

**Sen.Griffith\_SB885\_FAV.pdf**

Uploaded by: Melony Griffith

Position: FAV

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Budget and Taxation Committee



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THE SENATE OF MARYLAND  
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**Testimony of Senator Melony G. Griffith in Support of Senate Bill 885**  
**Maryland Technology Development Corporation – Maryland Equity Investment Fund -**  
**Established**  
**Senate Budget and Taxation Committee**  
**Thursday, March 10, 2022**

Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee:

I am pleased to present Senate Bill 885. This bill establishes the Maryland Technology Development Corporation – Maryland Equity Investment Fund, and clarifies existing law by allowing the Maryland Technology Development Corporation (TEDCO) to invest surplus funds allocated through the State Retirement and Pension Systems (SRPS) in alignment with TEDCO's mission to, "Enhance economic empowerment by fostering an inclusive and entrepreneurial innovation ecosystem. Identify, invest in, and help grow technology companies in Maryland."

In 2016, the Maryland General Assembly passed SB 982 – State Retirement and Pension System – Private Equity and Venture Capital Investments. This bill authorized the Board of Trustees of the State Retirement and Pension Systems (SRPS) to enter into an agreement with TEDCO or another entity to make and manage investments on behalf of the board in private equity and venture capital in the State. Furthermore, the legislature codified the pension system investment capital program, designated TEDCO as a partner, and leveraged the pension fund by working to increase private investors in the public sector.

While identifying creative ways to expand Maryland's investment opportunities is at the forefront, it is acknowledged that although the venture capital market produces great returns. TEDCO expresses that current law is not consistent with their current practices. Therefore, the bill will implement a fund that will enhance the ability of TEDCO to further their mission, vision, and values in addition to expanding upon the development of Maryland's innovation hub.

Senate Bill 885 will:

- **Establish** a special, non-lapsing revolving fund that is not subject to reversion under section 7-311 of the State Finance and Procurement Article.
- **Ensure** the Fund is managed and supervised by the Maryland Technology Development Corporation, which will allow unappropriated general fund surplus

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to be invested in the state with a goal to increase private equity and venture capital.

- **Permit** the State Treasurer to invest money in the fund in the same manner as other state money.
- **Allow** the Corporation to retain 50% of investment returns realized from the investments made.

Thank you for the opportunity to present Senate Bill 885, I respectfully request a favorable report.

# **SB885 - MD Equity Investment Program - TEDCO\_writt**

Uploaded by: Troy LeMaile-Stovall

Position: FAV



**TESTIMONY PRESENTED TO THE  
BUDGET AND TAXATION COMMITTEE**

**SENATE BILL 885 – MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION  
– MARYLAND EQUITY INVESTMENT FUND - ESTABLISHED**

**POSITION: SUPPORT**

**MARCH 10, 2022**

The Maryland Technology Development Corporation (TEDCO) is dedicated to economic growth through the fostering of an inclusive entrepreneurial and innovation ecosystem. TEDCO discovers, invests in, and helps build great Maryland-based, technology companies.

TEDCO supports Senate Bill 885 – Economic Development – Maryland Equity Investment Fund and thanks the bill sponsors, Senators Griffith and Elfreth, for their leadership on this important issue. This legislation that establishes the Maryland Equity Investment Fund in TEDCO and provides for the investment of certain General Funds, for FY24, through a distribution of unappropriated General Fund surplus. The distribution of unappropriated General Fund Surplus is triggered if the FY24 unappropriated General Fund surplus exceeds \$10 million, after that point, funding for the Maryland Equity Investment Fund will receive ten percent of the FY24 surplus, above that amount, up to a maximum of \$10 million. The bill also enables an appropriation through the annual Governor’s Allocation for FY24 and beyond but does not mandate any funding.

TEDCO's responsibilities, as outlined in the bill, are to supervise and manage the fund. TEDCO is positioned to deploy venture funds for the purposes of helping Maryland entrepreneurs and small businesses expand and scale their businesses through access to capital. These businesses, in turn, create jobs and generate revenue for Maryland. TEDCO currently operates investment funds that are early-stage, evergreen funds dedicated to supporting the growth of the next generation of outstanding businesses in Maryland and diversifying access to capital in the State. TEDCO has an experienced team with significant operating and venture experience. Their focus is on making the entrepreneurs successful and build businesses that last.

The program established by Senate Bill 885 is consistent with TEDCO’s mission. TEDCO’s programs support the development of a diverse and growing portfolio of companies and the growth and diversification of the Maryland economy. With the right growth strategies, Maryland has the potential to cultivate an innovation ecosystem that will be recognized globally for social innovation and impact. By layering support in key areas and providing TEDCO

support, a stronger Maryland will be achieved. TEDCO has three targeted strategies to establish the preeminence of our state's innovators: SCALING, STITCHING, and STORYTELLING.

Scaling or growing our fiscal resources, stitching, or bringing together non-fiscal resources to bring more scale and storytelling where TEDCO uses data to attract new resources that allow us to scale and stitch but also develop STICKINESS. Stickiness is about ensuring Maryland-based startups stay in Maryland and become successful Maryland-based multi-million and multi-billion dollar enterprises. SB 885 helps TEDCO with all 4 of the Ss by:

- Creating scale by continuing our journey to create more fiscal resources to early-stage firms
- Helping stitch by providing another tool to leverage to bring together non-fiscal resources
- Allowing us to add to the story we tell about Maryland; and
- Providing TEDCO an important tool and resource to create a higher level of stickiness to ensure Maryland-based firms remain Maryland-based.

For all of these reasons, **TEDCO is supportive of SB 885 and requests a favorable report.**