

SENATE BILL 427

C8, Q3, F5

51r0456
CF HB 498

By: **The President (By Request – Administration) and Senators Brooks, Charles, Ellis, Gile, Henson, Lam, Watson, and West**

Introduced and read first time: January 20, 2025

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 requiring the Department of Commerce to evaluate the potential
5 employment and economic growth of the State’s industry sectors and establish a
6 certain list of industry sectors and activities; repealing the Maryland Economic
7 Development Commission and Commerce Subcabinet; altering and staggering the
8 terms of certain appointed members of the Maryland Life Sciences Advisory Board
9 in a certain manner; altering the designation, administration, and purposes of and
10 eligibility for certain economic development programs; altering the definition of
11 “MEDCO obligation” under the Tax Increment Financing Act to include certain
12 projects under the Build Our Future Program; altering the purposes for which
13 certain bond proceeds may be used under the Tax Increment Financing Act;
14 requiring the State Department of Assessments and Taxation to waive certain filing
15 fees for certain businesses located within a Regional Institution Strategic Enterprise
16 zone; altering eligibility for, terms of, and types of financial assistance from the Child
17 Care Capital Support Revolving Loan Fund; altering the purposes of the Seed
18 Community Development Anchor Institution Fund to include providing certain
19 financial assistance for projects in certain RISE zone catchment areas and requiring
20 the Department of Housing and Community Development to prioritize certain
21 applications located in active RISE zones; redesignating the Economic Development
22 Opportunities Program Account to be the Strategic Closing Fund within the
23 Department of Commerce; altering the purposes for and methods by which the
24 Strategic Closing Fund may be utilized; altering the distribution of certain video
25 lottery terminal proceeds; altering the termination date of the Build Our Future
26 Grant Pilot Program and Job Creation Tax Credit, Research and Development Tax
27 Credit, and Innovation Investment Incentive Tax Credit programs; providing for the
28 termination of the One Maryland Economic Development Tax Credit Program on a
29 certain date; altering eligibility for and the calculation of certain tax credits; allowing

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 a qualified investor that is a pass-through entity that pays a certain income tax on
 2 behalf of its members to receive and allocate in any manner a credit or refund of a
 3 credit under the Biotechnology Investment Incentive Tax Credit and Innovation
 4 Investment Incentive Tax Credit programs; altering the aggregate amount of film
 5 production activity tax credit certificates that the Secretary of Commerce may issue
 6 each fiscal year; repealing a certain limit on the aggregate amount of tax credit
 7 certificates the Secretary may issue for a single film production activity; repealing a
 8 credit against the State income tax for certain costs related to federal security
 9 clearances; and generally relating to economic development and economic
 10 development incentives.

11 BY renumbering

12 Article – Economic Development

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

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

19 Annotated Code of Maryland

20 (2024 Replacement Volume and 2024 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – Economic Development

23 Section 2–113, 2–116, 2.5–106, 3–203, 3–401, 3–402, 3–411, 5–102, and 5–205;
 24 5–301 to be under the amended subtitle “Subtitle 3. Maryland Economic
 25 Competitiveness Fund”; 5–310 to be under the amended part “Part III.
 26 Maryland Economic Competitiveness Fund”; 5–319 through 5–321, 5–324,
 27 5–325, 5–329, and 5–338(d); 5–501 to be under the amended subtitle “Subtitle
 28 5. Maryland Economic Inclusion Fund”; 5–502; 5–505 to be under the
 29 amended part “Part II. Maryland Economic Inclusion Fund”; 5–517 to be
 30 under the amended part “Part III. Small Business Development Contract
 31 Financing Program”; 5–518, 5–524 through 5–528, and 5–530; 5–533 to be
 32 under the amended part “Part IV. Small Business Development Guaranty
 33 Program”; 5–534, 5–539 through 5–543, 5–545, 5–546, 5–549 through 5–551,
 34 5–553, 5–555 through 5–558, 5–561, 5–562, 5–566 through 5–575, 5–1001,
 35 5–1002, 5–1006, and 5–1204(a)(1)(ii)4.; 5–1501(a) to be under the amended
 36 subtitle “Subtitle 15. Reinvest for Success Account”; and 5–2402, 6–309,
 37 6–601, 6–604, 6–614, 6–1007, 10–115, 10–133, 10–408(a), 10–415, 10–470,
 38 10–528, 12–201(k) and (p), 12–207(b) and (e), and 16–102(d)(2)

39 Annotated Code of Maryland

40 (2024 Replacement Volume and 2024 Supplement)

41 BY repealing

42 Article – Economic Development

43 Section 2.5–201 through 2.5–207 and the subtitle “Subtitle 2. Maryland Economic
 44 Development Commission”; 3–408 through 3–410; 5–305 through 5–307 and

1 the part “Part II. Maryland Economic Development Assistance Authority”;
2 and 5–506 through 5–514, 5–519 through 5–523, 5–529, 5–535 through 5–538,
3 5–544, 5–552, 5–554, 5–559, 5–563 through 5–565, 5–1003 through 5–1005,
4 and 5–1007

5 Annotated Code of Maryland
6 (2024 Replacement Volume and 2024 Supplement)

7 BY repealing and reenacting, without amendments,
8 Article – Economic Development
9 Section 3–201, 3–202, 3–403, 5–201, 5–203, 5–311 through 5–316, 5–322, 5–323,
10 5–401(a), (b), and (p), 5–2401, 10–101(a), (b), and (d), 10–401(a) and (c),
11 10–501(a) and (f), 12–201(a), and 12–207(a)
12 Annotated Code of Maryland
13 (2024 Replacement Volume and 2024 Supplement)

14 BY adding to
15 Article – Economic Development
16 Section 5–464, 5–506 through 5–508, and 6–407; and the new part designation “Part
17 I. Maryland Economic Development Corporation” to immediately precede
18 Section 10–101
19 Annotated Code of Maryland
20 (2024 Replacement Volume and 2024 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Economic Development
23 Section 10–137, 10–139 through 10–146, 10–149(a), and 10–150 through 10–155
24 Annotated Code of Maryland
25 (2024 Replacement Volume and 2024 Supplement)
26 (As enacted by Section 1 of this Act)

27 BY repealing and reenacting, without amendments,
28 Article – Economic Development
29 Section 10–138
30 Annotated Code of Maryland
31 (2024 Replacement Volume and 2024 Supplement)
32 (As enacted by Section 1 of this Act)

33 BY adding to
34 Article – Corporations and Associations
35 Section 1–203(b)(14)
36 Annotated Code of Maryland
37 (2014 Replacement Volume and 2024 Supplement)

38 BY repealing and reenacting, with amendments,
39 Article – Corporations and Associations
40 Section 1–203(b)(14)
41 Annotated Code of Maryland

- 1 (2014 Replacement Volume and 2024 Supplement)
- 2 BY repealing and reenacting, with amendments,
3 Article – Education
4 Section 9.5–113.1
5 Annotated Code of Maryland
6 (2022 Replacement Volume and 2024 Supplement)
- 7 BY repealing and reenacting, with amendments,
8 Article – Housing and Community Development
9 Section 4–509, 6–404, and 6.5–107(e)(2)
10 Annotated Code of Maryland
11 (2019 Replacement Volume and 2024 Supplement)
- 12 BY repealing and reenacting, with amendments,
13 Article – State Finance and Procurement
14 Section 7–314
15 Annotated Code of Maryland
16 (2021 Replacement Volume and 2024 Supplement)
- 17 BY repealing and reenacting, with amendments,
18 Article – State Government
19 Section 9–1A–26(c)(2)(i) and 9–1A–27(a)(6) and (c)(1)(v)1.
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2024 Supplement)
- 22 BY repealing
23 Article – State Government
24 Section 9–3101 through 9–3104 and the subtitle “Subtitle 31. Commerce Subcabinet”
25 Annotated Code of Maryland
26 (2021 Replacement Volume and 2024 Supplement)
- 27 BY repealing and reenacting, without amendments,
28 Article – Tax – Property
29 Section 9–103.1(a)(1)
30 Annotated Code of Maryland
31 (2019 Replacement Volume and 2024 Supplement)
- 32 BY repealing and reenacting, with amendments,
33 Article – Tax – Property
34 Section 9–103.1(a)(7), (c)(6)(i), (e), and (f) and 9–229(c)(2) and (g)
35 Annotated Code of Maryland
36 (2019 Replacement Volume and 2024 Supplement)
- 37 BY repealing and reenacting, with amendments,
38 Chapter 430 of the Acts of the General Assembly of 2023
39 Section 3

- 1 BY repealing and reenacting, with amendments,
2 Chapter 431 of the Acts of the General Assembly of 2023
3 Section 3
- 4 BY repealing and reenacting, without amendments,
5 Article – Tax – General
6 Section 10–702(a)(1), 10–725(a) and (b)(2), 10–730(a)(1), (4), and (7) and (b), and
7 10–733(a) and (b)(2) and (3)(ii)2.J.
8 Annotated Code of Maryland
9 (2022 Replacement Volume and 2024 Supplement)
- 10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 10–702(a)(4)(ii), 10–721, 10–725(d), 10–730(f), 10–733(b)(4) and (d), and
13 10–733.1
14 Annotated Code of Maryland
15 (2022 Replacement Volume and 2024 Supplement)
- 16 BY adding to
17 Article – Tax – General
18 Section 10–725(b)(5) and 10–733(b)(5) and (j)
19 Annotated Code of Maryland
20 (2022 Replacement Volume and 2024 Supplement)
- 21 BY repealing
22 Article – Tax – General
23 Section 10–732
24 Annotated Code of Maryland
25 (2022 Replacement Volume and 2024 Supplement)
- 26 BY repealing and reenacting, with amendments,
27 Chapter 515 of the Acts of the General Assembly of 2000, as amended by Chapter 98
28 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
29 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
30 2019, and Chapter 114 of the Acts of the General Assembly of 2021
31 Section 2 and 4
- 32 BY repealing and reenacting, with amendments,
33 Chapter 516 of the Acts of the General Assembly of 2000, as amended by Chapter 98
34 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
35 General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
36 2019, and Chapter 114 of the Acts of the General Assembly of 2021
37 Section 2 and 4
- 38 BY repealing and reenacting, with amendments,
39 Chapter 390 of the Acts of the General Assembly of 2013, as amended by Chapter

1 578 of the Acts of the General Assembly of 2018 and Chapter 113 of the Acts
2 of the General Assembly of 2021

3 Section 2

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
5 That Section(s) 5–1401 through 5–1410 and the subtitle “Subtitle 14. Regional Institution
6 Strategic Enterprise Zone Program”; and 5–2301 through 5–2307 and the subtitle “Subtitle
7 23. Build Our Future Grant Pilot Program” of Article – Economic Development of the
8 Annotated Code of Maryland be renumbered to be Section(s) 10–137 through 10–146 and
9 the part “Part II. Regional Institution Strategic Enterprise Zone Program”; and 10–149
10 through 10–155 and the part “Part III. Build Our Future Grant Pilot Program”,
11 respectively.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
13 as follows:

14 **Article – Economic Development**

15 2–113.

16 [(a) This section does not apply to a power, duty, responsibility, or function that is
17 granted to the Maryland Economic Development Commission under Subtitle 2 of this title.

18 (b)] The Secretary may exercise any power, duty, responsibility, or function of any
19 unit under the jurisdiction of the Department.

20 2–116.

21 (a) This section does not apply to a unit under the jurisdiction of the Department
22 to the extent that the unit is authorized by law to employ its own legal counsel.

23 (b) The Attorney General is the legal adviser to the Department.

24 (c) The Attorney General shall assign to the Department the number of assistant
25 Attorneys General that are authorized by law for the Department and its units.

26 (d) (1) The Attorney General shall designate one of the assistant Attorneys
27 General assigned to the Department as counsel to the Department and may not reassign
28 that individual without consulting with the Secretary.

29 (2) The counsel may only:

30 (i) advise the Secretary[, the Maryland Economic Development
31 Commission,] and any other official of the Department as they require;

32 (ii) supervise the other assistant Attorneys General assigned to the
33 Department; and

1 (iii) perform for the Department the other duties that the Attorney
2 General assigns.

3 (3) The other assistant Attorneys General shall perform for the
4 Department the other duties that the Attorney General assigns.

5 2.5-106.

