (6) a certificate of interest or participation in a patent or patent application
10 or in royalty or other payments under a patent or patent application; or

11 (7) an interest or instrument commonly known as a "security" or a
12 certificate for, receipt for, guaranty of, or option, warrant, or right to subscribe to or
13 purchase a qualified security.

14 [(h)] (G) "Small business" means a business that is classified as a small business
15 under the U.S. Small Business Administration size standards.

16 [5-550.] **5-539.**

17 (a) The General Assembly finds that:

18 (1) small businesses have proven to be a fast growing and reliable form of
19 successful business expansion and successful new business creation;

20 (2) small businesses play a major role in the economy of the State and have
21 been a continuing source of increasing tax revenues and job opportunities;

22 (3) the growth of small businesses should be encouraged and should be an
23 integral part of the State's economic development effort;

24 (4) socially or economically disadvantaged individuals often lack adequate
25 capital and are unable to obtain financing from financial institutions or venture capital
26 firms to begin and develop a small business, or to purchase an existing business; and

27 (5) promoting the creation and viability of small businesses and the
28 purchase of existing businesses by socially or economically disadvantaged individuals is in
29 the public interest.

1 (b) The purposes of the Equity Participation Investment Program are to:

2 (1) encourage and help socially or economically disadvantaged individuals
3 to create and develop small businesses and acquire existing businesses in the State; and

4 (2) assist small businesses that, because they do not meet the established
5 credit criteria of financial institutions, cannot obtain adequate business financing on
6 reasonable terms through normal financing channels.

7 ~~[5-551.] 5-540.~~

8 There is an Equity Participation Investment Program in the ~~[Department]~~ FUND.

9 ~~[5-552.~~

10 The Authority shall administer the Program.]

11 ~~[5-553.] 5-541.~~

12 The Authority may:

13 (1) provide equity participation financing to help socially or economically
14 disadvantaged individuals in the State create and develop small businesses and acquire
15 existing businesses;

16 (2) buy, hold, and sell qualified securities;

17 (3) prepare, publish, and distribute technical studies, reports, and other
18 materials with or without charge; and

19 (4) provide and pay for advisory services and technical assistance that are
20 necessary or desirable to carry out the Program.

21 ~~[5-554.~~

22 There is an Equity Participation Investment Program Fund.]

23 ~~[5-555.] 5-542.~~

24 [(a) The Authority shall administer the Fund.

25 (b) (1) The Fund is a special, nonlapsing fund that is not subject to reversion
26 under § 7-302 of the State Finance and Procurement Article.

27 (2) The Treasurer shall hold the Fund separately, and the Comptroller
28 shall account for the Fund.

1 (c) The Fund consists of:

2 (1) money drawn from the Small Business Development Guaranty Fund
3 established under Part IV of this subtitle;

4 (2) money the State appropriates to the Fund;

5 (3) money made available to the Fund through federal programs or private
6 contributions;

7 (4) proceeds from the sale, disposition, lease, or rental by the Authority of
8 collateral related to equity participation financing;

9 (5) premiums, fees, royalties, and repayments of principal, interest, and
10 investments paid by and on behalf of enterprises to the Authority under the terms of equity
11 participation financing; and

12 (6) any other money made available under the Program.

13 (d) The Authority shall use the Fund to:

14 (1) purchase qualified securities that an enterprise issues to provide equity
15 participation financing as the Program allows;

16 (2) provide guaranties of investments to expand the capital resources of
17 enterprises;

18 (3) purchase advisory services and technical assistance consistent with the
19 Program;

20 (4) purchase securities in which a fiduciary of the State may lawfully
21 invest;

22 (5) provide equity participation financing as the Program allows; and

23 (6) pay for administrative, legal, and actuarial services that relate to the
24 Program.

25 [(e) The Fund shall be self-sustaining and shall achieve investment returns on its
26 portfolio in the form of:

27 (1) royalties from enterprises in amounts to be determined by the
28 Authority; and

29 (2) interest payments from any debt securities.

1 (f) As needed for the Program, the Authority may withdraw from time to time up
2 to a total of \$2,000,000 from the Small Business Development Guaranty Fund and deposit
3 the withdrawal into the Fund.

4 (g) (1) The Treasurer shall invest the money of the Fund in the same manner
5 as other State money may be invested.

6 (2) Any investment earnings of the Fund shall be paid into the Fund.

7 (h) In accordance with § 2.5-109 of this article, the Authority shall submit a
8 report on the Program.]

9 ~~[5-556.]~~ **5-543.**

10 [(a)] The Authority may provide equity participation financing under the Program
11 only after the enterprise submits an application [that contains a business plan that meets
12 the requirements of subsection (b) of this section] **ON THE FORM THAT THE AUTHORITY**
13 **PROVIDES WITH THE INFORMATION THE AUTHORITY REQUIRES.**

14 [(b)] The business plan of an enterprise shall include:

15 (1) a description of the small business or existing business and its
16 management, product, and market;

17 (2) a statement of the amount, immediacy of need, and projected use of the
18 capital required;

19 (3) a statement of the potential economic impact of the purchase;

20 (4) information that relates to the satisfaction of the applicant's
21 requirements of § 5-557(d) and (e) of this subtitle; and

22 (5) any other information the Authority requires.]

23 ~~[5-557.]~~ **5-544.**

24 (a) (1) Under the Program the Authority may not:

25 (i) own securities representing more than 49% of the voting stock of
26 a small business or own an interest greater than 49% in a small business; or

27 (ii) own securities representing more than 49% of the voting stock of
28 an enterprise acquiring an existing business or own an interest greater than 49% in an
29 enterprise acquiring an existing business.

1 (2) The amount of the Authority's equity participation financing in an
2 enterprise may not exceed ~~\$2,000,000~~ **\$3,000,000**.

3 (3) Before providing equity participation financing, the Authority shall find
4 that there is a reasonable probability that the Authority will recover its initial investment
5 and an adequate return on investment from the equity participation financing.

6 (4) The Authority's investment shall be recoverable within 7 years after
7 the equity participation financing.

8 (5) The Authority's recovery shall be the greater of:

9 (i) the current value of the percentage of the equity investment in
10 the enterprise; or

11 (ii) the amount of the initial investment in the enterprise.

12 (6) If there is a dispute between the borrower and the Authority as to the
13 value of the business entity at the time of recovery, the value shall be determined after
14 obtaining at least one independent appraisal of the value from an appraiser selected from
15 a list of at least three appraisers supplied by the Authority.

16 (b) When an enterprise applies to the Authority for equity participation financing
17 to acquire an existing business, an enterprise or its principals shall have:

18 (1) an equity investment equal to at least 5% of the total cost of acquisition;
19 and

20 (2) at least 3 years of successful experience with demonstrated
21 achievements and management responsibilities.

22 (c) The Authority may provide equity participation financing for the acquisition
23 of an existing business if the existing business:

24 (1) has been in existence for at least 5 years;

25 (2) has been profitable for at least 2 of the previous 3 years;

26 (3) has sufficient cash flow to service the debt and ensure adequate return
27 of the Authority's investment;

28 (4) has the capacity for growth and job creation;

29 (5) has its principal place of business in the State; and

30 (6) has a strong customer base.

1 (d) If the applicant enterprise is a sole proprietorship, to qualify for financial
2 assistance under this part, the applicant shall satisfy the Authority that:

3 (1) the applicant is of good moral character;

4 (2) the applicant has a reputation for financial responsibility, as
5 determined from creditors, employers, and other individuals who have personal knowledge
6 of the applicant;

7 (3) the applicant is a resident of the State or the principal place of business
8 of the applicant is in the State; and

9 (4) the applicant is unable to obtain adequate business financing on
10 reasonable terms through normal lending channels because the applicant:

11 (i) belongs to a group that historically has been deprived of access
12 to normal economic or financial resources [because of race, color, creed, sex, religion, or
13 national origin];

14 (ii) has [an identifiable physical handicap that severely limits the
15 ability of the applicant to obtain financial assistance, but that does not limit the ability of
16 the applicant to perform the contract or other activity for which the applicant would be
17 receiving financial assistance] **A DOCUMENTED DISABILITY**;

18 (iii) has any other social or economic impediment that is beyond the
19 control of the applicant, but that does not limit the ability of the applicant to perform the
20 contract or other activity for which the applicant would be receiving financial assistance,
21 including:

22 1. the lack of formal education or financial capacity; or

23 2. geographical or regional economic distress; or

24 (iv) does not meet the established credit or investment criteria of at
25 least one financial institution.

26 (e) If the applicant enterprise is not a sole proprietorship, to qualify for financial
27 assistance under this part, at least 51% of the enterprise shall be owned by individuals who
28 meet the qualifications for applicants under subsection (d) of this section.

29 [5-558.] **5-545.**

30 The liability of the State and of the Authority in providing equity participation
31 financing is limited to investments under the Program.

32 [5-559.]

1 (a) This section applies to financing provided under the Program during fiscal
2 years 2021 and 2022 for the purpose of relieving the adverse effects of the coronavirus
3 pandemic.

4 (b) The Authority may convert to a grant up to \$50,000 of the financing described
5 under subsection (a) of this section that is provided to a small business.】

6 **5-546. RESERVED.**

7 **5-547. RESERVED.**

8 Part VI. Small Business Surety Bond Program.

9 **[5-561.] 5-548.**

10 (a) In this part the following words have the meanings indicated.

11 (b) [“Fund” means the Small Business Surety Bond Fund.

