



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: February 8, 2024
BILL NO: House Bill 582
BILL TITLE: Economic Development - Entrepreneurial Innovation Programs - Establishment (Pava LaPere Legacy of Innovation Act of 2024)
COMMITTEE: House Ways and Means
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 582 - Economic Development - Entrepreneurial Innovation Programs - Establishment (Pava LaPere Legacy of Innovation Act of 2024).

Bill Summary:

House Bill 582 establishes the Pava LaPere Innovation Acceleration Grant Program as well as the Baltimore Innovation Initiative Pilot Program (BII), both within the Maryland Technology Development Corporation (TEDCO). The Pava LaPere Innovation Acceleration Grant Program will foster growth of the entrepreneurial innovation ecosystem in Maryland by providing student technology startups with much needed early-stage capital. To be eligible, the start-up companies must be founded by students or faculty members of colleges and universities, and have their place of business in the Baltimore Metropolitan Statistical Area. The program will award grants of \$50,000 to each qualifying applicant.

BII will provide access to capital as well as wraparound services to technology startups founded by students or faculty from colleges and universities located in the Baltimore metropolitan area. The program provides for a preference for products or services that align with the goals of integrating artificial intelligence or machine learning in healthcare or biotechnology, and project proposals must foster an equitable and inclusive entrepreneurial development at the universities.

The legislation also repeals mandated funding levels for the Business Telework Assistance Grant Program administered by Commerce.

Background:

The U.S. Department of Commerce Economic Development Administration (EDA) Tech Hubs Program was created to invest directly in regions with the assets, resources, capacity, and potential to transform into globally competitive innovation centers in approximately 10 years, while catalyzing the creation of good jobs for American workers at all skill levels, equitably and inclusively. In October 2023, Baltimore was one of 31 Tech Hub designees named by the EDA in Phase 1 and invited to submit a Phase 2 proposal. In Phase 2, EDA will award implementation grants to 5-10 Designated Tech Hubs, with each of those Hubs receiving approximately \$40-\$70 million across approximately 3-8 projects. This is a highly competitive process, and state support is critical to the success of the Phase 2 proposal, which is being led by the Greater Baltimore

Committee. The new programs created through House Bill 582 will support Baltimore's application for Phase 2 designation and funding, bringing an extraordinary amount of funding and support for new jobs and advancement in emerging industries to the region.

Rationale:

This legislation seeks to make strategic investments in the Baltimore Metropolitan Statistical Area's innovation ecosystem to 1) create a pipeline of innovation commercialization; and 2) enhance the competitiveness of the Baltimore Tech Hub Consortium's Phase 2 funding application to the Economic Development Administration.

Maryland ranks highly in both innovation and R&D but has lagged behind on metrics related to technology transfer, technology commercialization and entrepreneurial activity. These programs will encourage both students and faculty at colleges and universities to take innovation and technologies from research to the next stage, and build new companies. The BII will build upon the success of TEDCO's Maryland Innovation Initiative to best utilize Maryland's innovation assets and propel our economy forward. The funding set forth in this legislation will be a direct State commitment to the Baltimore Tech Hub's application for funding, ensuring that state dollars are spent where they can receive the highest return on investment.

Commerce respectfully requests a favorable report on House Bill 582.