6 The Department shall:

7 (1) investigate and assemble information about the economic development,
8 industrial opportunities, and economic resources of the State, including raw materials,
9 power and water resources, transportation facilities, markets, labor, banking and financing
10 facilities, industrial sites, and other fields of research;

11 (2) encourage location and development of new businesses in the State and
12 the retention and expansion of present enterprises in coordination with local governments
13 and local economic development units;

14 (3) encourage formation of local and sectional development committees and
15 cooperate with local civic groups and other local, State, and federal development units;

16 (4) disseminate information in the interest of industrial development in the
17 State, by publication, advertising, and other means;

18 (5) assist businesses in the areas of technology development and
19 commercialization, small business development, workforce development and productivity,
20 manufacturing modernization, and defense conversion;

21 (6) serve as an ombudsman for businesses affected by State policies and
22 programs;

23 (7) coordinate business assistance service delivery to individual companies;

24 (8) link groups of businesses to address regional and industry specific
25 needs;

26 (9) broker information exchange and entrepreneurial services that
27 enhance economic development through partnerships with businesses, nonprofit
28 organizations, professional groups, local economic development entities, and local
29 governments;

30 (10) assist in developing and conducting regional strategic planning and
31 coordinating State investments with regional economic development entities;

32 (11) collect and assemble information and data available from other State

1 units or instrumentalities;

2 (12) monitor economic conditions, release reports, and maintain
3 interindustry models of State regulations and local economies;

4 [(13) use community colleges in the State to help deliver services;]

5 [(14) (13) administer the programs in the Department;

6 [(15) (14) coordinate its efforts and activities with the Apprenticeship and
7 Training Council and Apprenticeship and Training Program in the Maryland Department
8 of Labor;

9 [(16) (15) establish and monitor performance measures to determine the
10 success of outreach efforts to businesses;

11 [(17) (16) facilitate regular meetings among its regional experts, financial
12 incentive team, and tourism development team to determine the success in meeting overall
13 economic development strategic goals and in addressing the economic development needs
14 of each region;

15 [(18) (17) work with community colleges to enhance the role of community
16 colleges in providing workforce training services, including industry-specific education and
17 training in response to the needs of the State; [and]

18 [(19) (18) (i) define, identify, and compile data on State and regional
19 workforce needs; and

20 (ii) work collaboratively with the Maryland Department of Labor
21 and the Maryland Higher Education Commission to produce uniform and consistent
22 baseline data, including common sources and measurements, about workforce needs to
23 inform State policies relating to postsecondary education; AND

24 **(19) EVALUATE THE POTENTIAL EMPLOYMENT AND ECONOMIC**
25 **GROWTH OF MARYLAND'S INDUSTRY SECTORS AND, FROM THIS EVALUATION:**

26 **(I) ESTABLISH A LIST OF INDUSTRY SECTORS AND ACTIVITIES**
27 **TO BE CONSIDERED FOR ADDITIONAL INVESTMENT AND SUPPORT FROM THE**
28 **DEPARTMENT;**

29 **(II) RECOMMEND OTHER AGENCIES CONSIDER PRIORITIZING**
30 **THE SECTORS AND ACTIVITIES ON THE LIST DESCRIBED UNDER ITEM (I) OF THIS**
31 **ITEM THROUGH THOSE AGENCIES' POLICIES AND PROGRAMS; AND**

32 **(III) PUBLISH THE LIST DESCRIBED UNDER ITEM (I) OF THIS**

1 ITEM ON THE DEPARTMENT'S WEBSITE.

2 [Subtitle 2. Maryland Economic Development Commission.]

3 [2.5–201.

4 In this subtitle, “Commission” means the Maryland Economic Development
5 Commission.]

6 [2.5–202.

7 (a) There is a Maryland Economic Development Commission staffed by the
8 Department.

9 (b) The purpose of the Commission is to:

10 (1) establish economic development policy in the State;

11 (2) advise the Secretary on economic development policy in the State;

12 (3) oversee the operations of the Department and its units, including the
13 Department's efforts to support the creation of, attract, and retain businesses and jobs; and

14 (4) monitor the operations of the Maryland Technology Development
15 Corporation, the Maryland Economic Development Corporation, and the Maryland
16 Public–Private Partnership Marketing Corporation, including the efforts of those entities
17 to support the creation, attraction, and retention of businesses and jobs.]

18 [2.5–203.

19 (a) (1) (i) The Commission consists of:

20 1. not more than 21 voting members appointed by the
21 Governor with the advice and consent of the Senate;

22 2. two voting members appointed by the President of the
23 Senate of Maryland;

24 3. two voting members appointed by the Speaker of the
25 House of Delegates;

26 4. A. one member of the Senate of Maryland, designated
27 by the President of the Senate; and

28 B. one member of the House of Delegates, designated by the
29 Speaker of the House; and

1 5. the following representatives of State units and
2 instrumentalities of the State:

3 A. the Executive Director of the Maryland Economic
4 Development Corporation, or the Executive Director's designee;

5 B. the Chief Executive Officer of the Maryland Technology
6 Development Corporation, or the Chief Executive Officer's designee;

7 C. the Secretary or the Secretary's designee; and

8 D. the Secretary of Labor, or the Secretary's designee.

9 (ii) The Secretary and the Secretary of Labor or their designees,
10 State unit or instrumentality representatives, and members of the General Assembly are
11 nonvoting ex officio members of the Commission.

12 (iii) A designee under subparagraph (i)5 of this paragraph may be an
13 administrator or a senior official of the unit or instrumentality.

14 (2) The geographic representation of the Commission shall cover the entire
15 State and shall include at least one representative from:

16 (i) the upper Eastern Shore;

17 (ii) the lower Eastern Shore;

18 (iii) Calvert County, Charles County, or St. Mary's County;

19 (iv) Allegany County or Garrett County; and

20 (v) Carroll County, Frederick County, or Washington County.

21 (3) The industries represented by the members of the Commission shall:

22 (i) be diverse; and

23 (ii) include at least one representative from:

24 1. the life sciences industry; and

25 2. the manufacturing industry.

26 (4) The members appointed shall reflect the racial and gender diversity of
27 the population of the State.

1 (b) The appointed members of the Commission shall have substantial interest or
2 experience in business or knowledge of business and economic development.

3 (c) The Commission and its members are subject to the Maryland Public Ethics
4 Law.

5 (d) (1) The term of an appointed member is 3 years.

6 (2) At the end of a term, an appointed member continues to serve until a
7 successor is appointed and qualifies.

8 (3) A member appointed after a term has begun serves only for the
9 remainder of the term and until a successor is appointed and qualifies.

10 (4) The terms of the appointed members are staggered as required by the
11 terms provided for members of the Commission on October 1, 2008.

12 (5) A member may be removed by the Governor with or without cause.]

13 [2.5–204.

14 (a) The Governor shall designate a chair or cochairs from the voting members of
15 the Commission.

16 (b) The Commission may elect an executive committee or form special
17 subcommittees from its members to exercise the powers and functions of the Commission
18 between meetings of the Commission.]

19 [2.5–205.

20 (a) (1) The Commission shall meet as often as its duties require, but not less
21 than quarterly.

22 (2) The chair or cochairs shall designate a time and place for meetings of
23 the Commission.

24 (b) A majority of the voting members of the Commission is a quorum.

25 (c) A voting member of the Commission:

26 (1) may not receive compensation as a member of the Commission; but

27 (2) is entitled to reimbursement in accordance with the Standard State
28 Travel Regulations as provided in the State budget.

29 (d) The Department shall provide staff support to the Commission.]

1 [2.5–206.

2 (a) The Commission may:

3 (1) adopt bylaws for the conduct of its business;

4 (2) hire consultants; and

5 (3) do anything necessary or convenient to carry out its powers and the
6 purposes of this subtitle.

7 (b) The Commission shall:

8 (1) develop and update an economic development strategic plan for the
9 State;

10 (2) seek ideas and advice from each region of the State to develop the
11 economic development strategic plan;

12 (3) recommend to the Governor and the Secretary the program and
13 spending priorities needed to implement the economic development strategic plan;

14 (4) review the allocation of financing incentives;

15 (5) participate in encouraging new businesses to locate in the State;

16 (6) conduct periodic reviews of the economic development activities of the
17 Department, the Maryland Economic Development Corporation, the Maryland Technology
18 Development Corporation, and the Maryland Public–Private Partnership Marketing
19 Corporation for compliance with the economic development strategic plan;

20 (7) make recommendations to the Governor and the Secretary to improve
21 economic development activities that fail to achieve economic development strategic goals
22 or are inconsistent with priorities under the economic development strategic plan; and

23 (8) carry out other economic development activities that the Governor or
24 the Secretary requests.]

25 [2.5–207.

26 (a) On or before January 15 of each year, the Commission shall report to the
27 General Assembly, in accordance with § 2–1257 of the State Government Article, on its
28 activities during the previous year.

29 (b) The report shall include a review of initiatives taken by the Commission and
30 the Department to implement the economic development strategic plan.]

1 3–201.

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

3 (b) “Advisory Board” means the Maryland Life Sciences Advisory Board.

4 (c) “Corporation” means the Maryland Technology Development Corporation.

5 (d) “Life sciences” includes the fields of biotechnology, pharmaceuticals,
6 biomedical technologies, life systems technologies, food sciences, environmental sciences,
7 and biomedical devices.

8 3–202.

9 (a) There is a Maryland Life Sciences Advisory Board in the Department.

10 (b) The purpose of the Advisory Board is to recommend State and federal policies,
11 priorities, practices, and legislation to expedite the creation of private sector jobs through
12 the commercialization of life sciences research.

13 3–203.

14 (a) The Advisory Board consists of the following 18 members:

15 (1) the Secretary or the Secretary’s designee;

16 (2) the Executive Director of the Corporation, or the Executive Director’s
17 designee; and

18 (3) the following members appointed by the Governor:

19 (i) three representing federal agencies located in the State with life
20 sciences missions;

21 (ii) seven with executive experience in life sciences businesses
22 located in the State, at least four of whom represent small businesses;

23 (iii) four representing institutions of higher education located in the
24 State, one of whom shall represent a community college;

25 (iv) one with general business marketing experience in a life sciences
26 business located in the State; and

27 (v) one member of the general public.

28 (b) The composition of the Advisory Board shall reflect the racial and gender

1 diversity of the population of the State.

2 (c) (1) Except for the Secretary or the Secretary's designee and the Executive
3 Director of the Corporation or the Executive Director's designee, the term of an Advisory
4 Board member is ~~[2]~~ 3 years.

5 (2) At the end of a term, a member continues to serve until a successor is
6 appointed and qualifies.

7 (3) A member who is appointed after a term has begun serves only for the
8 rest of the term and until a successor is appointed and qualifies.

9 (4) **THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS
10 REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE ADVISORY BOARD ON
11 JULY 1, 2025.**

12 (d) The Governor may remove a member of the Advisory Board for incompetence,
13 misconduct, or failure to perform the duties of the position.

14 (e) The Governor shall select a chair from among the members of the Advisory
15 Board.

16 (f) The Advisory Board may act with an affirmative vote of eight members.

17 (g) A member of the Advisory Board:

18 (1) may not receive compensation as a member of the Advisory Board; but

19 (2) is entitled to reimbursement for expenses under the Standard State
20 Travel Regulations, as provided in the State budget.

21 3-401.

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

23 [(b) "Board" means the Partnership for Workforce Quality Advisory Board.]

24 [(c) (B) "Fund" means the [Partnership for Workforce Quality] TALENT
25 ACCELERATOR GRANT Fund.

26 [(d) (C) "Program" means the [Partnership for Workforce Quality] TALENT
27 ACCELERATOR GRANT Program.

28 3-402.

29 There is a [Partnership for Workforce Quality] TALENT ACCELERATOR GRANT

1 Program in the Department.

2 3–403.

3 The purpose of the Program is to provide training services to:

4 (1) improve the competitiveness and productivity of the State’s workforce
5 and business community;

6 (2) upgrade employee skills, or train new employees, for new technologies
7 or production processes; and

8 (3) assist employers located in the State in promoting employment
9 stability.

10 [3–408.

11 (a) There is a Partnership for Workforce Quality Advisory Board in the
12 Department.

13 (b) The Board shall advise the Secretary.]

14 [3–409.