12 (c) [“Principal” means a small business entity that has assets, income, or
13 employees that do not exceed limits that the Authority sets by regulation.

14 **[(d)] (C)** “Program” means the Small Business Surety Bond Program.

15 **[5-562.] 5-549.**

16 There is a Small Business Surety Bond **PROGRAM WITHIN THE** Fund.

17 **[5-563.**

18 (a) (1) The Fund is a special, nonlapsing fund that is not subject to reversion
19 under § 7-302 of the State Finance and Procurement Article.

20 (2) The Treasurer shall hold the Fund separately, and the Comptroller
21 shall account for the Fund.

22 (b) (1) The Treasurer shall invest the money of the Fund in the same manner
23 as other State money may be invested.

24 (2) Any investment earnings of the Fund shall be credited to the Fund.】

25 **[5-564.**

26 The Fund consists of:

1 (1) money the State appropriates to the Fund;

2 (2) premiums, fees, and any other amounts the Authority receives with
3 respect to bonding assistance it provides;

4 (3) proceeds the Authority designates from the sale, lease, or other
5 disposition of property or contracts the Authority holds or acquires; and

6 (4) any other money available under the Program.]

7 [5-565.

8 The Fund shall be used:

9 (1) for the purposes described in the Program; and

10 (2) to pay expenses of the Authority in administering the Program.]

11 [5-566.] **5-550.**

12 In administering the Program, the Authority may:

13 (1) use the services of other governmental units;

14 (2) contract for and accept loans and grants from the federal government,
15 the State government, or a local government and their units; and

16 (3) on the terms and conditions it considers advisable:

17 (i) acquire, manage, operate, dispose of, or otherwise deal with
18 property;

19 (ii) take assignments of rentals and leases; and

20 (iii) make contracts, leases, agreements, and arrangements that are
21 necessary or incidental to the performance of its duties.

22 [5-567.] **5-551.**

23 The Authority may:

24 (1) prescribe or approve the form of and terms and conditions in
25 applications, guaranty agreements, or any other documents entered into by the Authority,
26 principals, or sureties under the Program;

27 (2) acquire or take assignments of documents executed, obtained, or
28 delivered in connection with any assistance the Authority provides under the Program;

1 (3) set and collect premiums, fees, charges, costs, and expenses in
2 connection with any assistance the Authority provides under the Program;

3 (4) adopt regulations to carry out the Program; and

4 (5) do anything necessary or convenient to carry out its powers and the
5 purposes of the Program.

6 **[5-568.] 5-552.**

7 (a) The Authority may guarantee a surety up to the lesser of 90% or **[\$2,250,000]**
8 **\$3,000,000** of its loss under a bid bond, payment bond, or performance bond on a contract
9 [financed by the federal government, a state government, a local government, a private
10 entity, or a utility that the Public Service Commission regulates].

11 (b) The term of a guaranty under this part may not exceed the contract term,
12 including:

13 (1) the maintenance or warranty period required by the contract; and

14 (2) the period during which the surety may be liable for latent defects.

15 (c) The Authority may vary the terms and conditions of a guaranty based on:

16 (1) the Authority's history of experience with a surety; and

17 (2) any other factor the Authority considers relevant.

18 **[5-569.] 5-553.**

19 (a) The Authority may execute and perform a bid bond, performance bond, and
20 payment bond as a surety for the benefit of a principal in connection with a contract
21 [financed by the federal government or a state government, a local government, a private
22 entity, or a utility regulated by the Public Service Commission].

23 (b) (1) This subsection does not apply if the sources of funding for the bonds
24 are grants.

25 (2) The bonds may not exceed **[\$2,500,000] \$5,000,000** each.

26 (c) Bonds are subject to the approval of the Authority based on the bond
27 worthiness of the principal.

28 **[5-570.] 5-554.**

1 (a) The Authority may only approve a guaranty or a bond under this part if the
2 Authority determines that the contract, for which a bond is sought to be guaranteed or
3 issued, will have a substantial economic impact.

4 (b) To determine the economic impact of a contract, the Authority may consider:

5 (1) the amount of the guaranty obligation;

6 (2) the terms of the bond to be guaranteed;

7 (3) the number of new jobs that the contract to be bonded will create; and

8 (4) any other factor that the Authority considers relevant.

9 **[5-571.] 5-555.**

10 The Authority may establish a surety bonding line to issue or guarantee multiple
11 bonds to a principal within preapproved terms, conditions, and limitations.

12 **[5-572.] 5-556.**

13 (a) To qualify for financial assistance under this part the principal shall satisfy
14 the Authority that the principal:

15 (1) is of good moral character or is owned by individuals of good moral
16 character;

17 (2) as determined from creditors, employers, and other individuals who
18 have personal knowledge, is an individual with a reputation for financial responsibility or
19 is owned by individuals, a majority of whom have a reputation for financial responsibility;

20 (3) is a resident of the State or the principal place of business of the
21 applicant is in the State; and

22 (4) is unable to obtain adequate bonding on reasonable terms through
23 normal channels.

24 (b) To qualify for financial assistance under this part the principal shall certify to
25 the Authority, and the Authority shall be satisfied, that:

26 (1) a bond is required to bid on a contract or to serve as prime contractor
27 or subcontractor;

28 (2) a bond cannot be obtained on reasonable terms and conditions without
29 assistance from the Program; and

1 (3) the principal will not subcontract more than 75% of the monetary value
2 of the contract.

3 ~~[5-573.] 5-557.~~

4 (a) To apply for financial assistance from the Program under this part, a principal
5 and, if applicable, a surety shall submit to the Authority an application on the form that
6 the Authority provides **WITH THE INFORMATION THE AUTHORITY REQUIRES.**

7 (b) [The application shall include:

8 (1) a detailed description of the project;

9 (2) an itemization of known and estimated costs;

10 (3) the total investment required to perform the contract;

11 (4) the working capital available to the principal;

12 (5) the bonding assistance sought;

13 (6) information that demonstrates the inability of the principal to obtain
14 adequate bonding on reasonable terms and conditions through normal channels without
15 assistance from the Program;

16 (7) a current balance sheet, a profit and loss statement, and credit
17 references about the financial status of the principal;

18 (8) a schedule of the status of existing and pending contracts; and

19 (9) any other relevant information the Authority requests.

20 (c)] The Authority may require an applicant to provide an audited balance sheet
21 before the Authority approves or denies the application.

22 [(d)] (C) The Authority may not approve a guaranty or bond under this part for
23 a principal that has defaulted on a loan or guaranty from the Authority unless:

24 (1) 2 years have passed since the time of the default; and

25 (2) the principal has cured any default in any financing program
26 administered by the Department.

27 ~~[5-574.] 5-558.~~

28 (a) In its sole discretion, the Authority may set:

1 (1) the premiums and fees for providing bonding assistance under the
2 Program; and

3 (2) the terms and conditions when the premiums and fees are payable.

4 (b) The premiums and fees may vary in amount among transactions and at
5 different stages of a transaction.

6 (c) A determination by the Authority on premiums and fees remains effective for
7 as long as the bonding assistance provided by the Authority is in effect.

8 ~~[5-575.]~~ **5-559.**

9 (a) A person may not knowingly make or cause to be made a false statement or
10 report in an application or document submitted to the Authority under this part.

11 (b) A person may not knowingly make or cause to be made a false statement or
12 report to influence an action of the Authority under this part:

13 (1) on an application for assistance; or

14 (2) affecting bonding assistance whether or not the assistance has been
15 extended.

16 (c) A person who violates this section is guilty of a misdemeanor and on conviction
17 is subject to imprisonment not exceeding ~~[6 months]~~ **5 YEARS** or a fine not exceeding
18 ~~[\$1,000]~~ **\$50,000** or both.

19 6-309.

20 (a) Subject to subsection (b) of this section, this subtitle and the tax credit
21 authorized under it shall terminate on January 1, ~~[2027]~~ **2032**.

22 (b) After termination of this subtitle:

23 (1) a business entity may be considered for eligibility for the tax credit
24 authorized under this subtitle based on positions filled before termination of this subtitle,
25 provided that the other requirements of the subtitle are satisfied; and

26 (2) tax credits earned may be carried forward and are subject to recapture
27 in accordance with § 6-305 of this subtitle.

28 **PART I. MARYLAND ECONOMIC DEVELOPMENT CORPORATION.**

29 10-101.

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

2 (d) “Corporation” means the Maryland Economic Development Corporation.

3 **10–135. RESERVED.**

4 **10–136. RESERVED.**

5 Part II. Regional Institution Strategic Enterprise Zone Program.

6 10–137.

7 (a) In this [subtitle] **PART** the following words have the meanings indicated.

8 (b) “Area” means a geographic area in one or more political subdivisions in the
9 State described by a closed perimeter boundary.

10 (c) “Fund” means the Regional Institution Strategic Enterprise Zone Fund
11 created under [§ 5–1408] **§ 10–144** of this subtitle.

12 (d) “Nonprofit organization” means an organization that is exempt or eligible for
13 exemption from taxation under § 501(c)(3) of the Internal Revenue Code.

14 (e) “Qualified institution” means an entity that is designated as a qualified
15 institution under [§ 5–1403] **§ 10–139** of this subtitle and may include:

16 (1) a regional higher education center as defined under § 10–101 of the
17 Education Article;

18 (2) an institution of higher education as defined under § 10–101 of the
19 Education Article; or

20 (3) a nonprofit organization that is affiliated with a federal agency.

