

SENATE BILL 388

C8, Q3, Q1
SB 427/25 – B&T & FIN

6lr0323
CF 6lr0324

By: **The President (By Request – Administration) and Senators Augustine, Beidle, Brooks, Charles, Harris, Hettleman, King, Lam, and Love**

Introduced and read first time: January 27, 2026

Assigned to: Budget and Taxation and Finance

A BILL ENTITLED

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; authorizing a qualified film
16 production entity to amend its application for the film production activity tax credit
17 under certain circumstances; repealing a certain limit on the aggregate amount of
18 tax credit certificates that the Secretary may issue for a single film production
19 activity; and generally relating to economic development and economic development
20 initiatives.

21 BY transferring

22 Article – State Finance and Procurement

23 Section 7–314

24 Annotated Code of Maryland

25 (2021 Replacement Volume and 2025 Supplement)

26 to be

27 Article – Economic Development

28 Section 5–108

29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2024 Replacement Volume and 2025 Supplement)

BY renumbering

Article – Economic Development

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

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

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – Economic Development

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

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

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

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 5–108

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

(As enacted by Section 1 of this Act)

BY adding to

Article – Economic Development

Section 5–515; the new part designation “Part I. Maryland Economic Development Corporation” to immediately precede Section 10–101; and 10–156

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing

Article – Economic Development

Section 5–519 through 5–523, 5–529, 5–535 through 5–538, 5–544, 5–552, 5–554,
5–559, and 5–563 through 5–565

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 10–137 and 10–139 through 10–146; and 10–149 through 10–155 to be under
the amended part “Part III. Build Our Future Grant Program”

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

(As enacted by Section 2 of this Act)

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 10–138

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

(As enacted by Section 2 of this Act)

BY adding to

Article – Corporations and Associations

Section 1–203(b)(14)

Annotated Code of Maryland

(2025 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 1–203(b)(14)

Annotated Code of Maryland

(2025 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 7–309

Annotated Code of Maryland

(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9–1A–27(a)(6)

Annotated Code of Maryland

(2021 Replacement Volume and 2025 Supplement)

- 1 BY repealing and reenacting, without amendments,
2 Article – State Government
3 Section 9–1A–27(c)(1)(v)1.
4 Annotated Code of Maryland
5 (2021 Replacement Volume and 2025 Supplement)
- 6 BY repealing and reenacting, without amendments,
7 Article – Tax – General
8 Section 10–702(a)(1), 10–721(a) and (b), 10–725(a) and (b)(2), 10–730(a)(1), (4), and
9 (7) and (b), and 10–732(a)
10 Annotated Code of Maryland
11 (2022 Replacement Volume and 2025 Supplement)
- 12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–702(a)(4)(ii), 10–725(b)(3) and (d), 10–730(c) and (f), and 10–732(b)
15 Annotated Code of Maryland
16 (2022 Replacement Volume and 2025 Supplement)
- 17 BY adding to
18 Article – Tax – General
19 Section 10–721(i) and 10–725(b)(5) and (k)
20 Annotated Code of Maryland
21 (2022 Replacement Volume and 2025 Supplement)
- 22 BY repealing and reenacting, without amendments,
23 Article – Tax – Property
24 Section 9–103(a)(1) and (6) and (b)(1) and 9–103.1(a)(1) and (6), (b), and (c)(5)
25 Annotated Code of Maryland
26 (2019 Replacement Volume and 2025 Supplement)
- 27 BY repealing and reenacting, with amendments,
28 Article – Tax – Property
29 Section 9–103(d)(2) and (5) and (e)(1) and 9–103.1(a)(7), (c)(3), (4), and (6), (d), (e),
30 and (f)
31 Annotated Code of Maryland
32 (2019 Replacement Volume and 2025 Supplement)
- 33 BY repealing and reenacting, with amendments,
34 Chapter 430 of the Acts of the General Assembly of 2023
35 Section 3
- 36 BY repealing and reenacting, with amendments,
37 Chapter 431 of the Acts of the General Assembly of 2023
38 Section 3

1 BY repealing and reenacting, with amendments,

2 Chapter 515 of the Acts of the General Assembly of 2000, as amended by Chapter 98
3 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
4 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
5 2019, and Chapter 114 of the Acts of the General Assembly of 2021
6 Section 2 and 4

7 BY repealing and reenacting, with amendments,

8 Chapter 516 of the Acts of the General Assembly of 2000, as amended by Chapter 98
9 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
10 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
11 2019, and Chapter 114 of the Acts of the General Assembly of 2021
12 Section 2 and 4

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

17 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5–1401 through
18 5–1410 and the subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone
19 Program”; and 5–2301 through 5–2307 and the subtitle “Subtitle 23. Build Our Future
20 Grant Pilot Program” of Article – Economic Development of the Annotated Code of
21 Maryland be renumbered to be Section(s) 10–137 through 10–146 and the part “Part II.
22 Regional Institution Strategic Enterprise Zone Program”; and 10–149 through 10–155 and
23 the part “Part III. Build Our Future Grant Pilot Program”, respectively.

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

26 Article – Economic Development

27 1–101.

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

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

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

31 2.5–109.

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

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

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

5–102.

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

(1) the BRAC Revitalization and Incentive Zone Program, under Subtitle 13 of this title;

(2) [the Build Our Future Grant Pilot Program, under Subtitle 23 of this title;

(3)] the Enterprise Fund, under Subtitle 6 of this title;

[(4)] (3) the Enterprise Zones Program, under Subtitle 7 of this title;

[(5)] (4) the Make Office Vacancies Extinct Program, under Subtitle 15 of this title;

[(6)] (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of this title;

[(7)] (6) the Maryland Economic Development Assistance Authority and Fund, under Subtitle 3 of this title;

[(8)] (7) the Maryland Industrial Development Financing Authority, under Subtitle 4 of this title;

[(9)] (8) the Maryland Small Business Development Financing Authority, under Subtitle 5 of this title;

[(10)] (9) the Appalachian Regional Development Program, under Title 13, Subtitle 1 of this article;

[(11)] (10) jointly with the Department of Housing and Community Development, the Community Development Block Grant for Economic Development; AND

[(12)] the Regional Institution Strategic Enterprise Zone Program under Subtitle 14 of this title; and

(13)] (11) any other programs or funds designated by statute, the Governor, or the Secretary.

1 5–108.

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

3 (2) [“Account” means the Economic Development Opportunities Program
4 Account.