15 (a) The Board consists of the following 15 members:

16 (1) one member of the Senate of Maryland appointed by the President of
17 the Senate;

18 (2) one member of the House of Delegates appointed by the Speaker of the
19 House; and

20 (3) the following members appointed by the Governor with the advice of
21 the Secretary and the chair of the Governor’s Workforce Development Board:

22 (i) five representatives of business, of which three shall represent
23 employers with fewer than 100 employees;

24 (ii) three representatives of organized labor;

25 (iii) one representative from the Maryland Higher Education
26 Commission;

27 (iv) one representative from the State Department of Education;

28 (v) one representative from the Governor’s Workforce Development
29 Board; and

1 (vi) two representatives of the general public.

2 (b) (1) The term of a member appointed under subsection (a)(3) of this section
3 is 3 years.

4 (2) The terms of the members appointed under subsection (a)(3) of this
5 section are staggered as required by the terms provided for members of the Board on
6 October 1, 2008.

7 (3) At the end of a term, a member continues to serve until a successor is
8 appointed and qualifies.

9 (4) A member who is appointed after a term has begun serves only for the
10 rest of the term and until a successor is appointed and qualifies.

11 (c) A member of the Board:

12 (1) may not receive compensation as a member of the Board; but

13 (2) is entitled to reimbursement for expenses under the Standard State
14 Travel Regulations.

15 (d) The Governor shall designate the chair of the Board.]

16 [3-410.

17 (a) The Board shall:

18 (1) submit recommendations to the Secretary concerning overall policy for
19 the Program;

20 (2) recommend a system to evaluate requests for assistance under the
21 Program, including eligibility criteria and priorities for assistance;

22 (3) develop criteria to assess and evaluate Program performance and
23 advise the Secretary of the criteria;

24 (4) consult regularly with the Governor's Workforce Development Board
25 and the Maryland Economic Development Commission concerning the activities of the
26 Program;

27 (5) submit a quarterly report on the Program to the Governor's Workforce
28 Development Board; and

29 (6) advise the Secretary on coordination of cooperative activities at the
30 State and local level between the Department, employers, labor, and other public and

1 private entities involved with workforce quality.

2 (b) In recommending a system for evaluating requests for assistance, the Board
3 shall consider the equal distribution of assistance to all subdivisions of the State.]

4 3–411.

5 (a) There is a [Partnership for Workforce Quality] **TALENT ACCELERATOR**
6 **GRANT** Fund in the Department.

7 (b) The Secretary shall manage and supervise the Fund.

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

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

12 (d) The Fund consists of:

13 (1) money appropriated by the State to the Fund;

14 (2) money made available to the Fund through federal programs;

15 (3) private contributions to the Fund;

16 (4) an application or other fee paid to the Program in connection with
17 processing a request for financial assistance; and

18 (5) any other money made available to the Fund.

19 (e) The Department may use money in the Fund for:

20 (1) grants to defray the cost of workforce training; and

21 (2) administrative, actuarial, legal, and technical services for the Program.

22 (f) Any investment earnings shall be credited to the Fund.

23 (g) The Governor shall include in the State budget for each fiscal year an
24 appropriation of at least \$1,000,000 for the [Partnership for Workforce Quality] **TALENT**
25 **ACCELERATOR GRANT** Program.

26 5–102.

27 The Department shall administer the State’s economic development and financial

1 assistance programs and funds including:

2 (1) the BRAC Revitalization and Incentive Zone Program, under Subtitle
3 13 of this title;

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

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

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

8 [(5)] (4) the Make Office Vacancies Extinct Program, under Subtitle 15 of
9 this title;

10 [(6)] (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of
11 this title;

12 [(7)] (6) the Maryland Economic [Development Assistance Authority
13 and] **COMPETITIVENESS** Fund, under Subtitle 3 of this title;

14 [(8)] (7) the Maryland Industrial Development Financing Authority,
15 under Subtitle 4 of this title;

16 [(9)] (8) the Maryland [Small Business Development Financing
17 Authority] **ECONOMIC INCLUSION FUND**, under Subtitle 5 of this title;

18 [(10)] (9) the Appalachian Regional Development Program, under Title 13,
19 Subtitle 1 of this article;

20 [(11)] (10) jointly with the Department of Housing and Community
21 Development, the Community Development Block Grant for Economic Development; **AND**

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

24 (13)] (11) any other programs or funds designated by statute, the
25 Governor, or the Secretary.

26 5–201.

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

28 (b) “Fund” means the Maryland Economic Adjustment Fund.

29 (c) (1) “Working capital” means money for current operations of a business.

1 (2) “Working capital” includes money for supplies, materials, labor,
2 equipment, rent, software, marketing, insurance, and fees for professional services.

3 5–203.

4 (a) There is a Maryland Economic Adjustment Fund in the Department.

5 (b) (1) The Department shall administer the Fund.

6 (2) The Secretary may:

7 (i) delegate to any unit in the Department the underwriting, closing,
8 monitoring, and workout functions for Fund loans; or

9 (ii) contract with another entity to perform these functions.

10 (c) The Maryland Economic Adjustment Fund is a special, nonlapsing revolving
11 fund that is not subject to reversion under § 7–302 of the State Finance and Procurement
12 Article.

13 (d) (1) The Fund consists of:

14 (i) federal money allocated or granted to the Fund, including
15 adjustment implementation grant money designated for the Fund under the Defense
16 Conversion and Defense Economic Adjustment Program of the Economic Development
17 Administration of the United States Department of Commerce;

18 (ii) private money donated or granted to the Fund;

19 (iii) money appropriated by the State to the Fund;

20 (iv) premiums, fees, interest payments, and principal payments on
21 loans made under this subtitle, including a loan financed by the Economic Development
22 Opportunities Program Fund under § 7–314(f) of the State Finance and Procurement
23 Article;

24 (v) proceeds from the sale, disposition, lease, or rental of collateral
25 relating to loans under this subtitle; and

26 (vi) any other money made available to the Fund.

27 (2) This subtitle does not require an appropriation to the Fund from the
28 General Fund of the State, regardless of the availability of other funding sources for the
29 Fund.

30 (e) (1) The Fund shall be used to:

1 (i) make loans to new or existing companies with 50 or fewer
2 employees;

3 (ii) make grants to local or regional governmental or nonprofit
4 economic development revolving loan funds in the State; and

5 (iii) pay all expenses and disbursements authorized by the
6 Department for administering the Fund.

7 (2) A loan to an eligible company under this subtitle may include:

8 (i) advances of loan proceeds for loans; and

9 (ii) to the extent allowed by the regulations of the federal Economic
10 Development Administration of the United States Department of Commerce, money for
11 expenses for administrative, legal, actuarial, technical, and other services.

12 (3) Subject to the restrictions of this subtitle, the Department may make a
13 loan from the Fund to an applicant only if:

14 (i) the applicant meets the qualifications under this subtitle; and

15 (ii) the applicant meets any additional requirements imposed by the
16 source of the money to be loaned.

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

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

20 (3) The Treasurer shall submit a report each year to the Department on:

21 (i) the status of the money invested under this subtitle;

22 (ii) the market value of the assets in the Fund on the date of the
23 report; and

24 (iii) the interest received from investments for the Fund during the
25 reporting period.

26 5–205.

27 (a) An applicant for a loan under this subtitle shall submit to the Department an
28 application on the form that the Department requires.

29 (b) The application shall include:

- 1 (1) a detailed strategic business plan;
- 2 (2) the amount of money required for the activities described in the
3 strategic business plan;
- 4 (3) the money available to the applicant without financial assistance from
5 the Department;
- 6 (4) the amount of financial assistance requested from the Department;
- 7 (5) information relating to the financial status of the applicant, including,
8 if applicable:
- 9 (i) a current balance sheet;
- 10 (ii) a profit and loss statement; and
- 11 (iii) credit references; and
- 12 (6) any other relevant information that the Department requests.

13 **(C) THE DEPARTMENT MAY NOT APPROVE AN APPLICATION FOR FINANCIAL**
14 **ASSISTANCE UNDER THIS SUBTITLE AFTER JUNE 30, 2025.**

15 Subtitle 3. Maryland Economic [Development Assistance Authority and]
16 **COMPETITIVENESS Fund.**

17 5–301.

- 18 (a) In this subtitle the following words have the meanings indicated.
- 19 (b) “Aquaculture project” means a project that encourages innovation, expansion,
20 and modernization of the seafood processing industry or aquaculture industry.
- 21 (c) “Arts and entertainment district” means an area designated by the Secretary
22 as an arts and entertainment district under Title 4, Subtitle 7 of this article.
- 23 (d) “Arts and entertainment enterprise” means a for-profit or nonprofit entity
24 that is:
- 25 (1) located in an arts and entertainment district; and
- 26 (2) dedicated to the visual or performing arts.
- 27 (e) “Arts and entertainment project” means a project that promotes or enhances

1 the development of an arts and entertainment district.

2 (f) (1) “Associated development and carrying costs” means costs that are
3 associated with the acquisition and maintenance of an asset.

4 (2) “Associated development and carrying costs” includes:

5 (i) settlement costs;

6 (ii) insurance;

7 (iii) interest;

8 (iv) taxes;

9 (v) government fees;

10 (vi) utilities; and

11 (vii) the costs of managing and securing the asset.

12 (g) [“Authority” means the Maryland Economic Development Assistance
13 Authority.

14 (h) [“Brownfields Revitalization Incentive Program” means the program in the
15 Department that provides financial assistance from the Fund for the redevelopment of
16 qualified brownfields sites, as provided in Part VI of this subtitle.

17 [(i)] (H) (1) “Brownfields site” means a property that:

18 (i) is located in a county or municipal corporation that elects to
19 participate in the Brownfields Revitalization Incentive Program in accordance with §
20 5–316 of this subtitle; and

21 (ii) is:

22 1. an eligible property, as defined in § 7–501 of the
23 Environment Article, that is owned or operated by an inculpable person, as defined in §
24 7–501 of the Environment Article; or

25 2. a property where there is a release, discharge, or
26 threatened release of oil, as defined in § 4–401 of the Environment Article, that is subject
27 to Title 4 of the Environment Article.

28 (2) “Brownfields site” does not include property that is owned or operated
29 by:

1 (i) a responsible person as defined in § 7–201 of the Environment
2 Article; or

3 (ii) a person responsible for the discharge, as defined in § 4–401 of
4 the Environment Article.

5 **[(j)] (I)** “Child care facility” means a facility that is required to be licensed as a
6 child care center under Title 9.5, Subtitle 4 of the Education Article.

7 **[(k)] (J)** “Child care special loan” means a direct loan to expand or improve child
8 care services at a child care facility, as provided in Part VII of this subtitle.

9 **[(l)] (K)** “Corporation” means the Maryland Economic Development
10 Corporation.

11 **[(m)] (L)** “Financial assistance” means a grant, loan, or investment provided
12 under this subtitle.

13 **[(n)] (M)** “Fund” means the Maryland Economic **[Development Assistance]**
14 **COMPETITIVENESS** Fund.

15 **[(o)] (N)** “Local government development fund” means a revolving, nonlapsing
16 fund that one or more local governments establish for economic development in the areas
17 under their jurisdiction.

18 **[(p)] (O)** “Local economic development opportunity” means a project that:

19 (1) is determined by the Department **[or Authority]** to provide a valuable
20 economic development opportunity to the jurisdiction in which the project is located; and

21 (2) is a priority for and endorsed by the governing body of that jurisdiction.

22 **[(q)] (P)** “Local government” means:

23 (1) a county;

24 (2) a municipal corporation;

25 (3) a designated agency or instrumentality of a county; or

26 (4) a designated agency or instrumentality of a municipal corporation.

27 **[(r)] (Q)** “Qualified brownfields site” means a brownfields site that is determined
28 by the Department to be eligible for financial assistance under this subtitle.

29 **[(s)] (R)** “Responsible person” has the meaning stated in § 7–201 of the

1 Environment Article.

2 **[(t)] (S)** “Significant strategic economic development opportunity” means a
3 project that is determined by the Department **[or Authority]** to provide a valuable economic
4 development opportunity of statewide, regional, or strategic industry impact.

5 **[(u)] (T)** “Specialized economic development opportunity” means:

6 (1) an aquaculture project;

7 (2) an arts and entertainment enterprise;

8 (3) an arts and entertainment project;

9 (4) the redevelopment of a qualified brownfields site; or

10 (5) a project to create or expand a child care facility.

11 **[(v)] (U)** “Tier I county project” means a project that a local government or the
12 Corporation carries out in a Tier I county.