21 (f) “RISE zone” means a geographic area in immediate proximity to a qualified
22 institution that is targeted for increased economic and community development that meets
23 the requirements of [§ 5–1404] **§ 10–140** of this subtitle and is designated as a Regional
24 Institution Strategic Enterprise zone by the [Secretary] **CORPORATION** under [§ 5–1404]
25 **§ 10–140** of this subtitle.

26 10–138.

27 The purposes of the Regional Institution Strategic Enterprise Zone Program are to
28 access institutional assets that have a strong and demonstrated history of commitment to
29 economic development and revitalization in the communities in which they are located and
30 incentivize the location of innovative start-up businesses based on technology developed,

1 licensed, or poised for commercialization at or in collaboration with qualified Maryland
2 institutions.

3 10–139.

4 (a) An institution may apply to the [Secretary] CORPORATION to be designated
5 as a qualified institution.

6 (b) To be eligible for designation as a qualified institution, the applicant shall:

7 (1) evidence an intention:

8 (i) to make a significant financial investment or commitment in an
9 area of the State that the applicant intends to become a RISE zone;

10 (ii) to use the resources and expertise of the applicant to spur
11 economic development and community revitalization in an area of the State that the
12 applicant intends to become a RISE zone; and

13 (iii) to create a significant number of new jobs within an area of the
14 State that the applicant intends to become a RISE zone;

15 (2) have a demonstrated history of community involvement and economic
16 development within the communities that the applicant serves; and

17 (3) meet the minimum financial qualifications established by the
18 [Secretary] CORPORATION.

19 (c) If the applicant is a nonprofit organization that is not an institution of higher
20 education, the application shall demonstrate an affiliation with a federal agency.

21 (d) (1) In addition to the requirements under subsection (b) of this section, the
22 [Secretary] CORPORATION may establish by regulation any other requirements necessary
23 and appropriate in order for an applicant to be designated as a qualified institution.

24 (2) The [Secretary] CORPORATION shall adopt regulations that establish
25 factors for evaluating applications under subsection (b) of this section.

26 (e) In the form and content acceptable to the [Secretary] CORPORATION, an
27 applicant shall submit to the [Secretary] CORPORATION an application that contains the
28 information that the Secretary considers necessary to evaluate the request for designation
29 as a qualified institution.

30 (f) (1) Within 90 days after submission of an application under this section,
31 the [Secretary] CORPORATION shall approve or reject the application of an institution to
32 be designated as a qualified institution.

1 (2) At least 30 days before approval or rejection of an application under this
2 section, the [Secretary] CORPORATION shall notify the Legislative Policy Committee.

3 (3) The Legislative Policy Committee may provide advice to the [Secretary]
4 CORPORATION regarding the approval or rejection of an institution as a qualified
5 institution.

6 10–140.

7 (a) On or after July 1, [2015] 2026, a qualified institution shall apply jointly with
8 a county, a municipal corporation, or the economic development agency of a county or
9 municipal corporation to the [Secretary] CORPORATION to designate an area as a
10 Regional Institution Strategic Enterprise zone.

11 (b) The application shall:

12 (1) be in the form and contain the information that the [Secretary]
13 CORPORATION requires by regulation;

14 (2) state the boundaries of the area of the proposed RISE zone, not
15 exceeding 500 acres;

16 (3) describe the nexus of the RISE zone with the qualified institution; and

17 (4) contain a plan that identifies the target strategy and anticipated
18 economic impacts of the RISE zone.

19 (c) The [Secretary] CORPORATION may establish, by regulation, any other
20 requirements necessary and appropriate for an area to be designated as a RISE zone.

21 (d) (1) Unless a county in which a municipal corporation is located agrees to
22 designation of a RISE zone in the municipal corporation, qualified property in the
23 municipal corporation may not receive a tax credit against county property tax.

24 (2) Unless a municipal corporation located within a county agrees to
25 designation of a RISE zone within its boundaries, qualified property in the county may not
26 receive a tax credit against the municipal property tax.

27 (e) (1) Within 120 days after submission of an application under this section,
28 the [Secretary] CORPORATION shall:

29 (i) approve or reject an application for designation of a RISE zone,
30 including approval or modification of the proposed boundaries of the RISE zone; and

31 (ii) define the boundaries of the approved RISE zone.

1 (2) At least 45 days before approval or rejection of an application under this
2 section, the [Secretary] CORPORATION shall notify the Legislative Policy Committee.

3 (3) The Legislative Policy Committee may provide advice to the [Secretary]
4 CORPORATION regarding:

5 (i) the approval or rejection of the RISE zone; or

6 (ii) the boundaries of the RISE zone proposed by the [Secretary]
7 CORPORATION.

8 (f) (1) (i) Subject to subparagraph (ii) of this paragraph, the designation of
9 an area as a RISE zone is effective for 10 years.

10 (ii) Upon a joint application of a qualified institution, a county and,
11 if applicable, a municipal corporation, or the economic development agency of a county or
12 municipal corporation, the [Secretary] CORPORATION may renew a RISE zone for an
13 additional ~~5~~ 10 years.

14 (2) The [Secretary] CORPORATION may not:

15 (i) 1. except as provided in item 2 of this item OR PARAGRAPH
16 **(3) OF THIS SUBSECTION**, approve more than three RISE zones in a single county or
17 municipal corporation; or

18 2. **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
19 **SUBSECTION**, approve more than four RISE zones in Baltimore City; or

20 (ii) approve a RISE zone the geographic area of which exceeds 500
21 acres.

22 **(3) THE CORPORATION MAY APPROVE ONE EXTRAORDINARY RISE**
23 **ZONE IN A SINGLE COUNTY OR MUNICIPAL CORPORATION FOR AN AREA THAT, IN THE**
24 **DETERMINATION OF THE SECRETARY, PROMOTES QUANTUM COMPUTING.**

25 (g) (1) A RISE zone may not be required to be in the immediate geographic
26 proximity of a qualified institution if an appropriate nexus for the increased economic and
27 community development is established with the qualified organization.

28 (2) If the proposed RISE zone is in a rural part of the State, a qualified
29 institution may not be required to be in the immediate area of the RISE zone.

30 (h) [The Secretary may not designate a RISE zone in:

1 (1) a development district established under Title 12, Subtitle 2 of this
2 article; or

3 (2) a special taxing district established under Title 21 of the Local
4 Government Article or Section 62A of the Baltimore City Charter.

5 (i) The designation of an area as a RISE zone may not be construed to limit or
6 supersede a provision of a comprehensive plan, zoning ordinance, or other land use policy
7 adopted by a county, municipal corporation, or bicounty agency with land use authority
8 over the area designated as a RISE zone.

9 10–141.

10 (a) The [Secretary] CORPORATION shall assign to a RISE zone a business and
11 community development concierge who is an employee of the [Department]
12 CORPORATION.

13 (b) A business and community development concierge shall assist entities
14 locating in the RISE zone with:

15 (1) State, county, or municipal corporation permit and license applications;

16 (2) accessing existing programs at the CORPORATION, THE Department,
17 the Department of Housing and Community Development, the Maryland Department of
18 Labor, the Maryland Technology Development Corporation, or the Department of
19 Transportation; and

20 (3) any other activities the [Secretary] CORPORATION authorizes that
21 relate to the development of the RISE zone.

22 10–142.

23 (a) (1) To the extent provided for in this section, a business entity that locates
24 in a RISE zone is entitled to:

25 (i) for a business entity that locates in the RISE zone before January
26 1, 2023, the property tax credit under § 9–103.1 of the Tax – Property Article;

27 (ii) for a taxable year beginning before January 1, 2023, the income
28 tax credit under § 10–702 of the Tax – General Article; and

29 (iii) priority consideration for financial assistance from programs in
30 TITLE 5, Subtitle 1 of this [title] ARTICLE.

31 (2) For purposes of the income tax credit authorized under paragraph (1)(ii)
32 of this subsection, the business entity is treated as being located in an enterprise zone.

1 (b) Subject to the limitations under subsection (a) of this section, a business entity
 2 that moves into or locates in a RISE zone on or after the date that the zone is designated
 3 under this [subtitle] **PART** may qualify for the incentives under this section.

4 (c) A business entity may not qualify for the incentives under subsection (a) of
 5 this section unless the [Department] **CORPORATION**, in consultation with the county or
 6 municipal corporation in which a RISE zone is located, certifies the business entity and its
 7 location as consistent with the target strategy of the RISE zone.

8 (d) (1) Unless a business entity makes a significant capital investment or
 9 expansion of its labor force after a RISE zone is designated, the incentives under this
 10 section are not available to a business entity that was in a RISE zone before the date that
 11 the zone is designated.

12 (2) The [Department] **CORPORATION** shall adopt regulations
 13 establishing factors to determine if a business entity makes a significant capital investment
 14 or expansion of its labor force under paragraph (1) of this subsection.

15 10–143.

16 (a) (1) (i) A qualified institution, **THE CORPORATION**, a county and, if
 17 applicable, a municipal corporation, or the economic development agency of a county or
 18 municipal corporation may establish a program to provide rental assistance to a business
 19 entity that~~§~~:

20 1. ~~§~~ moves into or locates in a RISE zone on or after the date
 21 that the zone is designated under this ~~[subtitle];~~ **PART; AND**

22 ~~2. has nexus with a qualified institution located in the RISE~~
 23 ~~zone;~~

24 ~~3. 2. has been in active business not longer than 7 years;~~ **PART**
 25 **AT THE TIME THAT THE BUSINESS ENTITY APPLIES TO RECEIVE RENTAL ASSISTANCE**
 26 **FROM THE PROGRAM.**

27 (ii) A business entity may not receive rental assistance under a
 28 rental assistance program established in accordance with subparagraph (i) of this
 29 paragraph for more than **[3] 5** years.