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

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

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

11 1. maintains a strong financial condition and minimal credit
12 risk profile;

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

15 3. is consistent with the strategic plan of the State for
16 economic development; AND

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

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

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

23 1. is consistent with the strategic plan of the State for
24 economic development; and

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

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

29 1. is consistent with the strategic plan of the State for
30 economic development; and

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

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

[(5)] (4) (i) “Performance requirement” means a contractual agreement between an executive agency and **[an Account] A FUND** recipient that requires the **[Account] FUND** recipient to meet minimum economic development outcomes in exchange for a grant or a loan under this section.

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

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

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

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

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

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

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

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

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

[(5)] Any investment earnings on money transferred from the Account to a

1 second continuing, nonlapsing fund may be retained to the credit of the second fund.]

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

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

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

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

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

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

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

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

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

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

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

opportunities that:

- (i) meet the criteria provided in this section;
- (ii) include performance requirements; and
- (iii) in addition to the performance requirements under item (ii) of this paragraph, include a performance requirement that utilizes a claw-back provision.

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

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

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

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

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

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

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

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

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

(l) [Upon submission to the Legislative Policy Committee of a proposed budget

1 amendment to transfer money from the Account, the Governor] **BEFORE FUNDS FROM**
2 **THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH**
3 **SUBSECTION (K) OF THIS SECTION, THE DEPARTMENT** shall provide, subject to §
4 2–1257 of the State Government Article, to the Legislative Policy Committee:

5 (1) a detailed description of:

6 (i) the proposed use of the funds;

7 (ii) the manner in which the proposed use meets the criteria as set
8 forth in this section;

9 (iii) the degree to which the proposed use of funds will advance
10 statewide or local economic development strategies and objectives; and

11 (iv) the degree to which available sources of federal, State, local, and
12 private financial support have been sought and will be utilized;

13 (2) the terms, conditions, and performance requirements of any grant or
14 loan for which the funds are to be used;

15 (3) a comprehensive economic analysis of the proposed use of the funds
16 which estimates:

17 (i) the economic impact to the State and the local jurisdictions
18 affected;

19 (ii) a minimum level of net economic benefits to the public sector;

20 (iii) the number of jobs expected to be created as a result of the
21 proposed economic development project and the percentage of those jobs that are expected
22 to be held by Maryland residents;

23 (iv) the wage rates and benefit packages for the jobs expected to be
24 created as a result of the proposed economic development project; and

25 (v) any other appropriate financial or economic benefits;

26 (4) any other analysis or information that is requested by the Legislative
27 Policy Committee; and

28 (5) the date on which the executive agency expects to disburse the funds to
29 the proposed recipient.

30 (m) [If an executive agency fails to disburse transferred funds to a recipient within
31 1 year after the expected disbursement date presented to the Legislative Policy Committee
32 under subsection (l) of this section, the funds will revert back to the Account and the

1 Governor shall:

2 (1) resubmit the proposed budget amendment to transfer money from the
3 Account to the Legislative Policy Committee; and

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

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

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

10 (2) projects which are not likely to attract or retain employment
11 opportunities;

12 (3) funding projects located outside the State;

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

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

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

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

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

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

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

32 (iii) “Political subdivision” includes an agency or other

instrumentality of the political subdivision.

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

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

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

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

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

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

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

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

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

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

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

1 criteria:

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

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

7 5–301.

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

9 (g) “Authority” means the Maryland Economic Development Assistance
10 Authority.

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

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

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

15 5–310.

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

17 5–311.

18 The purposes of the Fund are to:

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

22 (i) aquaculture projects;

23 (ii) arts and entertainment enterprises;

24 (iii) arts and entertainment projects; and

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

26 (2) provide financial assistance for the redevelopment of qualified
27 brownfields sites;

28 (3) provide financial assistance to local governments and the Corporation

for economic development projects; and

(4) provide grants to local economic development funds.

5–319.

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

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

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

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

(1) the Department shall evaluate the requests; and

(2) the Authority shall:

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

(ii) determine whether to approve the requests; and

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

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

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

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

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

(3) A project that is funded by a grant from the Fund to a local government

or the Corporation, and carried out by the local government or the Corporation, shall be consistent with the strategy or plan for economic development of the county or municipal corporation in which the project is located.

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

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

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

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

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

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

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

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

(iii) both].

5–320.

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

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

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

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

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

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

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

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

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

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

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

(2) for a Tier I county project:

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

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

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

5–323.

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

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

(2) 20% of the Fund balance.

5–324.

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

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

(c) If the Department or Authority determines a project to be a local economic

development opportunity, the Department or Authority may provide financial assistance from the Fund for the project to an individual, private business, nonprofit entity, or the Corporation in an amount not exceeding:

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

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

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

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

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

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

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

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

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

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

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

5–325.

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

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

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

(i) the recipient is the Corporation; or

(ii) the financial assistance is for:

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

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

1. may be used to finance up to 50% of the costs of construction, purchase, or renovation of real property, fixtures, or equipment related to a child care facility; but
2. may not be used for working capital, supplies, or inventory related to a child care facility.

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

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

- (i) 50% of the costs of preparation; or
- (ii) \$50,000 in a 3-year period.

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

- (i) a significant strategic economic development opportunity; or
- (ii) a specialized economic development opportunity.

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

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

- (i) for a local economic development opportunity; or
- (ii) to a local government.

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

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

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

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

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

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

(1) for working capital, 3 years;

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

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

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

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

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

5–501.

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

(b) “Authority” means the Maryland Small Business Development Financing Authority.

(c) “Financial institution” means:

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

(2) any other lender that the Authority approves.

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

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

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

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

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

5–502.

(a) The General Assembly finds that:

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

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

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

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

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

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

(7) the public welfare is served by promoting the viability and expansion of businesses owned by economically or socially disadvantaged individuals, retaining or

1 increasing the employment of these individuals, and expanding the taxable base of the
2 economy of the State.

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

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

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

9 (3) to encourage financial institutions to make loans to these individuals;
10 and

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

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

15 5–505.

16 There is a Maryland Small Business Development Financing Authority in the
17 Department.

18 5–509.

19 (a) (1) The Executive Director is the chief administrative officer of the
20 Authority.

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

22 (i) appoint the Executive Director; or

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

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

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

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

(2) attend all meetings of the Authority;

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

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

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

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

5–511.