13 **[(w)] (V)** “Working capital” means money to be used for current operations of a
14 business.

15 **[Part II. Maryland Economic Development Assistance Authority.]**

16 **[5–305.**

17 There is a Maryland Economic Development Assistance Authority in the
18 Department.]

19 **[5–306.**

20 (a) The Authority consists of the individuals serving as members of the Maryland
21 Industrial Development Financing Authority under § 5–406 of this title.

22 (b) The members of the Authority shall be appointed in accordance with § 5–407
23 of this title.]

24 **[5–307.**

25 (a) The members of the Authority may act concurrently in their capacities as
26 members of the Authority and of the Maryland Industrial Development Financing
27 Authority.

28 (b) The members of the Authority shall carry out the powers and duties of the

1 Authority under this subtitle whether acting:

2 (1) concurrently as members of the Authority and the Maryland Industrial
3 Development Financing Authority; or

4 (2) as members of either authority alone.

5 (c) The members of the Authority shall conduct the business of the Authority and
6 of the Maryland Industrial Development Financing Authority under Subtitle 4 of this title.]

7 Part III. Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund.

8 5–310.

9 There is a Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund
10 in the Department.

11 5–311.

12 The purposes of the Fund are to:

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

16 (i) aquaculture projects;

17 (ii) arts and entertainment enterprises;

18 (iii) arts and entertainment projects; and

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

20 (2) provide financial assistance for the redevelopment of qualified
21 brownfields sites;

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

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

25 5–312.

26 (a) The Secretary shall administer the Fund.

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

- 1 (iv) Maryland Industrial and Commercial Redevelopment Fund;
- 2 (v) Maryland Industrial Land Fund;
- 3 (vi) Maryland Seafood and Aquaculture Loan Fund; and
- 4 (vii) Smart Growth Economic Development Infrastructure Fund; and
- 5 (10) any other money made available to the Fund.

6 5-314.

7 (a) The Department may use money in the Fund to:

- 8 (1) provide financial assistance to eligible applicants; and
- 9 (2) pay expenses for administrative, actuarial, legal, and technical services
10 for the Fund.

11 (b) The Department periodically shall review its portfolio in an effort to ensure:

- 12 (1) the equitable distribution among the counties of money from the Fund;
- 13 (2) adequate funding for Tier I county projects; and
- 14 (3) that no particular Tier I county benefits disproportionately from
15 financial assistance to Tier I counties under this subtitle.

16 5-315.

17 In accordance with § 2.5-109 of this article, the Department shall report on the
18 number, amount, use, and economic benefits of financial assistance provided under this
19 subtitle.

20 5-316.

21 Financial assistance is deemed authorized under this subtitle if it was provided, or
22 approved to be provided, from the following programs that have been incorporated into the
23 Fund:

- 24 (1) the Brownfields Revitalization Incentive Fund;
- 25 (2) the Child Care Facilities Direct Loan Fund;
- 26 (3) the Child Care Special Loan Fund;

- 1 (4) the Maryland Industrial and Commercial Redevelopment Fund;
- 2 (5) the Maryland Industrial Land Act;
- 3 (6) the Maryland Seafood and Aquaculture Loan Fund; and
- 4 (7) the Smart Growth Economic Development Infrastructure Fund.

5 5–319.

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

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

10 (3) For a Tier I county project, the Secretary may approve financial
11 assistance exceeding \$2,500,000.

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

14 (1) The Department shall evaluate the requests; and

15 (2) The Authority shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (ii) the financing of part of the costs of the project equal to at least
24 10% of the financial assistance to be provided from the Fund; or

25 (iii) both].

26 5-320.

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

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

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

32 (i) except as provided in subsection (b) of this section, is in an

1 eligible industry sector under § 5–321 of this subtitle; and

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

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

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

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

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

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

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

13 (2) for a Tier I county project:

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

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

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

20 5–321.

21 (a) [(1) After consulting with the Department and the Maryland Department
22 of Labor, each year the Maryland Economic Development Commission shall:

23 (i) evaluate the potential employment and economic growth of
24 Maryland's industry sectors; and

25 (ii) recommend eligible industry sectors to the Authority.

26 (2) Each year the Authority shall:

27 (i) consider the recommendation of the Maryland Economic
28 Development Commission; and

29 (ii) establish a list of industry sectors that will be eligible for

1 financial assistance from the Fund.

2 (3) In determining whether an applicant is engaged in an eligible industry
3 sector, the Department shall consider the definitions set forth in the North American
4 Industry Classification System.] **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS**
5 **SECTION, IN ORDER TO BE CONSIDERED ELIGIBLE FOR FINANCIAL ASSISTANCE**
6 **FROM THE FUND, A PROJECT SHALL BE ENGAGED IN AN ELIGIBLE INDUSTRY**
7 **SECTOR AS ESTABLISHED THROUGH § 2.5-106 OF THIS ARTICLE.**

8 (b) (1) For the purpose of providing financial assistance under this subtitle,
9 the following are **ALSO** deemed to be in eligible industry sectors:

- 10 (i) aquaculture projects;
- 11 (ii) arts and entertainment enterprises;
- 12 (iii) arts and entertainment projects;
- 13 (iv) redevelopment of qualified brownfields sites;
- 14 (v) creation or expansion of child care facilities;
- 15 (vi) projects in areas that are declared to be federal disaster areas
16 within 1 year before the Department receives an application for financial assistance under
17 this subtitle; and
- 18 (vii) feasibility studies.

19 (2) The requirements specifically imposed on significant strategic economic
20 development opportunities and local economic development opportunities under this
21 subtitle do not apply to the items listed in paragraph (1) of this subsection.

22 5-322.

23 (a) Financial assistance from the Fund may be used only to finance costs incurred
24 for:

25 (1) construction or acquisition of a building or real property, and associated
26 development and carrying costs;

27 (2) construction, acquisition, or installation of equipment, furnishings,
28 fixtures, leasehold improvements, site improvements, or infrastructure improvements,
29 including rail line enhancements on or to the site of an economic development project, and
30 associated development and carrying costs;

31 (3) working capital for significant strategic economic development
32 opportunities, arts and entertainment enterprises, or arts and entertainment projects;

1 (4) redevelopment of qualified brownfields sites;

2 (5) subject to § 5–325(b)(3) of this subtitle, construction, purchase, or
3 renovation of real property, fixtures, or equipment related to a child care facility;

4 (6) if supported by a resolution adopted by the governing body of the
5 jurisdiction in which a project may be located, feasibility studies;

6 (7) subject to § 5–325(b)(4) of this subtitle, preparation of a county's or
7 municipal corporation's strategy or plan for economic development; and

8 (8) a project intended to assist businesses in areas that are declared to be
9 federal disaster areas, but only if the Department receives an application for financial
10 assistance within 1 year after the declaration of the federal disaster area.

11 (b) Financial assistance from the Fund may not be used to refinance existing debt.
12 5–323.

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

14 (1) \$10,000,000; or

15 (2) 20% of the Fund balance.

16 5–324.

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

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

22 (c) If the Department [or Authority] determines a project to be a local economic
23 development opportunity, the Department [or Authority] may provide financial assistance
24 from the Fund for the project to an individual, private business, nonprofit entity, or the
25 Corporation in an amount not exceeding:

26 (1) ~~[\$5,000,000]~~ **\$7,500,000** for a loan or investment; and

27 (2) ~~[\$2,000,000]~~ **\$5,000,000** for a grant.

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

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

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

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

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

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

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

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

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

14 5-325.

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

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

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

23 (i) the recipient is the Corporation; or

24 (ii) the financial assistance is for:

25 1. an arts and entertainment enterprise;

26 2. an arts and entertainment project; or

27 3. a Tier I county project.

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

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

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

6 (ii) Financial assistance from the Fund may be used to finance up to
7 20% of the costs described in subparagraph (i) of this paragraph incurred by a business that
8 has received or will receive a day care loan insured by the Maryland Industrial
9 Development Financing Authority.

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

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

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

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

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

17 (ii) a specialized economic development opportunity.

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

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

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

24 (ii) to a local government.

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

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

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

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

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

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

7 (1) for working capital, 3 years;

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

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

12 (4) for financing the redevelopment of a qualified brownfields site or a Tier
13 I county project, a term approved by the Department or Authority] **THE DEPARTMENT**
14 **SHALL DETERMINE WHETHER A LOAN FROM THE FUND SHALL BEAR INTEREST AND,**
15 **IF SO, THE INTEREST RATE.**

16 5-329.

17 (a) A local government may apply to the Department for a grant from the Fund
18 to a local economic development fund.

19 (b) In determining whether to approve a grant to a local economic development
20 fund, the Department [or Authority] shall consider and determine:

21 (1) the average rate of unemployment for the local jurisdiction in
22 comparison to the average rate of unemployment for the State;

23 (2) whether the local government currently administers a local economic
24 development fund;

25 (3) the ability of the local government to leverage private money;

26 (4) the level of financial commitment provided by the local government;
27 and

28 (5) any other factors that the Department [or Authority] considers
29 relevant.

30 5-338.

1 (d) (1) The Department shall notify the person whether the person qualifies
2 for financial assistance for the redevelopment of a brownfields site within 30 days after the
3 Department receives a request under subsection (c) of this section if:

4 (i) the Department of the Environment approves the participation
5 in the Voluntary Cleanup Plan or a corrective action plan; and

6 (ii) the Department [or Authority] approves the financial assistance.

7 (2) The notice shall specify which of the criteria in subsection (b) of this
8 section that the person meets.

9 5-401.

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

11 (b) “Authority” means the Maryland Industrial Development Financing
12 Authority.

13 (p) “Fund” means the Industrial Development Fund established under § 5-423 of
14 this subtitle.

15 **5-464.**

16 **THE AUTHORITY AND THE SECRETARY MAY NOT APPROVE FINANCIAL**
17 **ASSISTANCE FROM THE FUND OR THE ISSUANCE OF BONDS UNDER THIS SUBTITLE**
18 **AFTER JUNE 30, 2025.**

19 Subtitle 5. Maryland [Small Business Development Financing Authority] **ECONOMIC**
20 **INCLUSION FUND.**

21 5-501.

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

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

25 (c)] “Financial institution” means:

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

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

29 **(C) “FUND” MEANS THE MARYLAND ECONOMIC INCLUSION FUND.**

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

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

5 (e) (1) “Working capital” means money used to meet the cash needs of an
6 operating business entity.

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

8 5–502.

9 (a) The General Assembly finds that:

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

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

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

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

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

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

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

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

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

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

6 (3) to encourage financial institutions to make loans to these individuals;
7 and

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

11 Part II. Maryland [Small Business Development Financing Authority] **ECONOMIC**
12 **INCLUSION FUND.**

13 5–505.

14 (A) There is a Maryland [Small Business Development Financing Authority]
15 **ECONOMIC INCLUSION FUND** in the Department.

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

18 (C) **THE TREASURER SHALL:**

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

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

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

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

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

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

29 (D) (1) **THE FUND IS THE SUCCESSOR OF THE SMALL BUSINESS**

1 **DEVELOPMENT CONTRACT FINANCING FUND, THE SMALL BUSINESS**
2 **DEVELOPMENT GUARANTY FUND, THE EQUITY PARTICIPATION INVESTMENT**
3 **INCENTIVE PROGRAM FUND, AND THE SMALL BUSINESS SURETY BOND FUND**
4 **ESTABLISHED UNDER THE MARYLAND SMALL BUSINESS DEVELOPMENT**
5 **FINANCING AUTHORITY.**

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

10 **[5-506.**

11 (a) The Authority consists of the following nine members:

12 (1) seven members appointed by the Governor;

13 (2) the Secretary or the Secretary's designee; and

14 (3) (i) the Comptroller or the Treasurer as designated by the Governor;

15 or

16 (ii) the designee of the Governor's designee.

17 (b) (1) The term of an appointed member is 5 years.

18 (2) The terms of appointed members are staggered as required for
19 appointments to the Authority on October 1, 2008.

20 (3) At the end of a term, an appointed member continues to serve until a
21 successor is appointed and qualifies.

22 (4) A member who is appointed after a term has begun serves only for the
23 rest of the term and until a successor is appointed and qualifies.

24 (c) The Governor may remove an appointed member for cause.]