30 (2) (i) A qualified institution, a county and, if applicable, a municipal
 31 corporation, or the economic development agency of a county or municipal corporation that
 32 establishes a rental assistance program in accordance with paragraph (1) of this subsection
 33 may submit a request to receive a distribution **[of matching funds]** from the Fund.

34 (ii) The application shall include:

- 1 1. a description of the rental assistance program;
- 2 2. [the amount of funding that the applicant has secured to
3 provide rental assistance under the rental assistance program;
- 4 3.] the amount requested for distribution from the Fund in
5 accordance with this section; and

6 [4.] 3. any other information requested by the [Department]
7 **CORPORATION.**

8 (iii) The applicant shall submit the application on or before the date
9 that the [Department] **CORPORATION** specifies.

10 (b) (1) The [Department] **CORPORATION** shall review each request for
11 distribution of [matching] funds from the Fund for compliance with the provisions of this
12 section and [Department] **CORPORATION** regulations.

13 (2) [Subject to the availability of funds in the Fund and paragraph (3) of
14 this subsection, if the Department approves a request for distribution of matching funds
15 from the Fund, the Department shall distribute to a fund dedicated to the applicant's rental
16 assistance program an amount equal to three times the amount of funding specified under
17 subsection (a)(2)(ii)2 of this section.

18 (3) Except as provided in subsection (c) of this section, the Department]
19 **THE CORPORATION** shall make available not more than 25% of cumulative program funds
20 from the Fund for rental assistance programs in a single RISE zone.

21 (c) [(1) Within 90 days after approval by the Department of a request for
22 matching funds under subsection (a) of this section, the applicant shall deposit an amount
23 equal to or greater than the amount specified under subsection (a)(2)(ii)2 of this section into
24 a fund dedicated to the applicant's rental assistance program.

25 (2) If an applicant fails to have deposited the amount required under
26 paragraph (1) of this subsection, any portion of funds allocated to the applicant that has
27 not been distributed shall be reallocated to another applicant in accordance with this
28 section.

29 (3)] If the [Department] **CORPORATION** fails to allocate the funds in the
30 Fund under this [subtitle] **PART** and rental assistance programs in a single RISE zone
31 have previously received 25% of cumulative program funds from the Fund, the Department
32 may distribute additional funds to applicants for that RISE zone in accordance with this
33 [subtitle] **PART.**

1 (d) (1) On or before September 15 each year, a rental assistance program that
2 has received a distribution of funds from the Fund shall submit to the [Department]
3 **CORPORATION** an annual report in the form and containing the information required by
4 the [Secretary] **CORPORATION**.

5 (2) The report required under paragraph (1) of this subsection shall detail
6 the use of funds received under this section for the immediately preceding fiscal year and
7 provide an update on any funds that were not disbursed during that fiscal year.

8 (3) The [Department] **CORPORATION** may not distribute [matching]
9 funds from the Fund to a rental assistance program under this section if the rental
10 assistance program has failed to submit the report required under paragraph (1) of this
11 subsection.

12 (e) A rental assistance program that receives a distribution of [matching] funds
13 from the Fund shall be subject to an audit at least once every 3 years by an independent
14 certified public accountant that the applicant and the [Department] **CORPORATION**
15 select.

16 (f) Based on the findings of an audit conducted under subsection (e) of this
17 section, the [Department] **CORPORATION** may make an assessment against a qualified
18 institution, a county, a municipal corporation, or an economic development agency to
19 recapture any misused or undistributed funds.

20 10–144.

21 (a) There is a Regional Institution Strategic Enterprise Fund in the
22 [Department] **CORPORATION**.

23 (b) The [Secretary] **EXECUTIVE DIRECTOR OF THE CORPORATION** shall
24 manage and supervise the Fund.

25 (c) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
26 the State Finance and Procurement Article.

27 (2) The State Treasurer shall hold the Fund separately, and the
28 Comptroller shall account for the Fund.

29 (d) The Fund consists of:

30 (1) money appropriated in the State budget to the Fund; and

31 (2) any other money from any other source accepted for the benefit of the
32 Fund.

33 (e) The [Department] **CORPORATION** may use the Fund to:

1 (1) finance, in coordination with qualified institutions, counties, and
2 municipal corporations, the provision of rental assistance to business entities located in
3 RISE zones; and

4 (2) pay the related administrative, legal, and actuarial expenses of the
5 [Department] CORPORATION.

6 (f) (1) The State Treasurer shall invest the money of the Fund in the same
7 manner as other State money may be invested.

8 (2) Any investment earnings of the Fund shall be credited to the Fund.

9 (g) Expenditures from the Fund may be made only in accordance with the State
10 budget.

11 10-145.

12 (A) [In accordance with § 2.5-109 of this article, the Department] THE
13 CORPORATION shall submit a report on the effectiveness of the ~~tax~~ incentives authorized
14 under this [subtitle] PART WITH THE ANNUAL REPORT SUBMITTED IN ACCORDANCE
15 WITH § 10-133 OF THIS SUBTITLE.

16 (B) THE REPORT REQUIRED UNDER THIS SECTION SHALL INCLUDE THE
17 FOLLOWING INFORMATION FOR THE PRECEDING FISCAL YEAR:

18 (1) THE NUMBER OF BUSINESS ENTITIES THAT RECEIVED
19 ASSISTANCE FROM THE CORPORATION UNDER § 10-141 OF THIS SUBTITLE AND THE
20 TYPE OF ASSISTANCE PROVIDED;

21 (2) THE NUMBER OF BUSINESS ENTITIES CERTIFIED BY THE
22 CORPORATION UNDER § 10-142 OF THIS SUBTITLE;

23 (3) THE NUMBER OF BUSINESS ENTITIES THAT RECEIVED RENTAL
24 ASSISTANCE FROM A PROGRAM ESTABLISHED IN ACCORDANCE WITH § 10-143 OF
25 THIS SUBTITLE THAT RECEIVED A DISTRIBUTION FROM THE FUND; AND

26 (4) THE NUMBER OF SMALL, MINORITY-OWNED, OR WOMEN-OWNED
27 BUSINESSES DESCRIBED UNDER EACH OF ITEMS (1) THROUGH (3) OF THIS
28 SUBSECTION.

29 10-146.

1 (A) ~~This~~ SUBJECT TO SUBSECTION (B) OF THIS SECTION, THIS [subtitle]
2 PART and the tax credits and benefits authorized under it shall terminate on January 1,
3 2030.

4 (B) AFTER THE TERMINATION OF THIS PART, A BUSINESS ENTITY MAY
5 CONTINUE TO RECEIVE A BENEFIT AUTHORIZED UNDER THIS PART UNTIL THE DATE
6 THAT THE RISE ZONE IN WHICH THE BUSINESS ENTITY IS LOCATED WOULD
7 OTHERWISE HAVE EXPIRED BUT FOR SUBSECTION (A) OF THIS SECTION.

8 **10-147. RESERVED.**

9 **10-148. RESERVED.**

10 Part III. Build Our Future Grant [Pilot] Program.

11 10-149.

12 (a) In this [subtitle] PART the following words have the meanings indicated.

13 (b) “Fund” means the Build Our Future Grant Fund.

14 (c) “Program” means the Build Our Future Grant [Pilot] Program.

15 10-150.

16 (a) There is a Build Our Future Grant [Pilot] Program in the [Department]
17 **CORPORATION.**

18 (b) The purpose of the Program is to provide grant funding for infrastructure
19 projects intended to support innovation in an eligible technology sector.

20 (c) Grants may be awarded to private companies, nonprofit entities, local
21 governments, or colleges and universities in the State.

22 (d) The [Department] **CORPORATION** shall administer the Program.

23 10-151.

24 (a) To carry out the purpose of the Program, the [Department] **CORPORATION**
25 may award grants in accordance with this [subtitle] PART to approved recipients carrying
26 out infrastructure projects intended to support innovation in any of the following eligible
27 technology sectors:

28 (1) advanced manufacturing;

29 (2) aerospace;

- 1 (3) agriculture;
- 2 (4) artificial intelligence;
- 3 (5) biotechnology;
- 4 (6) blue technology;
- 5 (7) cybersecurity;
- 6 (8) defense;
- 7 (9) energy and sustainability;
- 8 (10) life sciences;
- 9 (11) quantum; and
- 10 (12) sensor and robotics.

11 (b) Examples of eligible projects include:

- 12 (1) sensitive compartmented information facilities;
- 13 (2) wet laboratories;
- 14 (3) cyber ranges;
- 15 (4) prototype manufacturing centers; and
- 16 (5) other specialized workforce training, skill certification, or
17 research-related spaces.

18 (c) Grant awards may be used to defray the cost a grantee incurs to acquire,
19 construct, rehabilitate, install, improve, or equip an eligible innovation infrastructure
20 project.

21 (d) (1) A single entity may be awarded not more than \$2,000,000 in grant
22 funds in a fiscal year.

23 (2) (i) For a grant award up to \$1,000,000, a grantee shall provide
24 matching funds that are at least 200% of the grant amount.

25 (ii) For a grant award exceeding \$1,000,000, and up to \$2,000,000, a
26 grantee shall provide matching funds that are at least 400% of the grant amount.

1 (iii) Funds received by a grantee through other State grant programs
2 are not counted toward the grantee's matching funds requirement.