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

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

[(2) The Department may:

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

(ii) renew the extended contract for up to two additional 5–year terms, and modify that renewed and extended contract as needed.

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

(c) In its name the corporation may use “Maryland Small Business Development Financing Agency”, “MSBDFA, Inc.”, or any close approximation of those terms.]

5–515.

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

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

(C) THE STATE TREASURER SHALL:

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

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

(3) REPORT EACH YEAR TO THE DEPARTMENT ON:

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

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

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

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

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

(E) THE FUND CONSISTS OF:

(1) PREMIUMS FOR GUARANTEEING LOANS UNDER THIS SUBTITLE;

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

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

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

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

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

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

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

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

(10) MONEY THE STATE APPROPRIATES TO THE FUND;

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

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

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

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

5-517.

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

5-518.

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

1 [5-519.

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

3 [5-520.

4 The Authority shall administer the Fund.]

5 [5-521.

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

8 (b) The Treasurer shall:

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

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

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

17 [5-522.

18 The Fund consists of:

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

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

22 (3) repayments of principal of and interest on direct loans made under §
23 5-525(c) of this subtitle;

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

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

27 [5-523.

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

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

[5-524.] 5-519.

The Authority may use the Fund for:

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

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

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

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

[5-525.] 5-520.

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

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

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

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

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

1. working capital; or

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

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

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

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

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

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

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

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

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

1. working capital; or

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

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

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

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

(iii) in any other manner is related to:

1. the applicant; or

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

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

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

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

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

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

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

1. working capital; or

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

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

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

[5-526.] 5-521.

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

(1) the applicant is of good moral character;

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

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

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

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

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

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

1. the lack of formal education or financial capacity; or
2. geographical or regional economic distress; or

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

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

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

[5-527.] 5-522.

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

[(b)] The application shall:

- (1) describe the project in detail;
- (2) itemize known and estimated costs;
- (3) specify the total amount of investment required to perform the contract;
- (4) specify the amount of funds available to the applicant without financial assistance from the Authority;
- (5) specify the amount of financial assistance requested from the Authority;
- (6) provide information that demonstrates the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels;
- (7) provide information that demonstrates the financial status of the applicant, including:
 - (i) a current balance sheet;

(ii) a profit and loss statement; and

(iii) credit references; and

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

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

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

[5-528.] 5-523.

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

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

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

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

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

(iv) provisions for repayment of the loan.

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

[5-529.]

The Treasurer shall report each year to the Authority on:

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

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

1 and

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

4 [5-530.] **5-524.**

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

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

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

10 (2) affecting financial assistance whether or not the assistance has already
11 been extended.

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

14 **5-525. RESERVED.**

15 **5-526. RESERVED.**

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

17 [5-533.] **5-527.**

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

20 [5-534.] **5-528.**

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

22 [5-535.

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

24 [5-536.

25 The Authority shall administer the Fund.]

26 [5-537.

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

(b) The Treasurer shall:

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

(2) credit any investment earnings to the Fund.

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

[5–538.

The Fund consists of:

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

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

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

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

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

[5–539.] **5–529.**

The Authority may use the Fund for:

(1) guaranty payments made under [§ 5–540(a)] **§ 5–530(A)** of this subtitle;

(2) interest subsidy payments under [§ 5–540(b)] **§ 5–530(B)** of this subtitle; and

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

1 **[5-540.] 5-530.**

2 (a) (1) The Authority may use the Fund to guarantee up to 80% of the principal
3 of and interest on a long-term loan made by a financial institution to an applicant only if:

4 (i) the applicant meets the requirements under **[§ 5-541] § 5-531**
5 of this subtitle and has not violated **[§ 5-545] § 5-534** of this subtitle;

6 (ii) the loan amount is \$5,000 or more and the maximum amount
7 payable by the Authority under the guaranty does not exceed **[\$2,000,000] \$3,000,000**;

8 (iii) the loan is used for:

9 1. working capital;

10 2. refinancing the applicant's existing debt;

11 3. acquisition and installation of equipment;

12 4. making necessary improvements to real property that the
13 applicant leases or owns in fee simple; or

14 5. acquiring real property that the applicant will own in fee
15 simple if the property is to be used in the applicant's trade or business for which the
16 guaranty is sought and the financial institution or the Authority places a lien on the
17 property;

18 (iv) the loan matures within 10 years after the closing date of the
19 loan; and

20 (v) the interest rate does not exceed the monthly weighted average
21 of the prime lending rate prevailing in Baltimore City on unsecured commercial loans, plus
22 2%, as determined by the Authority.

23 (2) The Authority may authorize the provision of a guaranty under this
24 section in the following forms:

25 (i) an irrevocable letter of credit;

26 (ii) an official treasurer's check;

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

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

30 (3) Any terms and conditions governing the instruments described under

paragraph (2) of this subsection may not be so onerous as to discourage the financial institution from offering the loan.

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

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

1. the amount of the guaranty obligation;
2. the terms of the loan to be guaranteed;
3. the number of new jobs that the loan will create; and
4. any other factor that the Authority considers relevant.

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

(2) The subsidy:

- (i) may be for the life of the loan;
- (ii) may not exceed 4%;
- (iii) shall be payable quarterly; and
- (iv) shall be made to the financial institution that makes the loan that the Authority guarantees.

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

1. the interest rate on the guaranteed loan; and
2. the discount interest rate that the Federal Reserve Bank uses.

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

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

(c) In providing financial assistance under this section, the Authority shall

recognize the need to serve applicants from all political subdivisions in the State.

[5-541.] 5-531.

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

(1) the applicant is of good moral character;

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

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

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

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

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

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

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

2. geographical or regional economic distress; or

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

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

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

1 [5-542.] **5-532.**

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

5 [(b) The application shall include:

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

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

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

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

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

15 (6) information that demonstrates the financial status of the applicant,
16 including:

17 (i) a current balance sheet;

18 (ii) a profit and loss statement; and

19 (iii) credit references;

20 (7) a proposed disbursement schedule;

21 (8) a proposed amortization schedule;

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

24 (10) information that shows that the applicant satisfies the requirements of
25 § 5-541 of this subtitle; and

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

27 [(c)] **(B)** The Authority may require an applicant to provide an audit report and
28 balance sheet certified by an independent certified public accountant in accordance with
29 generally accepted accounting principles before the Authority approves or denies the

1 application.