25 **5-506.**

26 **THE FUND CONSISTS OF:**

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

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

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

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

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

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

10 **(7) PREMIUMS FOR GUARANTEEING LONG TERM LOANS UNDER §**
11 **5-523 OF THIS SUBTITLE;**

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

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

21 **(10) MONEY THAT THE STATE APPROPRIATES TO THE FUND;**

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

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

27 **(13) REPAYMENT OF FINANCIAL ASSISTANCE PROVIDED FROM THE**
28 **MARYLAND ECONOMIC ADJUSTMENT FUND ESTABLISHED UNDER § 5-203 OF THIS**
29 **ARTICLE; AND**

30 **(14) ALL OTHER RECEIPTS OF THE DEPARTMENT UNDER THIS**
31 **SUBTITLE.**

1 [5-507.

2 (a) The Authority shall elect a chair, vice chair, and treasurer from among its
3 members.

4 (b) The Authority shall determine the manner of election of officers and their
5 terms.]

6 **5-507.**

7 **AT LEAST HALF OF THE ANNUAL APPROPRIATION TO THE FUND MUST BE**
8 **RESERVED FOR BUSINESS ACTIVITIES INCLUDED ON THE LIST OF INDUSTRIES AND**
9 **ACTIVITIES DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF**
10 **THIS ARTICLE.**

11 [5-508.

12 (a) (1) Four members of the Authority are a quorum.

13 (2) The Authority may not act on any matter unless at least four members
14 in attendance concur.

15 (b) The Authority shall determine the times and places of its meetings.

16 (c) A member of the Authority is entitled to reimbursement for expenses under
17 the Standard State Travel Regulations, as provided in the State budget.

18 (d) The Authority may employ a staff in accordance with the State budget.]

19 **5-508.**

20 **IN ORDER TO ADMINISTER THE FUND, THE DEPARTMENT MAY:**

21 **(1) CONTRACT FOR AND ENGAGE THE SERVICES OF A PRIVATE**
22 **MARYLAND CORPORATION TO ADMINISTER SOME OR ALL OF THE PROGRAMS OF THE**
23 **FUND;**

24 **(2) CONTRACT FOR AND ACCEPT, TO CARRY OUT THIS SUBTITLE, A**
25 **LOAN OR GRANT FROM THE FEDERAL GOVERNMENT, A POLITICAL SUBDIVISION OF**
26 **THE STATE, OR ANY OTHER SOURCE;**

27 **(3) PURCHASE, RECEIVE, LEASE AS LESSEE, OR OTHERWISE ACQUIRE,**
28 **SELL, MORTGAGE, LEASE AS LESSOR, PLEDGE, ADMINISTER, DISPOSE OF, OR**
29 **OTHERWISE DEAL WITH PROPERTY GIVEN AS COLLATERAL UNDER A LOAN**

1 **AGREEMENT ON THE TERMS AND CONDITIONS IT CONSIDERS ADVISABLE;**

2 **(4) ADOPT REGULATIONS NECESSARY TO CARRY OUT ITS POWERS;**

3 **(5) ACQUIRE OR TAKE ASSIGNMENTS OF LOAN DOCUMENTS; AND**

4 **(6) DO ANYTHING NECESSARY OR CONVENIENT TO CARRY OUT ITS**
5 **POWERS.**

6 [5-509.

7 (a) (1) The Executive Director is the chief administrative officer of the
8 Authority.

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

10 (i) appoint the Executive Director; or

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

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

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

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

19 (2) attend all meetings of the Authority;

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

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

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

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

26 [5-510.

27 A member of the Authority may not participate in any decision related to the
28 approval of financial assistance if the member has any interest in:

1 (1) the applicant for the assistance; or

2 (2) the financial institution seeking a guaranty or an interest subsidy or
3 both.]

4 [5-511.

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

9 (b) (1) The Department may contract for and engage the services of some or
10 all of the Authority staff to administer the programs of the Authority, for a period of 3 years,
11 if the Authority staff has organized itself as a private Maryland corporation.

12 (2) The Department may:

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

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

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

19 (c) In its name the corporation may use "Maryland Small Business Development
20 Financing Agency", "MSBDFEA, Inc.", or any close approximation of those terms.]

21 [5-512.

22 (a) The Authority exercises its powers and performs its duties subject to the
23 authority of the Secretary.

24 (b) The Authority may:

25 (1) adopt bylaws for the conduct of its business;

26 (2) adopt a seal;

27 (3) maintain offices in the State;

28 (4) sue and be sued in its own name;

29 (5) retain consultants;

1 (6) use the services of governmental units;

2 (7) contract for and accept, to carry out this subtitle, a loan or grant from
3 the federal government, a political subdivision of the State, or any other source;

4 (8) purchase, receive, lease as lessee, or otherwise acquire, sell, mortgage,
5 lease as lessor, pledge, administer, dispose of, or otherwise deal with property given as
6 collateral under a loan agreement on the terms and conditions it considers advisable;

7 (9) adopt regulations necessary to carry out its powers;

8 (10) acquire or take assignments of loan documents; and

9 (11) do anything necessary or convenient to carry out its powers.

10 (c) The Authority shall:

11 (1) in its internal functions, follow the procedures of the State that govern
12 the purchase of office space, supplies, facilities, materials, equipment, and professional
13 services;

14 (2) keep proper records of its accounts;

15 (3) keep separate records for:

16 (i) the Small Business Development Contract Financing Fund
17 under Part III of this subtitle;

18 (ii) the Small Business Development Guaranty Fund under Part IV
19 of this subtitle;

20 (iii) the Equity Participation Investment Program Fund under Part
21 V of this subtitle; and

22 (iv) the Small Business Surety Bond Fund under Part VI of this
23 subtitle; and

24 (4) in accordance with § 2.5–109 of this article, submit a report on its
25 condition and operations.]

26 [5–513.

27 (a) In any action, service of process on the Authority shall be made by service on
28 the Executive Director of the Authority.

29 (b) Service may be made in person or by leaving a copy of the process at the office

1 of the Executive Director with the individual in charge of the office.]

2 [5-514.

3 (a) Notwithstanding § 10-469(e) and (f) of this article or any other law, the
4 following money shall be payable into the funds under this subtitle:

5 (1) any recovery of investments made under § 10-469 of this article that
6 were funded by a transfer of money from the funds under this subtitle to the Enterprise
7 Fund, including an investment in MMG Ventures LLP; and

8 (2) any repayment of a grant made under § 10-469 of this article that was
9 funded by a transfer of money from the funds under this subtitle to the Enterprise Fund.

10 (b) The Authority shall determine the proportion of the recovery or repayment
11 payable under subsection (a) of this section that shall be deposited into each of the funds
12 under this subtitle.]

13 **5-509. RESERVED.**

14 **5-510. RESERVED.**

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

16 [5-517.] **5-511.**

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

19 [5-518.] **5-512.**

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

22 [5-519.

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

24 [5-520.

25 The Authority shall administer the Fund.]

26 [5-521.

27 (a) The Fund is a special, nonlapsing fund that is not subject to reversion under

1 § 7–302 of the State Finance and Procurement Article.

2 (b) The Treasurer shall:

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

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

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

11 [5–522.

12 The Fund consists of:

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

14 (2) premiums for guaranteeing equity investments under § 5–525(b) of this
15 subtitle;

16 (3) repayments of principal of and interest on direct loans made under §
17 5–525(c) of this subtitle;

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

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

21 [5–523.

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

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

27 [5–524.] **5–513.**

28 The [Authority] **DEPARTMENT** may use the Fund for:

29 (1) loan guaranties made under [§ 5–525(a)] **§ 5–514(A)** of this subtitle;

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

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

6 1. working capital; or

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

10 (2) The [Authority] DEPARTMENT may not guarantee the equity
11 investment of a person who:

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

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

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

15 1. the applicant; or

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

18 (c) (1) The [Authority] DEPARTMENT may use the Fund to lend money to an
19 applicant only if:

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

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

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

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

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

28 1. working capital; or

29 2. equipment needed to perform the contract, if the contract

1 proceeds can repay the cost of the equipment and if the [Authority] DEPARTMENT has
2 entered into an agreement with the applicant to secure the loan.

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

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

9 ~~[5-526.]~~ **5-515.**

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

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

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

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

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

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

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

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

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

32 2. geographical or regional economic distress; or

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

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

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

9 ~~[5-527.]~~ **5-516.**

10 (a) To apply for financial assistance from the Fund under ~~[§ 5-525]~~ **§ 5-514** of
11 this subtitle, an applicant shall submit to the ~~[Authority]~~ **DEPARTMENT** an application on
12 the form that the ~~[Authority]~~ **DEPARTMENT** provides **WITH THE INFORMATION THE**
13 **DEPARTMENT REQUIRES.**

14 [(b) The application shall:

15 (1) describe the project in detail;

16 (2) itemize known and estimated costs;

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

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

20 (5) specify the amount of financial assistance requested from the
21 Authority;

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

24 (7) provide information that demonstrates the financial status of the
25 applicant, including:

26 (i) a current balance sheet;

27 (ii) a profit and loss statement; and

28 (iii) credit references; and

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

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

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

7 [5-528.] **5-517.**

8 (a) The [Authority] **DEPARTMENT** may set the terms and conditions for a loan
9 guaranty made under [§ 5-525(a)] **§ 5-514(A)** of this subtitle.

10 (b) (1) If the [Authority] **DEPARTMENT** decides to lend money from the Fund
11 to an applicant under [§ 5-525(c)] **§ 5-514(C)** of this subtitle, the [Authority]
12 **DEPARTMENT** shall prepare loan documents that include:

13 (i) the interest rate on the loan that equals the market rate for a
14 conventional loan of comparable risk unless the [Authority] **DEPARTMENT** determines
15 that a lower rate better serves the purposes of this subtitle;

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

18 (iii) a requirement that the applicant and the [Authority]
19 **DEPARTMENT** co-sign each request for an advance of money before release of the money;
20 and

21 (iv) provisions for repayment of the loan.

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

25 [5-529.]

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

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

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

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

1 ~~[5-530.] 5-518.~~

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

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

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

8 (2) affecting financial assistance whether or not the assistance has already
9 been extended.

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

12 **5-519. RESERVED.**

13 **5-520. RESERVED.**

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

15 ~~[5-533.] 5-521.~~

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

18 ~~[5-534.] 5-522.~~

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

20 ~~[5-535.~~

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

22 ~~[5-536.~~

23 The Authority shall administer the Fund.]

24 ~~[5-537.~~

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

27 (b) The Treasurer shall:

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

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

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

9 [5-538.

10 The Fund consists of:

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

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

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

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

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

20 [5-539.] **5-523.**

21 The [Authority] **DEPARTMENT** may use the Fund for:

22 (1) guaranty payments made under [§ 5-540(a)] **§ 5-524(A)** of this
23 subtitle;

24 (2) interest subsidy payments under [§ 5-540(b)] **§ 5-524(B)** of this
25 subtitle; and

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

27 [5-540.] **5-524.**

28 (a) (1) The [Authority] **DEPARTMENT** may use the Fund to guarantee up to
29 80% of the principal of and interest on a long-term loan made by a financial institution to

1 an applicant only if:

2 (i) the applicant meets the requirements under [§ 5-541] **§ 5-525**
3 of this subtitle and has not violated [§ 5-545] **§ 5-528** of this subtitle;

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

7 (iii) the loan is used for:

8 1. working capital;

9 2. refinancing the applicant's existing debt;

10 3. acquisition and installation of equipment;

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

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

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

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

22 (2) (i) The [Authority] **DEPARTMENT** may only approve a guaranty
23 under this section if the [Authority] **DEPARTMENT** determines that the loan to be
24 guaranteed will have a substantial economic impact.

25 (ii) To determine the economic impact of a loan, the [Authority]
26 **DEPARTMENT** may consider:

27 1. the amount of the guaranty obligation;

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

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

30 4. any other factor that the [Authority] **DEPARTMENT**

1 considers relevant.

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

4 (2) The subsidy:

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

6 (ii) may not exceed 4%;

7 (iii) shall be payable quarterly; and

8 (iv) shall be made to the financial institution that makes the loan
9 that the [Authority] DEPARTMENT guarantees.

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

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

12 2. the discount interest rate that the Federal Reserve Bank
13 uses.

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

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

19 (c) In providing financial assistance under this section, the [Authority]
20 DEPARTMENT shall recognize the need to serve applicants from all political subdivisions
21 in the State.