3 (3) A grantee must demonstrate an ability to cover the full estimated costs
4 of the project for which the grant is awarded.

5 (4) (i) Not more than 50% of the appropriation to the Fund in a fiscal
6 year may be awarded to colleges and universities in that fiscal year.

7 (ii) Grants to colleges and universities from the Fund must be
8 awarded to projects that:

9 1. are performed in collaboration with private industry; or

10 2. offer the prospect of significant economic impact and the
11 opportunity to develop entrepreneurship or clusters of technological innovation in the
12 State.

13 **(E) WHEN PROVIDING FUNDING FROM THE FUND, THE CORPORATION**
14 **SHALL PRIORITIZE APPLICANTS LOCATED IN A REGIONAL INSTITUTION STRATEGIC**
15 **ENTERPRISE ZONE THAT IS DESIGNATED UNDER PART II OF THIS SUBTITLE.**

16 10–152.

17 A grantee may be subject to repayment of the grant in an amount determined by the
18 [Department] **CORPORATION** if the grantee fails to:

19 (1) comply with reporting requirements established by the [Department]
20 **CORPORATION**; or

21 (2) demonstrate appropriate use of grant funds.

22 10–153.

23 (a) There is a Build Our Future Grant Fund.

24 (b) The [Department] **CORPORATION** shall administer the Fund.

25 (c) The purpose of the Fund is to provide grants for infrastructure projects to
26 support innovation in eligible technology sectors under this [subtitle] **PART**.

27 (d) (1) The Fund is a special, nonlapsing fund that is not subject to reversion
28 under § 7–302 of the State Finance and Procurement Article.

29 (2) The State Treasurer shall hold the Fund separately, and the
30 Comptroller shall account for the Fund.

1 (e) The Fund consists of:

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

3 (2) any interest earnings of the Fund; and

4 (3) any other money from any other source accepted for the benefit of the
5 Fund.

6 (f) (1) The Fund may be used to:

7 (i) provide grants in accordance with this [subtitle] PART; and

8 (ii) pay the administrative costs of the Program.

9 (2) During each fiscal year, the [Department] CORPORATION may use not
10 more than 10% of the money appropriated to the Fund to administer the Program.

11 (g) (1) The State Treasurer shall invest the money of the Fund in the same
12 manner as other State money may be invested.

13 (2) Any interest earnings of the Fund shall be credited to the Fund.

14 (h) Expenditures from the Fund may be made only in accordance with the State
15 budget.

16 10–154.

17 On or before July 1, 2026, **AND EACH JULY 1 THEREAFTER**, the [Department]
18 CORPORATION shall report to the Governor and, in accordance with § 2–1257 of the State
19 Government Article, the General Assembly on the projects funded through and the
20 economic impact of the Program.

21 10–155.

22 The [Secretary] CORPORATION may adopt regulations to carry out this [subtitle]
23 PART.

24 **10–156.**

25 **THIS PART AND THE GRANT PROGRAM UNDER IT SHALL TERMINATE ON JUNE**
26 **30, 2030.**

27 10–470.

1 (b) (1) Whenever the Corporation is authorized by law to make a grant,
 2 [including a grant from the Economic Development Opportunities Program Account
 3 authorized under § 7–314 of the State Finance and Procurement Article,] the Corporation
 4 may use money appropriated for the grant to make an equity investment in a qualified
 5 business.

6 12–201.

7 (a) In this subtitle the following words have the meanings indicated.

8 (p) “RISE zone” means an area designated as a Regional Institution Strategic
 9 Enterprise zone under [§ 5–1404] **§ 10–140** of this article.

10 Article – Corporations and Associations

11 1–203.

12 (b) **(14) BEGINNING IN FISCAL YEAR 2027, THE DEPARTMENT SHALL**
 13 **WAIVE THE FILING FEE FOR A BUSINESS ENTITY DESCRIBED UNDER PARAGRAPH**
 14 **(3)(II) OF THIS SUBSECTION FOR EACH YEAR THAT THE ENTITY PROVIDES EVIDENCE**
 15 **TO THE DEPARTMENT THAT THE ENTITY:**

16 **(I) HAS LOCATED WITHIN A REGIONAL INSTITUTION**
 17 **STRATEGIC ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 10, SUBTITLE 1**
 18 **OF THE ECONOMIC DEVELOPMENT ARTICLE WITHIN 3 YEARS OF THE DATE BY**
 19 **WHICH THE FILING FEE IS DUE; AND**

20 **(II) IS IN AN ELIGIBLE TECHNOLOGY SECTOR DESCRIBED**
 21 **UNDER § 10–151 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

22 [(14)] **(15)** There is no processing fee for documents filed to dissolve, cancel,
 23 or terminate an entity under this subsection.

24 Article – State Finance and Procurement

25 7–309.

26 (a) There is a State Reserve Fund.

27 (b) The State Reserve Fund comprises:

28 (1) the Dedicated Purpose Account;

29 (2) the Revenue Stabilization Account; AND

1 (4) (ii) “Enterprise zone” includes a Regional Institution Strategic
2 Enterprise zone established under [Title 5, Subtitle 14] **TITLE 10, SUBTITLE 1** of the
3 Economic Development Article.

4 (c) If a business entity does not claim an enhanced tax credit under subsection (e)
5 of this section for a focus area employee, for the taxable year in which a business entity
6 satisfies the requirements of § 5–707 or [§ 5–1406] § 10–142 of the Economic Development
7 Article, a credit is allowed that equals:

8 (1) up to \$3,000 of the wages paid to each qualified employee who:

9 (i) is an economically disadvantaged individual; and

10 (ii) is not hired to replace an individual whom the business entity
11 employed in that or any of the 3 preceding taxable years; and

12 (2) up to \$1,000 of the wages paid to each qualified employee who:

13 (i) is not an economically disadvantaged individual; and

14 (ii) is not hired to replace an individual whom the business entity
15 employed in that or any of the 3 preceding taxable years.

16 (e) (1) For the taxable year in which a business entity satisfies the
17 requirements of §§ 5–706 and 5–707 or [§ 5–1406] § 10–142 of the Economic Development
18 Article, a credit is allowed that equals:

19 (i) up to \$4,500 of the wages paid to each focus area employee who:

20 1. is an economically disadvantaged individual; and

21 2. is not hired to replace an individual whom the business
22 entity employed in that year or any of the 3 preceding taxable years; and

23 (ii) up to \$1,500 of the wages paid to each focus area employee who:

24 1. is not an economically disadvantaged individual; and

25 2. is not hired to replace an individual whom the business
26 entity employed in that year or any of the 3 preceding taxable years.

27 10–721.

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

29 (2) “Department” means the Department of Commerce.

1 (3) “Maryland base amount” means the base amount as defined in § 41(c)
2 of the Internal Revenue Code that is attributable to Maryland, determined by:

3 (i) substituting “Maryland qualified research and development
4 expense” for “qualified research expense”;

5 (ii) substituting “Maryland qualified research and development” for
6 “qualified research”; and

7 (iii) using, instead of the “fixed base percentage”:

8 1. the percentage that the Maryland qualified research and
9 development expense for the 4 taxable years immediately preceding the taxable year in
10 which the expense is incurred is of the gross receipts for those years; or

11 2. for a taxpayer who has fewer than 4 but at least 1 prior
12 taxable year, the percentage as determined under item 1 of this item, determined using the
13 number of immediately preceding taxable years that the taxpayer has.

14 (4) “Maryland gross receipts” means gross receipts that are reasonably
15 attributable to the conduct of a trade or business in this State, determined under methods
16 prescribed by the Comptroller based on standards similar to the standards under § 10–402
17 of this title.

18 (5) “Maryland qualified research and development” means qualified
19 research as defined in § 41(d) of the Internal Revenue Code that is conducted in this State.

20 (6) “Maryland qualified research and development expenses” means
21 qualified research expenses as defined in § 41(b) of the Internal Revenue Code incurred for
22 Maryland qualified research and development.

23 (7) “Net book value assets” means the total of a business’s net value of
24 assets, including intangibles but not including liabilities, minus depreciation and
25 amortization.

26 (8) “Small business” means a for–profit corporation, limited liability
27 company, partnership, or sole proprietorship with net book value assets totaling, at the
28 beginning or the end of the taxable year for which Maryland qualified research and
29 development expenses are incurred, as reported on the balance sheet, less than \$5,000,000.

30 (b) (1) The purpose of the Research and Development Tax Credit Program is
31 to foster increased research activities and expenditures in Maryland.

32 (2) Subject to the limitations of this section, an individual or a corporation
33 may claim credits against the State income tax in an amount equal to 10% of the amount
34 by which the Maryland qualified research and development expenses paid or incurred by

1 the individual or corporation during the taxable year exceed the Maryland base amount for
2 the individual or corporation.

3 **(I) (1) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS**
4 **SECTION FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2030.**

5 **(2) IF A TAXPAYER'S TAXABLE YEAR FOR INCOME TAX PURPOSES IS**
6 **NOT THE CALENDAR YEAR, FOR THE TAXABLE YEAR THAT BEGINS IN CALENDAR**
7 **YEAR 2030, THE TAXPAYER MAY APPLY FOR ONLY A PRORATED CREDIT FOR**
8 **RESEARCH AND DEVELOPMENT EXPENSES PAID OR INCURRED IN THE TAXABLE**
9 **YEAR FOR THAT PART OF THE TAXABLE YEAR THAT FALLS IN CALENDAR YEAR 2030.**

10 10-725.