2 **[5-543.] 5-533.**

3 A guaranty shall contain terms and conditions that the Authority determines to be
4 appropriate.

5 **[5-544.**

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

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

8 (2) the market value of the assets in the Fund as of the date of the report;
9 and

10 (3) the interest received from investments during the period covered by the
11 report.]

12 **[5-545.] 5-534.**

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

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

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

18 (2) affecting financial assistance whether or not the assistance has already
19 been extended.

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

22 **[5-546.] 5-535.**

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

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

28 (2) withhold from the financial institution further interest subsidy
29 payments until the financial institution complies with the loan documents or requirements;
30 and

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

5-536. RESERVED.

5-537. RESERVED.

Part V. Equity Participation Investment Program.

[5-549.] 5-538.

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

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

(2) “Enterprise” includes:

(i) a sole proprietorship;

(ii) a partnership;

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

(IV) a limited partnership;

[(iv)] (V) a corporation; or

[(v)] (VI) a joint venture.

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

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

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

(f)] “Program” means the Equity Participation Investment Program.

[(g)] (F) “Qualified security” means:

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

(2) stock or other form of equity participation;

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

(4) an investment contract;

(5) a certificate of deposit for a security;

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

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

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

[5-550.] 5-539.

(a) The General Assembly finds that:

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

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

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

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

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

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

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

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

[5-551.] 5-540.

1 There is an Equity Participation Investment Program in the [Department] **FUND**.

2 [5-552.

3 The Authority shall administer the Program.]

4 [5-553.] **5-541**.

5 The Authority may:

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

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

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

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

14 [5-554.

15 There is an Equity Participation Investment Program Fund.]

16 [5-555.] **5-542**.

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

18 (b) (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 (c) The Fund consists of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) interest payments from any debt securities.

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

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

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

(h) In accordance with § 2.5–109 of this article, the Authority shall submit a

1 report on the Program.]

2 **[5-556.] 5-543.**

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

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

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

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

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

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

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

16 **[5-557.] 5-544.**

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

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

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

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

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

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

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

1 (i) the current value of the percentage of the equity investment in
2 the enterprise; or

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

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

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

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

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

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

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

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

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

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

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

22 (6) has a strong customer base.

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

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

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

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

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

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

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

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

1. the lack of formal education or financial capacity; or
2. geographical or regional economic distress; or

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

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

[5-558.] 5-545.

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

[5-559.]

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

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

5-546. RESERVED.

5-547. RESERVED.

Part VI. Small Business Surety Bond Program.

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

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

(b) ["Fund" means the Small Business Surety Bond Fund.

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

[(d)] (C) "Program" means the Small Business Surety Bond Program.

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

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

[5-563.

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

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

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

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

[5-564.

The Fund consists of:

(1) money the State appropriates to the Fund;

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

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

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

[5-565.

1 The Fund shall be used:

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

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

4 [5-566.] **5-550.**

5 In administering the Program, the Authority may:

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

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

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

10 (i) acquire, manage, operate, dispose of, or otherwise deal with
11 property;

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

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

15 [5-567.] **5-551.**

16 The Authority may:

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

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

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

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

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

27 [5-568.] **5-552.**

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

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

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

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

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

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

(2) any other factor the Authority considers relevant.

[5-569.] 5-553.

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

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

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

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

[5-570.] 5-554.

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

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

(1) the amount of the guaranty obligation;

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

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

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

[5-571.] 5-555.

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

[5-572.] 5-556.

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

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

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

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

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

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

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

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

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

[5-573.] 5-557.

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

(b) [The application shall include:

(1) a detailed description of the project;

(2) an itemization of known and estimated costs;

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

(4) the working capital available to the principal;

(5) the bonding assistance sought;

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

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

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

(9) any other relevant information the Authority requests.

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

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

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

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

[5-574.] **5-558.**

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

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

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

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

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

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

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

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

(1) on an application for assistance; or

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

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

6–309.

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

(b) After termination of this subtitle:

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

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

PART I. MARYLAND ECONOMIC DEVELOPMENT CORPORATION.

10–101.

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

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

10–135. RESERVED.

10–136. RESERVED.

Part II. Regional Institution Strategic Enterprise Zone Program.

10–137.

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

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

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

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

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

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

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

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

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

10–138.

The purposes of the Regional Institution Strategic Enterprise Zone Program are to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located and incentivize the location of innovative start-up businesses based on technology developed, licensed, or poised for commercialization at or in collaboration with qualified Maryland institutions.

10–139.

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

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

(1) evidence an intention:

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

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

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

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

10 (3) meet the minimum financial qualifications established by the
11 [Secretary] CORPORATION.

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

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

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

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

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

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

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

31 10–140.

32 (a) On or after July 1, [2015] 2026, a qualified institution shall apply jointly with
33 a county, a municipal corporation, or the economic development agency of a county or

1 municipal corporation to the [Secretary] CORPORATION to designate an area as a
2 Regional Institution Strategic Enterprise zone.

3 (b) The application shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (ii) the boundaries of the RISE zone proposed by the [Secretary]
30 CORPORATION.

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

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

(2) The [Secretary] CORPORATION may not:

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) accessing existing programs at the **CORPORATION**, the Department, the Department of Housing and Community Development, the Maryland Department of Labor, the Maryland Technology Development Corporation, or the Department of Transportation; and

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

10–142.

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

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

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

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

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

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

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

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

1 the zone is designated.

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

5 10–143.

6 (a) (1) (i) A qualified institution, **THE CORPORATION**, a county and, if
7 applicable, a municipal corporation, or the economic development agency of a county or
8 municipal corporation may establish a program to provide rental assistance to a business
9 entity that[:

10 1.] moves into or locates in a RISE zone on or after the date
11 that the zone is designated under this [subtitle;

12 2. has nexus with a qualified institution located in the RISE
13 zone;

14 3. has been in active business not longer than 7 years] **PART.**

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

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

22 (ii) The application shall include:

23 1. a description of the rental assistance program;

24 2. [the amount of funding that the applicant has secured to
25 provide rental assistance under the rental assistance program;

26 3.] the amount requested for distribution from the Fund in
27 accordance with this section; and

28 [4.] 3.any other information requested by the [Department]
29 **CORPORATION.**

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

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

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

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

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

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

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

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

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

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

(e) A rental assistance program that receives a distribution of [matching] funds from the Fund shall be subject to an audit at least once every 3 years by an independent

1 certified public accountant that the applicant and the [Department] CORPORATION
2 select.