22 **[5-541.] 5-525.**

23 (a) If the applicant is a sole proprietor, to qualify for financial assistance under
24 this part the applicant shall satisfy the [Authority] DEPARTMENT 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

1 of the applicant is in the State; and

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

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

7 (ii) has an identifiable physical handicap that severely limits the
8 ability of the applicant to obtain financial assistance, but that does not limit the ability of
9 the applicant to perform the contract or other activity for which the applicant would be
10 receiving financial assistance;

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

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

16 2. geographical or regional economic distress; or

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

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

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

24 **[5-542.] 5-526.**

25 (a) To apply for financial assistance from the Fund, a financial institution shall
26 submit to the [Authority] **DEPARTMENT** an application on the form that the [Authority]
27 **DEPARTMENT** provides **WITH THE INFORMATION THE DEPARTMENT REQUIRES.**

28 [(b) The application shall include:

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

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

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

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

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

7 (6) information that demonstrates the financial status of the applicant,
8 including:

9 (i) a current balance sheet;

10 (ii) a profit and loss statement; and

11 (iii) credit references;

12 (7) a proposed disbursement schedule;

13 (8) a proposed amortization schedule;

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

16 (10) information that shows that the applicant satisfies the requirements of
17 § 5-541 of this subtitle; and

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

19 [(c) (B) The [Authority] DEPARTMENT may require an applicant to provide an
20 audit report and balance sheet certified by an independent certified public accountant in
21 accordance with generally accepted accounting principles before the [Authority]
22 DEPARTMENT approves or denies the application.

23 [5-543.] 5-527.

24 A guaranty shall contain terms and conditions that the [Authority] DEPARTMENT
25 determines to be appropriate.

26 [5-544.

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

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

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

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

5 **[5-545.] 5-528.**

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

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

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

12 (2) affecting financial assistance whether or not the assistance has already
13 been extended.

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

16 **[5-546.] 5-529.**

17 If an applicant or financial institution violates any provision of the loan documents
18 or ceases to meet the requirements of this part, on reasonable notice to the applicant or
19 financial institution, the [Authority] **DEPARTMENT** may:

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

22 (2) withhold from the financial institution further interest subsidy
23 payments until the financial institution complies with the loan documents or requirements;
24 and

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

26 **5-530. RESERVED.**

27 **5-531. RESERVED.**

28 Part V. Equity Participation Investment Program.

29 **[5-549.] 5-532.**

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

2 (b) (1) “Enterprise” means a business entity proposing to carry on a business
3 in the State that meets the requirements of [~~§ 5–526~~] **§ 5–515** of this subtitle.

4 (2) “Enterprise” includes:

5 (i) a sole proprietorship;

6 (ii) a partnership;

7 **(III) A LIMITED LIABILITY CORPORATION;**

8 ~~[(iii)]~~ **(IV)** a limited partnership;

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

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

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

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

15 (e) [~~“Fund”~~] means the Equity Participation Investment Program Fund.

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

17 ~~[(g)]~~ **(F)** “Qualified security” means:

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

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

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

21 (4) an investment contract;

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

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

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

1 purchase a qualified security.

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

4 **[5-550.] 5-533.**

5 (a) The General Assembly finds that:

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

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

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

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

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

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

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

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

24 **[5-551.] 5-534.**

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

26 **[5-552.**

27 The Authority shall administer the Program.]

28 **[5-553.] 5-535.**

29 The **[Authority] DEPARTMENT** may:

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

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

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

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

9 [5-554.

10 There is an Equity Participation Investment Program Fund.]

11 [5-555.] **5-536.**

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

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

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

17 (c) The Fund consists of:

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

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

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

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

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

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

29 (d) The [Authority] **DEPARTMENT** shall use the Fund to:

- 1 (1) purchase qualified securities that an enterprise issues to provide equity
2 participation financing as the Program allows;
- 3 (2) provide guaranties of investments to expand the capital resources of
4 enterprises;
- 5 (3) purchase advisory services and technical assistance consistent with the
6 Program;
- 7 (4) purchase securities in which a fiduciary of the State may lawfully
8 invest;
- 9 (5) provide equity participation financing as the Program allows; and
- 10 (6) pay for administrative, legal, and actuarial services that relate to the
11 Program.

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

- 14 (1) royalties from enterprises in amounts to be determined by the
15 Authority; and
- 16 (2) interest payments from any debt securities.

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

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

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

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

25 [5-556.] **5-537.**

26 [(a)] The [Authority] **DEPARTMENT** may provide equity participation financing
27 under the Program only after the enterprise submits an application [that contains a
28 business plan that meets the requirements of subsection (b) of this section] **ON THE FORM**
29 **THAT THE DEPARTMENT PROVIDES WITH THE INFORMATION THE DEPARTMENT**
30 **REQUIRES.**

1 **[(b)** The business plan of an enterprise shall include:

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

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

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

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

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

10 **[5-557.] 5-538.**

11 (a) (1) Under the Program the **[Authority] DEPARTMENT** may not:

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

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

17 (2) The amount of the **[Authority's] DEPARTMENT'S** equity participation
18 financing in an enterprise may not exceed \$2,000,000.

19 (3) Before providing equity participation financing, the **[Authority]**
20 **DEPARTMENT** shall find that there is a reasonable probability that the **[Authority]**
21 **DEPARTMENT** will recover its initial investment and an adequate return on investment
22 from the equity participation financing.

23 (4) The **[Authority's] DEPARTMENT'S** investment shall be recoverable
24 within 7 years after the equity participation financing.

25 (5) The **[Authority's] DEPARTMENT'S** recovery shall be the greater of:

26 (i) the current value of the percentage of the equity investment in
27 the enterprise; or

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

29 (6) If there is a dispute between the borrower and the **[Authority]**
30 **DEPARTMENT** as to the value of the business entity at the time of recovery, the value shall

1 be determined after obtaining at least one independent appraisal of the value from an
2 appraiser selected from a list of at least three appraisers supplied by the [Authority]
3 **DEPARTMENT**.

4 (b) When an enterprise applies to the [Authority] **DEPARTMENT** for equity
5 participation financing to acquire an existing business, an enterprise or its principals shall
6 have:

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

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

11 (c) The [Authority] **DEPARTMENT** may provide equity participation financing
12 for the acquisition of an existing business if the existing business:

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

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

15 (3) has sufficient cash flow to service the debt and ensure adequate return
16 of the [Authority's] **DEPARTMENT'S** investment;

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

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

19 (6) has a strong customer base.

20 (d) If the applicant enterprise is a sole proprietorship, to qualify for financial
21 assistance under this part, the applicant shall satisfy the [Authority] **DEPARTMENT** that:

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

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

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

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

30 (i) belongs to a group that historically has been deprived of access

1 to normal economic or financial resources [because of race, color, creed, sex, religion, or
2 national origin];

3 (ii) has an identifiable physical handicap that severely limits the
4 ability of the applicant to obtain financial assistance, but that does not limit the ability of
5 the applicant to perform the contract or other activity for which the applicant would be
6 receiving financial assistance;

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

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

12 2. geographical or regional economic distress; or

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

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

18 **[5-558.] 5-539.**

19 The liability of the State and of the [Authority] **DEPARTMENT** in providing equity
20 participation financing is limited to investments under the Program.

21 **[5-559.]**

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

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

27 **5-540. RESERVED.**

28 **5-541. RESERVED.**

29 Part VI. Small Business Surety Bond Program.

30 **[5-561.] 5-542.**

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

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

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

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

6 [5-562.] **5-543.**

7 There is a Small Business Surety Bond [Fund] **PROGRAM WITHIN THE FUND.**

8 [5-563.

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

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

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

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

16 [5-564.

17 The Fund consists of:

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

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

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

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

24 [5-565.

25 The Fund shall be used:

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

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

2 [5-566.] 5-544.

3 In administering the Program, the [Authority] DEPARTMENT may:

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

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

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

8 (i) acquire, manage, operate, dispose of, or otherwise deal with
9 property;

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

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

13 [5-567.] 5-545.

14 The [Authority] DEPARTMENT may:

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

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

21 (3) set and collect premiums, fees, charges, costs, and expenses in
22 connection with any assistance the [Authority] DEPARTMENT provides under the
23 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.] 5-546.

28 (a) The [Authority] DEPARTMENT may guarantee a surety up to the lesser of
29 90% or [\$2,250,000] **\$3,000,000** of its loss under a bid bond, payment bond, or performance

1 bond on a contract [financed by the federal government, a state government, a local
2 government, a private entity, or a utility that the Public Service Commission regulates].

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

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

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

7 (c) The [Authority] DEPARTMENT may vary the terms and conditions of a
8 guaranty based on:

9 (1) the [Authority's] DEPARTMENT'S history of experience with a surety;
10 and

11 (2) any other factor the [Authority] DEPARTMENT considers relevant.

12 [5-569.] **5-547.**

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

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

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

20 (c) Bonds are subject to the approval of the [Authority] DEPARTMENT based on
21 the bond worthiness of the principal.

22 [5-570.] **5-548.**

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

26 (b) To determine the economic impact of a contract, the [Authority]
27 DEPARTMENT may consider:

28 (1) the amount of the guaranty obligation;

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

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

2 (4) any other factor that the [Authority] DEPARTMENT considers
3 relevant.

4 [5-571.] 5-549.

5 The [Authority] DEPARTMENT may establish a surety bonding line to issue or
6 guarantee multiple bonds to a principal within preapproved terms, conditions, and
7 limitations.

8 [5-572.] 5-550.

9 (a) To qualify for financial assistance under this part the principal shall satisfy
10 the [Authority] DEPARTMENT that the principal:

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

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

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

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

20 (b) To qualify for financial assistance under this part the principal shall certify to
21 the [Authority] DEPARTMENT, and the [Authority] DEPARTMENT shall be satisfied,
22 that:

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

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

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

29 [5-573.] 5-551.

30 (a) To apply for financial assistance from the Program under this part, a principal
31 and, if applicable, a surety shall submit to the [Authority] DEPARTMENT an application

1 on the form that the [Authority] DEPARTMENT provides WITH THE INFORMATION THE
2 DEPARTMENT REQUIRES.

3 (b) [The application shall include:

4 (1) a detailed description of the project;

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

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

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

8 (5) the bonding assistance sought;

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

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

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

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

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

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

22 (1) 2 years have passed since the time of the default; and

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

25 [5-574.] 5-552.

26 (a) In its sole discretion, the [Authority] DEPARTMENT may set:

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

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

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

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

6 ~~[5-575.] 5-553.~~

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

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

12 (1) on an application for assistance; or

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

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

18 5-1001.

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

20 (b) “Fund” means the Military Personnel and Veteran-Owned Small Business
21 No-Interest Loan Fund established under § 5-1006 of this subtitle.

22 [(c) “Service-disabled veteran” means a veteran with a disability that is
23 service-connected, as defined in 38 U.S.C. § 101(16).

24 (d) (1) “Small business employer” means an employer who employed an
25 average of 50 or fewer employees on business days during the calendar year preceding the
26 determination of eligibility for a loan under this subtitle.

27 (2) For purposes of paragraph (1) of this subsection, all persons treated as
28 a single employer under § 414(b), (c), (m), or (o) of the Internal Revenue Code shall be
29 treated as a single employer under this subtitle.

30 (e) “Veteran-owned small business” means a small business that is at least 51%
31 owned by a veteran as defined in 38 U.S.C. § 101(2).]

1 **(C) “VETERAN-OWNED SMALL BUSINESS ENTERPRISE” HAS THE MEANING**
2 **STATED IN § 14-601 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

3 5-1002.

4 (a) Subject to the availability of funds, the Department, in consultation with the
5 Department of Veterans and Military Families, shall establish a program to provide
6 no-interest loans under this subtitle to[:

7 (1) small business employers of military reservists and National Guard
8 personnel who are called to active duty;

9 (2) businesses owned by military reservists and National Guard personnel
10 who are called to active duty;

11 (3) veteran-owned small businesses; and

12 (4) businesses employing a service-disabled veteran] **VETERAN-OWNED**
13 **SMALL BUSINESS ENTERPRISES AS CERTIFIED BY THE GOVERNOR’S OFFICE OF**
14 **SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS.**

15 (b) [If the availability of funds is limited, in making loans under this subtitle, the
16 Department, in consultation with the Department of Veterans and Military Families, shall
17 give priority to the businesses described in subsection (a)(2) and (3) of this section.