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

12 (2) "Biotechnology company" means a company organized for profit that is
13 primarily engaged in, or within 2 months will be primarily engaged in, the research,
14 development, or commercialization of innovative and proprietary technology that
15 comprises, interacts with, or analyzes biological material including biomolecules (DNA,
16 RNA, or protein), cells, tissues, or organs.

17 (3) (i) "Company" means any entity of any form duly organized and
18 existing under the laws of any jurisdiction for the purpose of conducting business for profit.

19 (ii) "Company" does not include a sole proprietorship.

20 (4) "Department" means the Department of Commerce.

21 (5) (i) "Investment" means the contribution of money in cash or cash
22 equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland
23 biotechnology company in exchange for stock, a partnership or membership interest, or
24 other ownership interest in the equity of the qualified Maryland biotechnology company,
25 title to which ownership interest shall vest in the qualified investor.

26 (ii) "Investment" does not include debt.

27 (iii) For purposes of this section, an investment is at risk of loss when
28 its repayment entirely depends upon the success of the business operations of the qualified
29 company.

30 (6) (i) "Qualified investor" means any individual or entity that invests
31 at least \$25,000 in a qualified Maryland biotechnology company and that is required to file
32 an income tax return in any jurisdiction.

33 (ii) "Qualified investor" does not include:

1 1. a qualified pension plan, individual retirement account, or
2 other qualified retirement plan under the Employee Retirement Income Security Act of
3 1974, as amended, or fiduciaries or custodians under such plans, or similar tax-favored
4 plans or entities under the laws of other countries; or

5 2. a founder or current employee of the qualified Maryland
6 biotechnology company, if the company has been in active business for more than 5 years.

7 (7) (i) “Qualified Maryland biotechnology company” means a
8 biotechnology company that:

9 1. has its headquarters and base of operations in this State;

10 2. has fewer than 50 full-time employees;

11 3. has been in active business no longer than 12 years;

12 4. does not have its securities publicly traded on any
13 exchange;

14 5. has been certified as a biotechnology company by the
15 Department; and

16 6. the qualified investors in the company have not received
17 more than \$7,000,000 in tax credits in the aggregate under this section.

18 (ii) “Qualified Maryland biotechnology company” includes a
19 company that, within 2 months of the receipt of the investment, has met the requirements
20 of subparagraph (i) of this paragraph.

21 (8) “Secretary” means the Secretary of Commerce.

22 (b) (2) Subject to paragraphs (3) and (4) of this subsection and subsections (d)
23 and (e) of this section, for the taxable year in which an investment in a qualified Maryland
24 biotechnology company is made, a qualified investor may claim a credit against the State
25 income tax in an amount equal to the amount of tax credit stated in the final credit
26 certificate approved by the Secretary for the investment as provided under this section.

27 (3) To be eligible for the tax credit described in paragraph (2) of this
28 subsection, the qualified investor shall be:

29 (i) for a company **WITH ITS BASE OF OPERATIONS OUTSIDE THE**
30 **STATE**, duly organized and in good standing in the jurisdiction under the laws under which
31 it is organized;

1 (ii) for a company WITH ITS BASE OF OPERATIONS IN THE STATE,
2 in good standing and authorized or registered to do business in the State;

3 (iii) current in the payment of all tax obligations to the State or any
4 unit or subdivision of the State; and

5 (iv) not in default under the terms of any contract with, indebtedness
6 to, or grant from the State or any unit or subdivision of the State.

7 **(5) ~~IF FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2026,~~**
8 **IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT UNDER PARAGRAPH (2)**
9 **OF THIS SUBSECTION IS A PASS-THROUGH ENTITY THAT PAYS THE INCOME TAX**
10 **IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF ALL MEMBERS OF THE**
11 **PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY CLAIM AND ALLOCATE**
12 **THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH ENTITY IN ANY MANNER.**

13 (d) (1) The tax credit allowed in an initial tax credit certificate issued under
14 this section is:

15 (i) except as provided in item (ii) of this paragraph, 33% of the
16 investment in a qualified Maryland biotechnology company, not to exceed \$250,000; or

17 (ii) ~~50%~~ **75%** of the investment in the qualified Maryland
18 biotechnology company, not to exceed ~~[\$500,000]~~ **\$750,000**, if a qualified Maryland
19 biotechnology company:

20 1. is located in Allegany County, Dorchester County, Garrett
21 County, or Somerset County; or

22 2. is located in a Regional Institution Strategic Enterprise
23 zone that is designated under [Title 5, Subtitle 14] **TITLE 10, SUBTITLE 1** of the Economic
24 Development Article[, is based on technology that was developed at a qualified institution
25 within that zone, and has been in active business not longer than 7 years].

26 (2) During any fiscal year, the Secretary may not certify eligibility for tax
27 credits for investments in a single qualified Maryland biotechnology company that in the
28 aggregate exceed 10% of the total appropriations to the Maryland Biotechnology
29 Investment Tax Credit Reserve Fund for that fiscal year.

30 (3) **(I)** If the tax credit allowed under this section in any taxable year
31 exceeds the total tax otherwise payable by the qualified investor for that taxable year, the
32 qualified investor may claim a refund in the amount of the excess.

33 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
34 **2026, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT UNDER**
35 **SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS-THROUGH ENTITY THAT PAYS**

1 THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF ALL
2 MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY CLAIM
3 AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH ENTITY IN
4 ANY MANNER.

5 ~~(K) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, THE~~
6 ~~COMPTROLLER SHALL PROVIDE THE MEANS FOR A QUALIFIED INVESTOR TO FILE~~
7 ~~THE INVESTOR'S RETURN ELECTRONICALLY.~~

8 10-730.

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

10 (4) (i) "Film production activity" means:

11 1. the production of a film or video project that is intended
12 for nationwide commercial distribution; and

13 2. for a television series, each season of the television series.

14 (ii) "Film production activity" includes the production of:

15 1. a feature film;

16 2. a television project;

17 3. a commercial;

18 4. a corporate film;

19 5. a music video;

20 6. a digital animation project;

21 7. a documentary; or

22 8. a talk, reality, or game show.

23 (iii) "Film production activity" does not include the production of:

24 1. a student film;

25 2. a noncommercial personal video;

26 3. a sports broadcast;

- 1 4. a broadcast of a live event;
- 2 5. a video, computer, or social networking game;
- 3 6. pornography;
- 4 7. an infomercial;
- 5 8. a digital product or an animation project other than a
6 digital animation project; or
- 7 9. a multimedia project.

8 (7) “Qualified film production entity” means an entity that:

9 (i) is carrying out a film production activity; and

10 (ii) the Secretary determines to be eligible for the tax credit under
11 this section in accordance with subsection (c) of this section.

12 **(A-1) THE PURPOSE OF THE TAX CREDIT ALLOWED UNDER THIS SECTION IS**
13 **TO INCENTIVIZE AND PROMOTE FILM PRODUCTION ACTIVITY IN THE STATE TO**
14 **STIMULATE THE LOCAL ECONOMY BY CREATING JOBS, FOSTERING INVESTMENT IN**
15 **INDUSTRY INFRASTRUCTURE, AND BOOSTING TOURISM.**

16 (b) (1) A qualified film production entity may claim a credit against the State
17 income tax for film production activities in the State in an amount equal to the amount
18 stated in the final tax credit certificate approved by the Secretary for film production
19 activities.

20 (2) If the tax credit allowed under this section in any taxable year exceeds
21 the total tax otherwise payable by the qualified film production entity for that taxable year,
22 the qualified film production entity may claim a refund in the amount of the excess.

23 (c) (1) Before beginning a film production activity, a film production entity
24 shall submit to the Department an application to qualify as a film production entity.

25 (2) The application shall describe the anticipated film production activity,
26 including:

27 (i) the projected total budget;

28 (ii) the estimated number of Maryland resident and out-of-state
29 employees and total wages to be paid; and

30 (iii) the anticipated dates for carrying out the major elements of the
31 film production activity.

1 (3) Except as provided in subsection (h) of this section, to qualify as a film
2 production entity, the estimated total direct costs incurred in the State must exceed
3 \$250,000.

4 (4) The application shall include any other information required by the
5 Secretary.

6 (5) For a film production entity with total direct costs that exceed \$250,000,
7 the Secretary may require the information provided in an application to be verified by an
8 independent auditor selected and paid for by the film production entity seeking
9 certification.

10 (6) The Secretary shall:

11 (i) determine if the film production entity qualifies for the credit
12 under this section; and

13 (ii) notify the Comptroller of the estimated amount of total direct
14 costs and the taxable year the credit will be claimed.