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

7 10–144.

8 (a) There is a Regional Institution Strategic Enterprise Fund in the
9 [Department] CORPORATION.

10 (b) The [Secretary] EXECUTIVE DIRECTOR OF THE CORPORATION shall
11 manage and supervise the Fund.

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

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

16 (d) The Fund consists of:

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

18 (2) any other money from any other source accepted for the benefit of the
19 Fund.

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

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

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

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

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

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

1 10–145.

2 [In accordance with § 2.5–109 of this article, the Department] **THE CORPORATION**
3 shall submit a report on the effectiveness of the tax incentives authorized under this
4 [subtitle] **PART WITH THE ANNUAL REPORT SUBMITTED IN ACCORDANCE WITH §**
5 **10–133 OF THIS SUBTITLE.**

6 10–146.

7 This [subtitle] **PART** and the tax credits and benefits authorized under it shall
8 terminate on January 1, 2030.

9 **10–147. RESERVED.**

10 **10–148. RESERVED.**

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

12 10–149.

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

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

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

16 10–150.

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

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

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

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

24 10–151.

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

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

(b) Examples of eligible projects include:

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

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

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

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

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

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

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

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

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

1. are performed in collaboration with private industry; or

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

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

10–152.

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

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

(2) demonstrate appropriate use of grant funds.

10–153.

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

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

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

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

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

(e) The Fund consists of:

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

(2) any interest earnings of the Fund; and

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

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

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

(ii) pay the administrative costs of the Program.

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

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

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

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

10–154.

On or before July 1, 2026, **AND EACH JULY 1 THEREAFTER**, the [Department] **CORPORATION** shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly on the projects funded through and the economic impact of the Program.

10–155.

The [Secretary] **CORPORATION** may adopt regulations to carry out this [subtitle] **PART**.

10–156.

THIS PART AND THE GRANT PROGRAM UNDER IT SHALL TERMINATE ON JUNE 30, 2030.

1 10–470.

2 (b) (1) Whenever the Corporation is authorized by law to make a grant,
3 [including a grant from the Economic Development Opportunities Program Account
4 authorized under § 7–314 of the State Finance and Procurement Article,] the Corporation
5 may use money appropriated for the grant to make an equity investment in a qualified
6 business.

7 12–201.

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

9 (p) “RISE zone” means an area designated as a Regional Institution Strategic
10 Enterprise zone under [§ 5–1404] **§ 10–140** of this article.

11 **Article – Corporations and Associations**

12 1–203.

13 (b) **(14) BEGINNING IN FISCAL YEAR 2027, THE DEPARTMENT SHALL**
14 **WAIVE THE FILING FEE FOR A BUSINESS ENTITY DESCRIBED UNDER PARAGRAPH**
15 **(3)(II) OF THIS SUBSECTION FOR EACH YEAR THAT THE ENTITY PROVIDES EVIDENCE**
16 **TO THE DEPARTMENT THAT THE ENTITY:**

17 **(I) HAS LOCATED WITHIN A REGIONAL INSTITUTION**
18 **STRATEGIC ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 10, SUBTITLE 1**
19 **OF THE ECONOMIC DEVELOPMENT ARTICLE WITHIN 3 YEARS OF THE DATE BY**
20 **WHICH THE FILING FEE IS DUE; AND**

21 **(II) IS IN AN ELIGIBLE TECHNOLOGY SECTOR DESCRIBED**
22 **UNDER § 10–151 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

23 **[(14)] (15)** There is no processing fee for documents filed to dissolve, cancel,
24 or terminate an entity under this subsection.

25 **Article – State Finance and Procurement**

26 7–309.

27 (a) There is a State Reserve Fund.

28 (b) The State Reserve Fund comprises:

29 (1) the Dedicated Purpose Account;

(2) the Revenue Stabilization Account;

(3) the [Economic Development Opportunities Program Account]
STRATEGIC CLOSING FUND; and

(4) the Catastrophic Event Account.

Article – State Government

9–1A–27.

(a) Except as provided in subsections (b) and (c) of this section and § 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at each video lottery facility:

(6) [(i) except as provided in items (ii) and (iii) of this item,] 1.5% to **BE DISTRIBUTED EQUALLY BETWEEN THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING FUND ESTABLISHED UNDER § 5–515 OF THE ECONOMIC DEVELOPMENT ARTICLE AND** the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

[(ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017; and

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9–1A–30 of this subtitle;]

(c) (1) For the first 10 years of operations at a video lottery facility in Allegany County, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at a video lottery facility in Allegany County:

(v) 1. except as provided in items 2 and 3 of this item, 0.75% to the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

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

Article – Tax – General

10–702.

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

(4) (ii) “Enterprise zone” includes a Regional Institution Strategic Enterprise zone established under [Title 5, Subtitle 14] **TITLE 10, SUBTITLE 1** of the Economic Development Article.

10–721.

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

(2) “Department” means the Department of Commerce.

(3) “Maryland base amount” means the base amount as defined in § 41(c) of the Internal Revenue Code that is attributable to Maryland, determined by:

(i) substituting “Maryland qualified research and development expense” for “qualified research expense”;

(ii) substituting “Maryland qualified research and development” for “qualified research”; and

(iii) using, instead of the “fixed base percentage”:

1. the percentage that the Maryland qualified research and development expense for the 4 taxable years immediately preceding the taxable year in which the expense is incurred is of the gross receipts for those years; or

2. for a taxpayer who has fewer than 4 but at least 1 prior taxable year, the percentage as determined under item 1 of this item, determined using the number of immediately preceding taxable years that the taxpayer has.

(4) “Maryland gross receipts” means gross receipts that are reasonably attributable to the conduct of a trade or business in this State, determined under methods prescribed by the Comptroller based on standards similar to the standards under § 10–402 of this title.

(5) “Maryland qualified research and development” means qualified research as defined in § 41(d) of the Internal Revenue Code that is conducted in this State.

(6) “Maryland qualified research and development expenses” means qualified research expenses as defined in § 41(b) of the Internal Revenue Code incurred for Maryland qualified research and development.

(7) “Net book value assets” means the total of a business’s net value of assets, including intangibles but not including liabilities, minus depreciation and amortization.

(8) “Small business” means a for-profit corporation, limited liability company, partnership, or sole proprietorship with net book value assets totaling, at the beginning or the end of the taxable year for which Maryland qualified research and development expenses are incurred, as reported on the balance sheet, less than \$5,000,000.