18 (c)] In making loans under this subtitle, the Department, in consultation with the
19 Department of Veterans and Military Families, shall take into consideration how to
20 maximize the number of [veterans, military reservists, and National Guard personnel]
21 **VETERAN-OWNED SMALL BUSINESS ENTERPRISES** who would benefit from loans made
22 under this subtitle.

23 [5-1003.

24 Loans shall be made under this subtitle for the purposes of:

25 (1) providing financial support to:

26 (i) a business owned by a military reservist or National Guard
27 member who is called to active duty; or

28 (ii) a small business employer of a military reservist or National
29 Guard member who is called to active duty;

30 (2) making the home, motor vehicle, or place of employment of a veteran
31 accessible to individuals with disabilities, including purchasing equipment necessary to

1 enable a business to employ a service–disabled veteran or to enable a service–disabled
2 veteran to operate a business; and

3 (3) defraying other necessary expenses, as determined by the Department
4 of Veterans and Military Families, incurred by:

5 (i) a business employing a service–disabled veteran; or

6 (ii) a veteran–owned small business.]

7 [5–1004.

8 (a) A loan made under this subtitle for the purpose of providing financial support
9 to a business owned by an individual who is called to active duty or to a small business
10 employer of an individual who is called to active duty:

11 (1) may be made at any time from the individual’s receipt of orders to
12 report to 6 months after the end of the individual’s active duty; and

13 (2) shall be subject to criteria for eligibility and priority established by the
14 Department of Veterans and Military Families, including the extent to which the individual
15 who is called to active duty is an essential employee of the business.

16 (b) A loan made under this subtitle for the purpose of making accessible to
17 individuals with disabilities the home, motor vehicle, or place of employment of a
18 service–disabled veteran may be made at any time.]

19 [5–1005.

20 (a) The Department shall administer the loan program authorized under this
21 subtitle.

22 (b) The Department of Veterans and Military Families shall establish eligibility
23 criteria for loans under this subtitle.]

24 [5–1006.] **5–1003.**

25 (a) There is a Military Personnel and Veteran–Owned Small Business
26 No–Interest Loan Fund.

27 (b) The purpose of the Fund is to provide no–interest loans consistent with this
28 subtitle.

29 (c) The Secretary shall administer the Fund.

30 (d) (1) The Fund is a special, nonlapsing fund that is not subject to reversion

1 under § 7–302 of the State Finance and Procurement Article.

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

4 (3) Any investment earnings of the Fund shall be credited to the Fund.

5 (e) The Fund consists of:

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

7 (2) money made available to the Fund through federal programs or private
8 contributions;

9 (3) repayments from loans provided by the Department under this subtitle;

10 (4) proceeds from the sale, disposition, lease, or rental of collateral related
11 to loans provided by the Department under this subtitle; and

12 (5) any other money made available to the Fund.

13 (f) The Department may use money in the Fund to provide loans to eligible
14 applicants under [§§ 5–1002 through 5–1004] **§ 5–1002** of this subtitle.

15 [5–1007.

16 (a) The Department shall adopt regulations to carry out this subtitle.

17 (b) The Department of Veterans and Military Families may adopt regulations
18 concerning eligibility criteria for loans under this subtitle.]

19 5–1204.

20 (a) (1) (ii) 4. If the money in the Account exceeds \$1,000,000, any
21 money in excess of that amount shall be transferred to the [Small, Minority, and
22 Women–Owned Businesses] **REINVEST FOR SUCCESS** Account established under §
23 5–1501 of this title.

24 Subtitle 15. [Small, Minority, and Women–Owned Businesses] **REINVEST FOR**
25 **SUCCESS** Account.

26 5–1501.

27 (a) There is a [Small, Minority, and Women–Owned Businesses] **REINVEST FOR**
28 **SUCCESS** Account under the authority of the Department.

1 5–2401.

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

3 (b) “Fund” means the Industry 4.0 Technology Grant Fund.

4 (c) (1) “Industry 4.0 technology” means smart hardware and software
5 manufacturing technologies.

6 (2) “Industry 4.0 technology” includes:

7 (i) advanced sensor integration;

8 (ii) embedded software system applications;

9 (iii) robotics and autonomous equipment that collect data;

10 (iv) enterprise resource planning (ERP) and data analytics software;

11 (v) cloud computing and cybersecurity solutions;

12 (vi) artificial intelligence (AI) for continuous improvement of
13 efficiency and productivity; and

14 (vii) infrastructure required to implement a qualifying technology.

15 (d) “Program” means the Industry 4.0 Technology Grant Program.

16 (e) “Program administrator” means the entity that has authority to administer
17 the Program.

18 (f) “SME manufacturer” means a small or medium–sized enterprise
19 manufacturer.

20 5–2402.

21 (a) There is an Industry 4.0 Technology Grant Program in the Department.

22 (b) The Department may enter into a memorandum of understanding with a
23 State–chartered corporation under Title 10 of this article to authorize the State–chartered
24 corporation to administer the Program in accordance with this subtitle.

25 (c) The purpose of the Program is to assist SME manufacturers in the purchase,
26 implementation, and related employee training of Industry 4.0 technology and related
27 infrastructure in order to increase productivity, efficiency, and competitiveness in the State
28 and national manufacturing environment.

1 (d) To qualify for a grant under the Program, an SME manufacturer shall submit
2 to the Program administrator an application that demonstrates that:

3 (1) the company is a qualifying SME manufacturer;

4 (2) the company has business operations in Maryland; and

5 (3) the company has been in existence for over 1 year.

6 (e) (1) **[In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN**
7 **awarding grants under the Program, the Program administrator shall award grants on a**
8 **competitive basis based on:**

9 (i) the proposed project's alignment with adoption of Industry 4.0
10 technologies;

11 (ii) the applicant's demonstrated overall commitment to, or strategy
12 for, Industry 4.0 technology adoption;

13 (iii) the demonstrated positive impact of the Industry 4.0 technology
14 on the applicant's business operations and competitiveness; and

15 (iv) any other information requested by the Program administrator.

16 **(2) THE DEPARTMENT SHALL PRIORITIZE AWARDING GRANTS TO**
17 **SME MANUFACTURERS ENGAGED IN THE SECTORS AND ACTIVITY INCLUDED ON**
18 **THE LIST ESTABLISHED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF**
19 **THIS ARTICLE.**

20 **[(2)] (3)** Subject to paragraph **[(3)] (4)** of this subsection, the Department
21 shall award to an eligible SME manufacturer a grant of at least \$25,000, but not exceeding
22 \$500,000.

23 **[(3)] (4)** (i) An SME manufacturer that receives a grant under this
24 subsection shall provide matching funds in the amounts specified under this paragraph.

25 (ii) The Department shall establish a sliding scale formula for the
26 matching funds required by an SME manufacturer to be provided a grant under this
27 section, with SME manufacturers with fewer employees requiring a lesser percentage and
28 SME manufacturers with more employees requiring a higher percentage.

29 **[(4)] (5)** (i) The Department shall reserve at least 20% of the funds
30 available during each fiscal year for awarding grants under this subsection to SME
31 manufacturers that employ 50 or fewer employees.

32 (ii) If the total amount of grants applied for by SME manufacturers

1 that employ 50 or fewer employees is less than the amount of funds reserved under
2 subparagraph (i) of this paragraph during a fiscal year, the Department may utilize the
3 balance of the reserved funds for awarding grants under this subsection to SME
4 manufacturers that employ more than 50 employees.

5 (f) (1) A grant awarded under the Program may be used for projects that
6 directly affect manufacturing processes and focus on investments in Industry 4.0
7 technology commercial-ready equipment through established vendors or related
8 infrastructure.

9 (2) Within 1 year after receiving a grant under the Program, an SME
10 manufacturer shall submit to the Department a letter that:

11 (i) describes how the grant funding was used; and

12 (ii) includes any invoices related to the implementation of the
13 Industry 4.0 technology or related infrastructure.

14 (3) The Department may require a grant recipient that fails to fulfill the
15 requirements of the grant to return all or part of the grant to the Program.

16 6–601.

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

18 (b) “Authority” means the Maryland E–Nnovation Initiative Fund Authority
19 established under § 6–605 of this subtitle.

20 (c) **“ELIGIBLE FIELD OF STUDY” MEANS A FIELD OF STUDY FOCUSED ON**
21 **THE PRIORITY SECTORS AND ACTIVITY INCLUDED ON THE LIST ESTABLISHED IN**
22 **ACCORDANCE WITH § 2.5–106 OF THIS ARTICLE.**

23 [(c)] (D) “Endowment proceeds” means those investment earnings accruing to a
24 research endowment of a nonprofit institution of higher education and available for
25 expenditure by the institution in accordance with § 6–612 of this subtitle.

26 [(d)] (E) “Fund” means the Maryland E–Nnovation Initiative Fund created
27 under § 6–604 of this subtitle.

28 [(e)] (F) “Governing board” has the meaning stated in § 10–101 of the Education
29 Article.

30 [(f)] (G) “Governing body” means:

31 (1) a governing board;

1 (2) the governing entity of a private nonprofit institution of higher
2 education; or

3 (3) the governing entity of a regional higher education center.

4 **[(g)] (H)** (1) “Nonprofit institution of higher education” means an institution
5 of postsecondary education located in the State, that receives State funds in the annual
6 operating budget and that generally limits enrollment to graduates of secondary schools
7 and awards degrees at either the associate, baccalaureate, or graduate level.

8 (2) “Nonprofit institution of higher education” includes public and private
9 nonprofit institutions of higher education located in the State.

10 **[(h)] (I)** “Private nonprofit institution of higher education” has the meaning
11 stated in § 10–101 of the Education Article.

12 **[(i)] (J)** “Program” means the Maryland E–Nnovation Initiative Program under
13 this subtitle.

14 **[(j)] (K)** “Qualified donation” means any private donation, gift, irrevocable
15 pledge, or bequest to a research endowment in accordance with § 6–613 of this subtitle.

16 **[(k)] (L)** “Regional higher education center” has the meaning stated in § 10–101
17 of the Education Article.

18 **[(l)] (M)** “Research endowment” means an account established at or
19 administered by a nonprofit institution of higher education in accordance with § 6–612 of
20 this subtitle.

21 6–604.

22 (a) There is a Maryland E–Nnovation Initiative Fund in the Department.

23 (b) The Secretary shall manage and supervise the Fund.

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

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

28 (d) The Fund consists of:

29 (1) revenue distributed to the Fund under § 2–202(a)(1) of the Tax –
30 General Article;

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

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

4 (e) For each of fiscal years 2016 through 2026, the Governor shall include in the
5 budget bill an appropriation to the Fund in an amount that when combined with the
6 amount estimated to be distributed to the Fund under subsection (d)(1) of this section
7 equals at least \$8,500,000.

8 (f) The Department may use the Fund to:

9 (1) finance research endowments at nonprofit institutions of higher
10 education in [scientific and technical fields] **AN ELIGIBLE FIELD** of study; and

11 (2) pay the related administrative, legal, and actuarial expenses of the
12 Department.

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

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

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

18 6–614.

19 (a) Endowment proceeds shall be expended by a nonprofit institution of higher
20 education to further basic and applied research in [scientific and technical fields] **AN**
21 **ELIGIBLE FIELD** of study as designated by the Authority that offer promising and
22 significant economic impacts and the opportunity to develop clusters of technological
23 innovation in the State[, including:

24 (1) physical sciences;

25 (2) life and neuro sciences;

26 (3) engineering;

27 (4) mathematical and computational sciences;

28 (5) regulatory science;

29 (6) autonomous systems;

30 (7) aeronautical and space science;

- 1 (8) environmental sciences;
- 2 (9) behavioral and language science;
- 3 (10) health sciences;
- 4 (11) agriculture; or
- 5 (12) cybersecurity].

6 (b) Endowment proceeds may be expended by a nonprofit institution of higher
7 education for:

8 (1) the payment of the base salaries of newly endowed department chairs,
9 new professorship positions, new research scientists, or new research staff positions,
10 including research technicians and support personnel, and to fund affiliated graduate or
11 undergraduate student research fellowships, if the positions or fellowships are engaged in
12 [the areas of research identified in subsection (a) of this section] **AN ELIGIBLE FIELD OF**
13 **STUDY**; or

14 (2) the purchase of basic infrastructure, including laboratory and scientific
15 equipment or other essential equipment and materials, related to an [area of research
16 identified in subsection (a) of this section] **ELIGIBLE FIELD OF STUDY**.