15 **(7) (I) A QUALIFIED FILM PRODUCTION ENTITY MAY AMEND ITS**
16 **INITIAL APPLICATION SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF**
17 **AN INDEPENDENT AUDITOR SELECTED AND PAID FOR BY THE QUALIFIED FILM**
18 **PRODUCTION ENTITY HAS VERIFIED THAT THE PROJECTED TOTAL BUDGET IN ITS**
19 **INITIAL APPLICATION HAS INCREASED OR DECREASED BY AT LEAST 50%.**

20 **(II) THE SECRETARY SHALL:**

21 **1. EVALUATE AN AMENDED APPLICATION SUBMITTED**
22 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH;**

23 **2. DETERMINE IF THE FILM PRODUCTION ENTITY**
24 **CONTINUES TO QUALIFY FOR THE CREDIT UNDER THIS SECTION; AND**

25 **3. SUBJECT TO THE AVAILABILITY OF CREDIT AMOUNT**
26 **IN THE FISCAL YEAR, IF THE SECRETARY APPROVES THE AMENDED APPLICATION,**
27 **NOTIFY THE COMPTROLLER OF THE AMENDED ESTIMATED AMOUNT OF TOTAL**
28 **DIRECT COSTS AND THE TAXABLE YEAR THE CREDIT WILL BE CLAIMED.**

29 (f) (1) Except as provided in paragraph (2) of this subsection, the Secretary
30 may not issue tax credit certificates for credit amounts in the aggregate totaling more than:

31 (i) for fiscal year 2014, \$25,000,000;

- 1 (ii) for fiscal year 2015, \$7,500,000;
- 2 (iii) for fiscal year 2016, \$7,500,000;
- 3 (iv) for fiscal year 2019, \$8,000,000;
- 4 (v) for fiscal year 2020, \$11,000,000;
- 5 (vi) for fiscal years 2021 through 2023, \$12,000,000;
- 6 (vii) for fiscal year 2024, \$15,000,000;
- 7 (viii) for fiscal year 2025, \$17,500,000; and
- 8 (ix) for fiscal year 2026 and each fiscal year thereafter, \$12,000,000.

9 (2) If the aggregate credit amounts under the tax credit certificates issued
10 by the Secretary total less than the maximum provided under paragraph (1) of this
11 subsection in any fiscal year, any excess amount may be carried forward and issued under
12 tax credit certificates in a subsequent fiscal year.

13 (3) **(I)** ~~The~~ **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
14 **PARAGRAPH, THE** Secretary may not issue tax credit certificates for credit amounts
15 totaling more than \$10,000,000 in the aggregate for a single film production activity.

16 **(II) FOR FISCAL YEARS 2027 THROUGH 2030, THE SECRETARY**
17 **MAY NOT ISSUE TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS TOTALING MORE**
18 **THAN \$30,000,000 IN THE AGGREGATE FOR A SINGLE FILM PRODUCTION ACTIVITY.**

19 (4) (i) For fiscal year 2019 and each fiscal year thereafter, the Secretary
20 shall make 10% of the credit amount authorized under paragraph (1) of this subsection
21 available for Maryland small or independent film entities.

22 (ii) If the total amount of credits applied for by Maryland small or
23 independent film entities is less than the amount made available under subparagraph (i)
24 of this paragraph, the Secretary shall make available the unused amount of credits for use
25 by qualified film production entities.

26 10-732.

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

28 (2) "Costs" means the costs to an individual or corporation for:

29 (i) security clearance administrative expenses incurred with regard
30 to an employee in the State including, but not limited to:

1 1. processing application requests for clearances for
2 employees in the State;

3 2. maintaining, upgrading, or installing computer systems in
4 the State required to obtain federal security clearances; and

5 3. training employees in the State to administer the
6 application process; and

7 (ii) construction and equipment costs incurred to construct or
8 renovate a sensitive compartmented information facility (“SCIF”) located in the State as
9 required by the federal government.

10 (3) “Department” means the Department of Commerce.

11 (4) “Secretary” means the Secretary of Commerce.

12 (5) “Small business” has the meaning stated in § 7–218 of this article.

13 (b) (1) Subject to the limitations of this section, for a taxable year beginning
14 after December 31, 2022, but before January 1, [2028] **2033**, an individual or a corporation
15 that employs not more than 500 employees may claim credits against the State income tax
16 for:

17 (i) security clearance administrative expenses, not to exceed
18 \$200,000;

19 (ii) expenses incurred for rental payments owed during the first year
20 of a rental agreement for spaces leased in the State if the individual or corporation is a
21 small business that performs security–based contracting, not to exceed \$200,000; and

22 (iii) Subject to paragraph (2) of this subsection, construction and
23 equipment costs incurred to construct or renovate a single SCIF in an amount equal to the
24 lesser of 50% of the costs or \$200,000.

25 (2) The total amount of construction and equipment costs incurred to
26 construct or renovate multiple SCIFs for which an individual or a corporation is eligible to
27 claim as a credit against the State income tax is \$500,000.

28 SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
29 as follows:

30 **Article – Tax – Property**

31 ~~9-103.~~

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

2 ~~(6) (i) "Qualified property" means real property that is:~~

3 ~~1. not used for residential purposes;~~

4 ~~2. used in a trade or business by a business entity that meets~~
5 ~~the requirements of § 5-707 of the Economic Development Article; and~~

6 ~~3. located in an enterprise zone that is designated under~~
7 ~~Title 5, Subtitle 7 of the Economic Development Article.~~

8 ~~(ii) "Qualified property" includes personal property on real property~~
9 ~~that is located in a focus area as defined in § 5-701 of the Economic Development Article.~~

10 ~~(b) (1) The governing body of a county or of a municipal corporation shall grant~~
11 ~~a tax credit under this section against the property tax imposed on the eligible assessment~~
12 ~~of qualified property.~~

13 ~~(d) (2) For newly constructed qualified property that provides both office and~~
14 ~~retail space and became eligible for the credit under this section on or after [January 1,~~
15 ~~2019] JULY 1, 2018, but before January 1, 2022, the appropriate governing body shall~~
16 ~~calculate the amount of the tax credit under this section equal to a percentage of the amount~~
17 ~~of property tax imposed on the eligible assessment of the qualified property as follows:~~

18 ~~(i) 80% in each of the 1st 8 taxable years following the calendar year~~
19 ~~in which the property initially becomes a qualified property;~~

20 ~~(ii) 70% in the 9th taxable year;~~

21 ~~(iii) 60% in the 10th taxable year;~~

22 ~~(iv) 50% in the 11th taxable year;~~

23 ~~(v) 40% in the 12th taxable year; and~~

24 ~~(vi) 30% in the 13th taxable year.~~

25 ~~(5) For qualified property located in a focus area, the appropriate governing~~
26 ~~body shall calculate the amount of the tax credit under this section equal to 80% of the~~
27 ~~amount of property tax imposed on the eligible assessment of the qualified property:~~

28 ~~(i) for newly constructed qualified property that provides both office~~
29 ~~and retail space and became eligible for the credit under this section on or after [January~~
30 ~~1, 2019] JULY 1, 2018, but before January 1, 2022, for each of the 13 taxable years~~
31 ~~following the calendar year in which the property initially becomes a qualified property; or~~

~~(ii) for any other qualified property, for each of the 10 taxable years following the calendar year in which the property initially becomes a qualified property.~~

~~(e) (1) A tax credit under this section is available to a qualified property for no more than 10 consecutive years or, in the case of newly constructed qualified property that provides both office and retail space and became eligible for the credit under this section on or after [January 1, 2019] **JULY 1, 2018**, but before January 1, 2022, no more than 13 consecutive years, beginning with:~~

~~(i) the taxable year following the calendar year in which the real property initially becomes a qualified property; or~~

~~(ii) the taxable year in which the real property initially becomes a qualified property, subject to the approval of the appropriate local governing body and the Secretary of Commerce.~~

9–103.1.

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

(6) “Qualified property” means real property that is:

(i) located in a RISE zone;

(ii) not used for residential purposes; and

(iii) used in a trade or business by a business entity that locates in the RISE zone before January 1, 2023.

(7) “RISE zone” has the meaning stated in [~~§ 5–1401~~] **§ 10–137** of the Economic Development Article.

(b) The governing body of a county or of a municipal corporation shall grant a tax credit under this section against the property tax imposed on the eligible assessment of qualified property.

(c) (3) **[For] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, FOR** purposes of calculating the amount of the credit allowed under this section, the amount of property tax imposed on the eligible assessment shall be calculated without reduction for any credits allowed under this title.

(4) (i) For qualified property located in an enterprise zone designated under Title 5, Subtitle 7 of the Economic Development Article, the appropriate governing body shall calculate the amount of the tax credit under this section equal to 80% of the amount of property tax imposed on the eligible assessment of the qualified property, **AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9–103 OF THIS SUBTITLE**, for each

1 of the 5 taxable years following the calendar year in which the property initially becomes a
2 qualified property.

3 (ii) For qualified property located in a focus area designated under §
4 5–706 of the Economic Development Article, the appropriate governing body shall calculate
5 the amount of the tax credit under this section equal to 100% of the amount of property tax
6 imposed on the eligible assessment of the qualified property, **AFTER FIRST APPLYING ANY**
7 **CREDITS REQUIRED UNDER § 9–103 OF THIS SUBTITLE**, for each of the 5 taxable years
8 following the calendar year in which the property initially becomes a qualified property.

9 (iii) 1. If a business entity is certified as consistent with the
10 target strategy of the RISE zone and the qualified property is located in an enterprise zone
11 or focus area, the amount of the required reimbursement under § 9–103(h) of this subtitle
12 may only be for the amount required for the required property tax credits under § 9–103 of
13 this subtitle.

14 2. The property tax credits required under subparagraphs (i)
15 and (ii) of this paragraph do not alter the amount of funds required to be reimbursed under
16 § 9–103(h) of this subtitle.