(b) (1) The purpose of the Research and Development Tax Credit Program is to foster increased research activities and expenditures in Maryland.

(2) Subject to the limitations of this section, an individual or a corporation may claim credits against the State income tax in an amount equal to 10% of the amount by which the Maryland qualified research and development expenses paid or incurred by the individual or corporation during the taxable year exceed the Maryland base amount for the individual or corporation.

(I) (1) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2030.

(2) IF A TAXPAYER’S TAXABLE YEAR FOR INCOME TAX PURPOSES IS NOT THE CALENDAR YEAR, FOR THE TAXABLE YEAR THAT BEGINS IN CALENDAR YEAR 2030, THE TAXPAYER MAY APPLY FOR ONLY A PRORATED CREDIT FOR RESEARCH AND DEVELOPMENT EXPENSES PAID OR INCURRED IN THE TAXABLE YEAR FOR THAT PART OF THE TAXABLE YEAR THAT FALLS IN CALENDAR YEAR 2030.

10–725.

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

(2) “Biotechnology company” means a company organized for profit that is primarily engaged in, or within 2 months will be primarily engaged in, the research, development, or commercialization of innovative and proprietary technology that comprises, interacts with, or analyzes biological material including biomolecules (DNA, RNA, or protein), cells, tissues, or organs.

(3) (i) “Company” means any entity of any form duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit.

(ii) “Company” does not include a sole proprietorship.

(4) “Department” means the Department of Commerce.

(5) (i) “Investment” means the contribution of money in cash or cash equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland biotechnology company in exchange for stock, a partnership or membership interest, or other ownership interest in the equity of the qualified Maryland biotechnology company, title to which ownership interest shall vest in the qualified investor.

(ii) “Investment” does not include debt.

(iii) For purposes of this section, an investment is at risk of loss when its repayment entirely depends upon the success of the business operations of the qualified company.

(6) (i) “Qualified investor” means any individual or entity that invests at least \$25,000 in a qualified Maryland biotechnology company and that is required to file an income tax return in any jurisdiction.

(ii) “Qualified investor” does not include:

1. a qualified pension plan, individual retirement account, or other qualified retirement plan under the Employee Retirement Income Security Act of 1974, as amended, or fiduciaries or custodians under such plans, or similar tax-favored plans or entities under the laws of other countries; or

2. a founder or current employee of the qualified Maryland biotechnology company, if the company has been in active business for more than 5 years.

(7) (i) “Qualified Maryland biotechnology company” means a biotechnology company that:

1. has its headquarters and base of operations in this State;
2. has fewer than 50 full-time employees;
3. has been in active business no longer than 12 years;
4. does not have its securities publicly traded on any exchange;
5. has been certified as a biotechnology company by the Department; and
6. the qualified investors in the company have not received more than \$7,000,000 in tax credits in the aggregate under this section.

(ii) “Qualified Maryland biotechnology company” includes a company that, within 2 months of the receipt of the investment, has met the requirements of subparagraph (i) of this paragraph.

(8) “Secretary” means the Secretary of Commerce.

(b) (2) Subject to paragraphs (3) and (4) of this subsection and subsections (d) and (e) of this section, for the taxable year in which an investment in a qualified Maryland biotechnology company is made, a qualified investor may claim a credit against the State

1 income tax in an amount equal to the amount of tax credit stated in the final credit
2 certificate approved by the Secretary for the investment as provided under this section.

3 (3) To be eligible for the tax credit described in paragraph (2) of this
4 subsection, the qualified investor shall be:

5 (i) for a company **WITH ITS BASE OF OPERATIONS OUTSIDE THE**
6 **STATE**, duly organized and in good standing in the jurisdiction under the laws under which
7 it is organized;

8 (ii) for a company **WITH ITS BASE OF OPERATIONS IN THE STATE**,
9 in good standing and authorized or registered to do business in the State;

10 (iii) current in the payment of all tax obligations to the State or any
11 unit or subdivision of the State; and

12 (iv) not in default under the terms of any contract with, indebtedness
13 to, or grant from the State or any unit or subdivision of the State.

14 **(5) IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT**
15 **UNDER PARAGRAPH (2) OF THIS SUBSECTION IS A PASS-THROUGH ENTITY THAT**
16 **PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF**
17 **ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY**
18 **CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH**
19 **ENTITY IN ANY MANNER.**

20 (d) (1) The tax credit allowed in an initial tax credit certificate issued under
21 this section is:

22 (i) except as provided in item (ii) of this paragraph, 33% of the
23 investment in a qualified Maryland biotechnology company, not to exceed \$250,000; or

24 (ii) **[50%] 75%** of the investment in the qualified Maryland
25 biotechnology company, not to exceed **[\$500,000] \$750,000**, if a qualified Maryland
26 biotechnology company:

27 1. is located in Allegany County, Dorchester County, Garrett
28 County, or Somerset County; or

29 2. is located in a Regional Institution Strategic Enterprise
30 zone that is designated under **[Title 5, Subtitle 14] TITLE 10, SUBTITLE 1** of the Economic
31 Development Article[, is based on technology that was developed at a qualified institution
32 within that zone, and has been in active business not longer than 7 years].

33 (2) During any fiscal year, the Secretary may not certify eligibility for tax
34 credits for investments in a single qualified Maryland biotechnology company that in the

1 aggregate exceed 10% of the total appropriations to the Maryland Biotechnology
2 Investment Tax Credit Reserve Fund for that fiscal year.

3 (3) **(I)** If the tax credit allowed under this section in any taxable year
4 exceeds the total tax otherwise payable by the qualified investor for that taxable year, the
5 qualified investor may claim a refund in the amount of the excess.

6 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
7 **2026, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT UNDER**
8 **SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS-THROUGH ENTITY THAT PAYS**
9 **THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF ALL**
10 **MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY CLAIM**
11 **AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH ENTITY IN**
12 **ANY MANNER.**

13 **(K) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, THE**
14 **COMPTROLLER SHALL PROVIDE THE MEANS FOR A QUALIFIED INVESTOR TO FILE**
15 **THE INVESTOR'S RETURN ELECTRONICALLY.**

16 10-730.

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

18 (4) (i) “Film production activity” means:

19 1. the production of a film or video project that is intended
20 for nationwide commercial distribution; and

21 2. for a television series, each season of the television series.

22 (ii) “Film production activity” includes the production of:

23 1. a feature film;

24 2. a television project;

25 3. a commercial;

26 4. a corporate film;

27 5. a music video;

28 6. a digital animation project;

29 7. a documentary; or

1 8. a talk, reality, or game show.

2 (iii) “Film production activity” does not include the production of:

3 1. a student film;

4 2. a noncommercial personal video;

5 3. a sports broadcast;

6 4. a broadcast of a live event;

7 5. a video, computer, or social networking game;

8 6. pornography;

9 7. an infomercial;

10 8. a digital product or an animation project other than a
11 digital animation project; or

12 9. a multimedia project.

13 (7) “Qualified film production entity” means an entity that:

14 (i) is carrying out a film production activity; and

15 (ii) the Secretary determines to be eligible for the tax credit under
16 this section in accordance with subsection (c) of this section.

17 (b) (1) A qualified film production entity may claim a credit against the State
18 income tax for film production activities in the State in an amount equal to the amount
19 stated in the final tax credit certificate approved by the Secretary for film production
20 activities.

21 (2) If the tax credit allowed under this section in any taxable year exceeds
22 the total tax otherwise payable by the qualified film production entity for that taxable year,
23 the qualified film production entity may claim a refund in the amount of the excess.

24 (c) (1) Before beginning a film production activity, a film production entity
25 shall submit to the Department an application to qualify as a film production entity.

26 (2) The application shall describe the anticipated film production activity,
27 including:

28 (i) the projected total budget;

(ii) the estimated number of Maryland resident and out-of-state employees and total wages to be paid; and

(iii) the anticipated dates for carrying out the major elements of the film production activity.

(3) Except as provided in subsection (h) of this section, to qualify as a film production entity, the estimated total direct costs incurred in the State must exceed \$250,000.

(4) The application shall include any other information required by the Secretary.

(5) For a film production entity with total direct costs that exceed \$250,000, the Secretary may require the information provided in an application to be verified by an independent auditor selected and paid for by the film production entity seeking certification.

(6) The Secretary shall:

(i) determine if the film production entity qualifies for the credit under this section; and

(ii) notify the Comptroller of the estimated amount of total direct costs and the taxable year the credit will be claimed.

(7) (I) A QUALIFIED FILM PRODUCTION ENTITY MAY AMEND ITS INITIAL APPLICATION SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF AN INDEPENDENT AUDITOR SELECTED AND PAID FOR BY THE QUALIFIED FILM PRODUCTION ENTITY HAS VERIFIED THAT THE PROJECTED TOTAL BUDGET IN ITS INITIAL APPLICATION HAS INCREASED OR DECREASED BY AT LEAST 50%.

(II) THE SECRETARY SHALL:

1. EVALUATE AN AMENDED APPLICATION SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH;

2. DETERMINE IF THE FILM PRODUCTION ENTITY CONTINUES TO QUALIFY FOR THE CREDIT UNDER THIS SECTION; AND

3. SUBJECT TO THE AVAILABILITY OF CREDIT AMOUNT IN THE FISCAL YEAR, IF THE SECRETARY APPROVES THE AMENDED APPLICATION, NOTIFY THE COMPTROLLER OF THE AMENDED ESTIMATED AMOUNT OF TOTAL DIRECT COSTS AND THE TAXABLE YEAR THE CREDIT WILL BE CLAIMED.

(f) (1) Except as provided in paragraph (2) of this subsection, the Secretary may not issue tax credit certificates for credit amounts in the aggregate totaling more than:

(i) for fiscal year 2014, \$25,000,000;

(ii) for fiscal year 2015, \$7,500,000;

(iii) for fiscal year 2016, \$7,500,000;

(iv) for fiscal year 2019, \$8,000,000;

(v) for fiscal year 2020, \$11,000,000;

(vi) for fiscal years 2021 through 2023, \$12,000,000;

(vii) for fiscal year 2024, \$15,000,000;

(viii) for fiscal year 2025, \$17,500,000; and

(ix) for fiscal year 2026 and each fiscal year thereafter, \$12,000,000.

(2) If the aggregate credit amounts under the tax credit certificates issued by the Secretary total less than the maximum provided under paragraph (1) of this subsection in any fiscal year, any excess amount may be carried forward and issued under tax credit certificates in a subsequent fiscal year.

(3) [The Secretary may not issue tax credit certificates for credit amounts totaling more than \$10,000,000 in the aggregate for a single film production activity.

(4)] (i) For fiscal year 2019 and each fiscal year thereafter, the Secretary shall make 10% of the credit amount authorized under paragraph (1) of this subsection available for Maryland small or independent film entities.

(ii) If the total amount of credits applied for by Maryland small or independent film entities is less than the amount made available under subparagraph (i) of this paragraph, the Secretary shall make available the unused amount of credits for use by qualified film production entities.

10-732.

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

(2) "Costs" means the costs to an individual or corporation for:

(i) security clearance administrative expenses incurred with regard to an employee in the State including, but not limited to:

1. processing application requests for clearances for employees in the State;

2. maintaining, upgrading, or installing computer systems in the State required to obtain federal security clearances; and

3. training employees in the State to administer the application process; and

(ii) construction and equipment costs incurred to construct or renovate a sensitive compartmented information facility ("SCIF") located in the State as required by the federal government.

(3) "Department" means the Department of Commerce.

(4) "Secretary" means the Secretary of Commerce.

(5) "Small business" has the meaning stated in § 7-218 of this article.

(b) (1) Subject to the limitations of this section, for a taxable year beginning after December 31, 2022, but before January 1, ~~[2028]~~ **2033**, an individual or a corporation that employs not more than 500 employees may claim credits against the State income tax for:

(i) security clearance administrative expenses, not to exceed \$200,000;

(ii) expenses incurred for rental payments owed during the first year of a rental agreement for spaces leased in the State if the individual or corporation is a small business that performs security-based contracting, not to exceed \$200,000; and

(iii) Subject to paragraph (2) of this subsection, construction and equipment costs incurred to construct or renovate a single SCIF in an amount equal to the lesser of 50% of the costs or \$200,000.

(2) The total amount of construction and equipment costs incurred to construct or renovate multiple SCIFs for which an individual or a corporation is eligible to claim as a credit against the State income tax is \$500,000.

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

Article – Tax – Property

9–103.