17 **3. IF A BUSINESS ENTITY IS CERTIFIED AS CONSISTENT**
18 **WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE QUALIFIED PROPERTY**
19 **IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA, THE BUSINESS ENTITY MAY**
20 **CONCURRENTLY CLAIM THE PROPERTY TAX CREDITS UNDER THIS SECTION AND §**
21 **9–103 OF THIS SUBTITLE, PROVIDED THAT THE TOTAL PROPERTY TAX CREDITS IN**
22 **ANY TAXABLE YEAR MAY NOT EXCEED 100% OF THE PROPERTY TAX THAT WOULD**
23 **OTHERWISE BE DUE TO THE STATE AND LOCAL JURISDICTION.**

24 **4. THE CONCURRENT APPLICATION OF PROPERTY TAX**
25 **CREDITS UNDER THIS SECTION MAY NOT ALTER THE TIME LIMITATION ON THE**
26 **AVAILABILITY OF ANY PROPERTY TAX CREDIT.**

27 (5) The governing body of a county or municipal corporation may increase,
28 by local law, the percentage under paragraph (1) of this subsection.

29 (6) (i) If a RISE zone is renewed as provided under [~~§ 5–1404~~] **§**
30 **10–140** of the Economic Development Article, the governing body of a county or municipal
31 corporation shall calculate the amount of the tax credit under this section equal to at least
32 10% of the amount of property tax imposed on the eligible assessment of the qualified
33 property, **AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9–103 OF THIS**
34 **SUBTITLE**, for the sixth through tenth taxable years.

35 (ii) The governing body of a county or municipal corporation may
36 increase, by local law, the percentage under subparagraph (i) of this paragraph.

1 (d) (1) Except as provided in subsection (c)(6) of this section, a tax credit under
 2 this section is available to a qualified property for no more than 5 consecutive years
 3 beginning with:

4 (I) the taxable year following the calendar year in which the real
 5 property initially becomes a qualified property; OR

6 (II) **THE TAXABLE YEAR IN WHICH THE REAL PROPERTY**
 7 **INITIALLY BECOMES A QUALIFIED PROPERTY, SUBJECT TO THE APPROVAL OF THE**
 8 **APPROPRIATE LOCAL GOVERNING BODY AND THE DEPARTMENT OF COMMERCE.**

9 (2) If the designation of a RISE zone expires, the tax credit under this
 10 section continues to be available to a qualified property.

11 (3) State property tax imposed on real property is not affected by this
 12 section.

13 (e) When a Regional Institution Strategic Enterprise zone is designated by the
 14 [Secretary of Commerce] **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, the
 15 [Secretary] **CORPORATION** shall certify to the State Department of Assessments and
 16 Taxation:

17 (1) the real properties in the zone that are qualified properties for each
 18 taxable year for which the property tax credit under this section is to be granted; and

19 (2) the date that the real properties became qualified properties.

20 (f) Before property tax bills are sent, the State Department of Assessments and
 21 Taxation shall submit to the [Secretary of Commerce] **MARYLAND ECONOMIC**
 22 **DEVELOPMENT CORPORATION** a list containing:

23 (1) the location of each qualified property;

24 (2) the amount of the base year value for each qualified property; and

25 (3) the amount of the eligible assessment for each qualified property.

26 9-230.

27 (m) **(1) On October 1 [of each year], 2026, AND EACH OCTOBER 1**
 28 **THEREAFTER, each county and municipal corporation that has granted tax credits under**
 29 **this section shall report to the Department[, the Department of Commerce, and the**
 30 **Comptroller]:**

31 **[(1)] (I) [the amount of] FOR each credit granted for that year, THE**
 32 **FOLLOWING INFORMATION:**

1 **1. THE AMOUNT OF THE CREDIT;**

2 **2. THE NAME AND ADDRESS OF THE BUSINESS ENTITY;**

3 **3. THE INVESTMENT ASSOCIATED WITH THE CREDIT;**

4 **4. WHETHER THE CREDIT RESULTED FROM AN**
 5 **EXPANSION, A RELOCATION, OR A NEW BUSINESS;**

6 **5. THE NUMBER OF JOBS ASSOCIATED WITH THE**
 7 **CREDIT;**

8 **6. WHETHER THE BUSINESS ENTITY HAD A PRESENCE IN**
 9 **THE STATE PRIOR TO RECEIVING THE CREDIT AND THE BUSINESS ENTITY'S YEARS**
 10 **OF OPERATION; AND**

11 **7. THE TOTAL NUMBER OF INDIVIDUALS EMPLOYED BY**
 12 **THE BUSINESS ENTITY; and**

13 **[(2)] (II) whether the business entity is in compliance with the**
 14 **requirements for the tax credit.**

15 **(2) ON OR BEFORE DECEMBER 31, 2026, AND EACH DECEMBER 31**
 16 **THEREAFTER, THE DEPARTMENT SHALL AGGREGATE THE REPORTS RECEIVED**
 17 **UNDER PARAGRAPH (1) OF THIS SUBSECTION AND SUBMIT A COMBINED REPORT TO**
 18 **THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE**
 19 **GOVERNMENT ARTICLE, INCLUDING ANY FINDINGS OR RECOMMENDATIONS.**

20 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 21 as follows:

22 **Chapter 430 of the Acts of 2023**

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 24 1, 2023. [It shall remain effective for a period of 4 years and, at the end of June 30, 2027,
 25 this Act, with no further action required by the General Assembly, shall be abrogated and
 26 of no further force and effect.]

27 **Chapter 431 of the Acts of 2023**

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 29 1, 2023. [It shall remain effective for a period of 4 years and, at the end of June 30, 2027,
 30 this Act, with no further action required by the General Assembly, shall be abrogated and
 31 of no further force and effect.]

1 **Chapter 515 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005,**
2 **Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of**
3 **the Acts of 2021**

4 SECTION 2. AND BE IT FURTHER ENACTED, That:

5 (a) Except as otherwise provided in this section, this Act shall be applicable to all
6 taxable years beginning after December 31, 1999 [but before January 1, 2026].

7 (b) If a taxpayer's taxable year for income tax purposes is not the calendar year[:
8 (1)], for the taxable year that ends in calendar year 2000, the taxpayer may
9 apply for a prorated credit for research and development expenses paid or incurred in the
10 taxable year for that part of the taxable year that falls in calendar year 2000[: and

11 (2) for the taxable year that begins in calendar year 2025, the taxpayer
12 may apply for only a prorated credit for research and development expenses paid or
13 incurred in the taxable year for that part of the taxable year that falls in calendar year
14 2025].

15 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027,
17 with no further action required by the General Assembly, this Act shall be abrogated and
18 of no further force and effect.]

19 **Chapter 516 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005,**
20 **Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of**
21 **the Acts of 2021**

22 SECTION 2. AND BE IT FURTHER ENACTED, That:

23 (a) Except as otherwise provided in this section, this Act shall be applicable to all
24 taxable years beginning after December 31, 1999 [but before January 1, 2026].

25 (b) If a taxpayer's taxable year for income tax purposes is not the calendar year[:
26 (1)], for the taxable year that ends in calendar year 2000, the taxpayer may
27 apply for a prorated credit for research and development expenses paid or incurred in the
28 taxable year for that part of the taxable year that falls in calendar year 2000[: and

29 (2) for the taxable year that begins in calendar year 2025, the taxpayer
30 may apply for only a prorated credit for research and development expenses paid or
31 incurred in the taxable year for that part of the taxable year that falls in calendar year
32 2025].

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027,
3 with no further action required by the General Assembly, this Act shall be abrogated and
4 of no further force and effect.]

5 SECTION 7. AND BE IT FURTHER ENACTED, That the publisher of the
6 Annotated Code of Maryland, in consultation with and subject to the approval of the
7 Department of Legislative Services, shall correct, with no further action required by the
8 General Assembly, cross-references and terminology rendered incorrect by this Act. The
9 publisher shall adequately describe any correction that is made in an editor's note following
10 the section affected.

11 SECTION 8. AND BE IT FURTHER ENACTED, That:

12 (a) On or before December 1, 2026, the Office of the Comptroller shall report to
13 the General Assembly, in accordance with § 2-1257 of the State Government Article, on its
14 current ability to track credits carried forward under § 10-721 of the Tax – General Article
15 and potential methods to improve that tracking.

16 (b) On or before December 1, 2026, the Department of Commerce shall report to
17 the General Assembly, in accordance with § 2-1257 of the State Government Article, on
18 whether the refundable credit allowed under § 10-721(d)(2) of the Tax – General Article for
19 small businesses is underutilized and, if so, potential reasons for and methods to address
20 that underutilization.

21 SECTION 9. AND BE IT FURTHER ENACTED, That:

22 (a) On or before December 1, 2026, the Department of Commerce shall evaluate
23 the tax credit allowed under § 10-730 of the Tax – General Article, as enacted under Section
24 5 of this Act, and report to the General Assembly, in accordance with § 2-1257 of the State
25 Government Article, on the tax credit.

26 (b) The report under subsection (a) of this section shall include recommendations
27 on how the tax credit could be improved or streamlined, including potential reforms to:

28 (1) the list of eligible production activities;

29 (2) the small or independent film entity eligibility requirements, including
30 hiring requirements, and designated funding levels;

31 (3) the minimum in-State spending requirements for larger film
32 production entities; and

33 (4) the qualifying costs, including whether qualifying costs would be better
34 defined by administrative regulation.

1 SECTION ~~8~~ 10. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall
2 be applicable to all taxable years beginning after December 31, 2025.

3 SECTION ~~9~~ 11. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall
4 be applicable to all taxable years beginning after June 30, 2026.

5 SECTION ~~10~~ 12. AND BE IT FURTHER ENACTED, That Sections 1, 2, 3, 4, and 6
6 of this Act shall take effect July 1, 2026.

7 SECTION ~~11~~ 13. AND BE IT FURTHER ENACTED, That, except as provided in
8 Section ~~10~~ 12 of this Act, this Act shall take effect June 1, 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.