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

(6) (i) “Qualified property” means real property that is:

1. not used for residential purposes;

2. used in a trade or business by a business entity that meets the requirements of § 5–707 of the Economic Development Article; and

3. located in an enterprise zone that is designated under Title 5, Subtitle 7 of the Economic Development Article.

(ii) “Qualified property” includes personal property on real property that is located in a focus area as defined in § 5–701 of the Economic Development Article.

(b) (1) 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.

(d) (2) For 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, the appropriate governing body shall calculate the amount of the tax credit under this section equal to a percentage of the amount of property tax imposed on the eligible assessment of the qualified property as follows:

(i) 80% in each of the 1st 8 taxable years following the calendar year in which the property initially becomes a qualified property;

(ii) 70% in the 9th taxable year;

(iii) 60% in the 10th taxable year;

(iv) 50% in the 11th taxable year;

(v) 40% in the 12th taxable year; and

(vi) 30% in the 13th taxable year.

(5) For qualified property located in a focus area, 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:

(i) for 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, for each of the 13 taxable years 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 of the 5 taxable years following the calendar year in which the property initially becomes a

1 qualified property.

2 (ii) For qualified property located in a focus area designated under §
3 5–706 of the Economic Development Article, the appropriate governing body shall calculate
4 the amount of the tax credit under this section equal to 100% of the amount of property tax
5 imposed on the eligible assessment of the qualified property, **AFTER FIRST APPLYING ANY**
6 **CREDITS REQUIRED UNDER § 9–103 OF THIS SUBTITLE**, for each of the 5 taxable years
7 following the calendar year in which the property initially becomes a qualified property.

8 (iii) 1. If a business entity is certified as consistent with the
9 target strategy of the RISE zone and the qualified property is located in an enterprise zone
10 or focus area, the amount of the required reimbursement under § 9–103(h) of this subtitle
11 may only be for the amount required for the required property tax credits under § 9–103 of
12 this subtitle.

13 2. The property tax credits required under subparagraphs (i)
14 and (ii) of this paragraph do not alter the amount of funds required to be reimbursed under
15 § 9–103(h) of this subtitle.

16 **3. IF A BUSINESS ENTITY IS CERTIFIED AS CONSISTENT**
17 **WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE QUALIFIED PROPERTY**
18 **IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA, THE BUSINESS ENTITY MAY**
19 **CONCURRENTLY CLAIM THE PROPERTY TAX CREDITS UNDER THIS SECTION AND §**
20 **9–103 OF THIS SUBTITLE, PROVIDED THAT THE TOTAL PROPERTY TAX CREDITS IN**
21 **ANY TAXABLE YEAR MAY NOT EXCEED 100% OF THE PROPERTY TAX THAT WOULD**
22 **OTHERWISE BE DUE TO THE STATE AND LOCAL JURISDICTION.**

23 **4. THE CONCURRENT APPLICATION OF PROPERTY TAX**
24 **CREDITS UNDER THIS SECTION MAY NOT ALTER THE TIME LIMITATION ON THE**
25 **AVAILABILITY OF ANY PROPERTY TAX CREDIT.**

26 (5) The governing body of a county or municipal corporation may increase,
27 by local law, the percentage under paragraph (1) of this subsection.

28 (6) (i) If a RISE zone is renewed as provided under **[§ 5–1404] §**
29 **10–140** of the Economic Development Article, the governing body of a county or municipal
30 corporation shall calculate the amount of the tax credit under this section equal to at least
31 10% of the amount of property tax imposed on the eligible assessment of the qualified
32 property, **AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9–103 OF THIS**
33 **SUBTITLE**, for the sixth through tenth taxable years.

34 (ii) The governing body of a county or municipal corporation may
35 increase, by local law, the percentage under subparagraph (i) of this paragraph.

36 (d) (1) Except as provided in subsection (c)(6) of this section, a tax credit under
37 this section is available to a qualified property for no more than 5 consecutive years

1 beginning with:

2 (I) the taxable year following the calendar year in which the real
3 property initially becomes a qualified property; OR

4 (II) THE TAXABLE YEAR IN WHICH THE REAL PROPERTY
5 INITIALLY BECOMES A QUALIFIED PROPERTY, SUBJECT TO THE APPROVAL OF THE
6 APPROPRIATE LOCAL GOVERNING BODY AND THE DEPARTMENT OF COMMERCE.

7 (2) If the designation of a RISE zone expires, the tax credit under this
8 section continues to be available to a qualified property.

9 (3) State property tax imposed on real property is not affected by this
10 section.

11 (e) When a Regional Institution Strategic Enterprise zone is designated by the
12 [Secretary of Commerce] MARYLAND ECONOMIC DEVELOPMENT CORPORATION, the
13 [Secretary] CORPORATION shall certify to the State Department of Assessments and
14 Taxation:

15 (1) the real properties in the zone that are qualified properties for each
16 taxable year for which the property tax credit under this section is to be granted; and

17 (2) the date that the real properties became qualified properties.

18 (f) Before property tax bills are sent, the State Department of Assessments and
19 Taxation shall submit to the [Secretary of Commerce] MARYLAND ECONOMIC
20 DEVELOPMENT CORPORATION a list containing:

21 (1) the location of each qualified property;

22 (2) the amount of the base year value for each qualified property; and

23 (3) the amount of the eligible assessment for each qualified property.

24 SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
25 as follows:

26 **Chapter 430 of the Acts of 2023**

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2023. [It shall remain effective for a period of 4 years and, at the end of June 30, 2027,
29 this Act, with no further action required by the General Assembly, shall be abrogated and
30 of no further force and effect.]

31 **Chapter 431 of the Acts of 2023**

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023. [It shall remain effective for a period of 4 years and, at the end of June 30, 2027, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.]

Chapter 515 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 [but before January 1, 2026].

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year[(1)], for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000[; and

(2) for the taxable year that begins in calendar year 2025, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2025].

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

Chapter 516 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 [but before January 1, 2026].

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year[(1)], for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000[; and

(2) for the taxable year that begins in calendar year 2025, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2025].

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

SECTION 7. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

SECTION 8. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall be applicable to all taxable years beginning after December 31, 2025.

SECTION 9. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall be applicable to all taxable years beginning after June 30, 2026.

SECTION 10. AND BE IT FURTHER ENACTED, That Sections 1, 2, 3, 4, and 6 of this Act shall take effect July 1, 2026.

SECTION 11. AND BE IT FURTHER ENACTED, That, except as provided in Section 10 of this Act, this Act shall take effect June 1, 2026.