17 (c) An individual in a position that is funded by endowment proceeds under
18 subsection (b)(1) of this section shall:

19 (1) work at least 20% of the year in support of a federal laboratory or
20 associated federal laboratory research support organization;

21 (2) hold a joint appointment or secondary position at another nonprofit
22 institution of higher education in the State; or

23 (3) work at least 20% of the year in support of entrepreneurial activities
24 with a company engaged in [one or more of the research areas identified in subsection (a)
25 of this section] **AN ELIGIBLE FIELD OF STUDY**.

26 (d) The Authority shall issue eligibility criteria regarding the expenditure of
27 endowment proceeds to pay the base salaries of personnel, fund student fellowships, and
28 purchase basic infrastructure.

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

30 10-101.

- 1 (a) In this subtitle the following words have the meanings indicated.
- 2 (b) “Board” means the Board of Directors of the Corporation.
- 3 (d) “Corporation” means the Maryland Economic Development Corporation.
- 4 10–115.
- 5 (A) The Corporation may:
- 6 (1) adopt bylaws for the conduct of its business;
- 7 (2) adopt a seal;
- 8 (3) maintain offices at a place it designates in the State;
- 9 (4) accept loans, grants, or assistance of any kind from the federal
10 government, a governmental unit, a college or university, or a private source;
- 11 (5) enter into contracts and other legal instruments;
- 12 (6) sue and be sued in its own name;
- 13 (7) acquire, purchase, hold, lease as lessee, and use any franchise, patent,
14 or license and real, personal, mixed, tangible, or intangible property, or any interest in
15 property, necessary or convenient to carry out its purposes;
- 16 (8) sell, lease as lessor, transfer, and dispose of its property or interest in
17 property;
- 18 (9) fix and collect rates, rentals, fees, royalties, and charges for services,
19 resources, and facilities it provides or makes available;
- 20 (10) with the owner’s permission, enter lands, waters, or premises to make
21 a survey, sounding, boring, or examination to accomplish a purpose authorized by this
22 subtitle;
- 23 (11) further define or limit the term “revenues” defined in § 10–101 of this
24 subtitle as the term applies to a particular project, financing, or other matter;
- 25 (12) create, own, control, or be a member of a corporation, limited liability
26 company, partnership, or other person, whether for–profit or nonprofit;
- 27 (13) exercise a power usually possessed by a private corporation in
28 performing similar functions unless to do so would conflict with State law; and
- 29 (14) do all things necessary or convenient to carry out the powers expressly

1 granted by this subtitle.

2 **(B) THE CORPORATION MAY UTILIZE UP TO 5% OF THE ALLOCATED**
3 **APPROPRIATION FOR ADMINISTRATIVE COSTS FOR ANY PROJECT OR PROGRAM**
4 **DIRECTED BY THE CORPORATION INCLUDED IN THE STATE’S ANNUAL OPERATING**
5 **OR CAPITAL BUDGETS.**

6 10–133.

7 (a) On or before October 1 of each year, the Corporation shall submit a report to
8 the Governor[, the Maryland Economic Development Commission,] and, in accordance with
9 § 2–1257 of the State Government Article, the General Assembly.

10 (b) The report shall include a complete operating and financial statement and
11 summarize the activities of the Corporation during the preceding fiscal year.

12 **10–135. RESERVED.**

13 **10–136. RESERVED.**

14 Part II. Regional Institution Strategic Enterprise Zone Program.

15 10–137.

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

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

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

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

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

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

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

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

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

6 10-138.

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

13 10-139.

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

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

17 (1) evidence an intention:

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

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

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

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

27 (3) meet the minimum financial qualifications established by the
28 [Secretary] CORPORATION.

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

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

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

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

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

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

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

15 10–140.

16 (a) On or after July 1, [2015] 2025, a qualified institution shall apply jointly with
17 a county, a municipal corporation, or the economic development agency of a county or
18 municipal corporation to the [Secretary] CORPORATION to designate an area as a
19 Regional Institution Strategic Enterprise zone.

20 (b) The application shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (ii) the boundaries of the RISE zone proposed by the [Secretary]
15 CORPORATION.

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

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

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

23 (i) 1. except as provided in item 2 of this item, approve more
24 than three RISE zones in a single county or municipal corporation; or

25 2. approve more than four RISE zones in Baltimore City; or

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

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

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

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

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

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

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

12 10–141.

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

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

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

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

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

25 10–142.

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

28 (i) for a business entity that locates in the RISE zone before January
29 1, 2023, the property tax credit under § 9–103.1 of the Tax – Property Article;

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

1 (iii) priority consideration for financial assistance from programs in
2 Subtitle 1 of this title.

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

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

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

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

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

19 10–143.

20 (a) (1) (i) A qualified institution, **THE CORPORATION**, a county and, if
21 applicable, a municipal corporation, or the economic development agency of a county or
22 municipal corporation may establish a program to provide rental assistance to a business
23 entity that:

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

26 2. [has nexus with a qualified institution located in the RISE
27 zone; and

28 3. has been in active business not longer than 7 years] **IS**
29 **ENCOMPASSED BY THE INDUSTRY SECTORS AND ACTIVITIES INCLUDED ON THE LIST**
30 **DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5–106 OF THIS**
31 **ARTICLE.**

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

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

5 (ii) The application shall include:

6 1. a description of the rental assistance program;

7 2. the amount of funding that the applicant has secured to
8 provide rental assistance under the rental assistance program;

9 3. the amount requested for distribution from the Fund in
10 accordance with this section; and

11 4. any other information requested by the [Department]

12 **CORPORATION.**

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

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

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

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

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

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

34 (3) If the [Department] **CORPORATION** fails to allocate the funds in the

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

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

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

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

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

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

23 10–144.

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

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

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

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

32 (d) The Fund consists of:

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

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

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

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

6 10–151.

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

11 (1) advanced manufacturing;

12 (2) aerospace;

13 (3) agriculture;

14 (4) artificial intelligence;

15 (5) biotechnology;

16 (6) blue technology;

17 (7) cybersecurity;

18 (8) defense;

19 (9) energy and sustainability;

20 (10) life sciences;

21 (11) quantum; and

22 (12) sensors and robotics] **INDUSTRY SECTORS AND ACTIVITIES**
23 **INCLUDED ON THE LIST DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH §**
24 **2.5–106 OF THIS ARTICLE.**

25 (b) Examples of eligible projects include:

26 (1) sensitive compartmented information facilities;

1 (2) wet laboratories;

2 (3) cyber ranges;

3 (4) prototype manufacturing centers; and

4 (5) other specialized workforce training, skill certification, or
5 research-related spaces.

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

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

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

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

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

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

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

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

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

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

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

30 10-152.

31 A grantee may be subject to repayment of the grant in an amount determined by the

1 [Department] CORPORATION if the grantee fails to:

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

4 (2) demonstrate appropriate use of grant funds.

5 10–153.

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

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

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

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

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

14 (e) The Fund consists of:

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

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

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

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

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

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

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

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

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

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

1 budget.

2 10–154.

3 On or before July 1, [2026] **2029**, the [Department] **CORPORATION** shall report to
4 the Governor and, in accordance with § 2–1257 of the State Government Article, the
5 General Assembly on the projects funded through and the economic impact of the Program.

6 10–155.

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

9 10–401.

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

11 (c) “Corporation” means the Maryland Technology Development Corporation.

12 10–408.

13 (a) The Corporation shall adopt regulations establishing:

14 (1) the investment committee;

15 (2) the responsibilities of the investment committee, **INCLUDING A**
16 **PROCESS FOR CONSIDERING REMEDIES, INCLUDING DIVESTMENT, FOR**
17 **INVESTMENTS IN A BUSINESS THAT NO LONGER MEETS THE DEFINITION OF A**
18 **QUALIFIED BUSINESS**; and

19 (3) the procedures for the appointment of investment committee members.

20 10–415.

21 (a) (1) On or before October 1 of each year, the Corporation shall report to the
22 Governor[, the Maryland Economic Development Commission,] and, in accordance with §
23 2–1257 of the State Government Article, the General Assembly.

24 (2) The report required under this subsection shall include:

25 (i) a complete operating and financial statement covering the
26 Corporation’s operations;

27 (ii) a summary of the Corporation’s activities during the preceding
28 fiscal year;

1 (iii) information on all salaries and any incentives approved by the
2 Board for Corporation employees;

3 (iv) information on outreach, training, mentorship, support, and
4 investment in minority and women-owned qualified businesses, including support for
5 marketing by the Maryland [Small Business Development Financing Authority]
6 **ECONOMIC INCLUSION FUND**;

7 (v) information on entities that have current investments and
8 entities that received funding or investments in the current year on the:

9 1. principal business operations;

10 2. number of employees in the State and the number of
11 employees outside the State;

12 3. capital or other investments made in the State; and

13 4. proposed and actual job creation or capital investment in
14 the State as a result of the investment or support;

15 (vi) a list of businesses that have received funding that would no
16 longer qualify as a qualified business; and

17 (vii) information on the creation of and appointments made to an
18 advisory committee and the responsibilities of the advisory committee and members of the
19 committee.

20 (b) (1) On or before October 1 each year, beginning in 2023, and every 6
21 months thereafter, the Corporation shall report to the Governor[, the Maryland Economic
22 Development Commission,] and, in accordance with § 2–1257 of the State Government
23 Article, the Joint Audit and Evaluation Committee and the General Assembly.

24 (2) The report required under this subsection shall include a list of the
25 qualified businesses or other businesses receiving support through programs administered
26 by the Corporation, including those receiving investments made under § 21–123.2 of the
27 State Personnel and Pensions Article.

28 (3) The list of qualified businesses or other businesses receiving support
29 shall include for each business:

30 (i) the number of employees in the State;

31 (ii) the number of employees outside the State;

32 (iii) the capital or other investments made in the State; and

1 (iv) proposed job creation or capital investment in the State as a
2 result of the investment or support.

3 (c) (1) On or before October 1, 2024, and each October 1 thereafter, the
4 Corporation shall report to the Governor, the Maryland Economic Development
5 Commission, and, in accordance with § 2–1257 of the State Government Article, the
6 General Assembly on the following information from the immediately preceding fiscal year:

7 (i) the number of applications the Corporation received;

8 (ii) the amount of investment funding that was available at the
9 beginning of the fiscal year;

10 (iii) the amount of investment funding that was available at the end
11 of the fiscal year;

12 (iv) the amount of investment funding that was requested;

13 (v) the number of applicants the Corporation invested in; and

14 (vi) the amount of investment funding the Commission awarded.

15 (2) The information reported in accordance with paragraph (1) of this
16 subsection shall:

17 (i) specify which applications and investments were from social
18 impact funds, seed funds, and the Maryland Venture Fund; and

19 (ii) if available, provide information that has been de-identified and
20 disaggregated on applicants and qualified business founders by race, ethnicity, age, gender,
21 disability status, veteran status, and geographic location and the degree to which
22 applicants and founders identify with more than one demographic category.

23 10–470.

24 (a) The Corporation may require that all or part of a grant be repaid, with interest
25 at a rate the Corporation sets, when conditions specified by the Corporation occur.

26 (b) (1) Whenever the Corporation is authorized by law to make a grant,
27 including a grant from the Economic Development Opportunities Program Account
28 authorized under § 7–314 of the State Finance and Procurement Article, the Corporation
29 may use money appropriated for the grant to make an equity investment in a qualified
30 business.

31 (2) (i) Except as provided in subparagraph (ii) of this paragraph and
32 Subtitle 4A of this title, in making an equity investment under this subtitle or Subtitle 4A
33 of this title, the Corporation may not acquire an ownership interest in an enterprise that

1 exceeds 25%.

2 (ii) In making an equity investment under this subtitle or Subtitle
3 4A of this title in one or more venture or private equity firms, the Corporation may acquire
4 an ownership interest exceeding 25%.

5 (3) Within 15 years after making an equity investment under this subtitle
6 or Subtitle 4A of this title, the Corporation [shall], **ON REVIEW AND APPROVAL OF THE**
7 **CORPORATION'S INVESTMENT COMMITTEE, MAY** divest itself of that investment **OR**
8 **PURSUE ANOTHER REMEDY THAT IS IN THE CORPORATION'S BEST INTEREST.**

9 (4) The liability of the State and the Corporation in making an equity
10 investment under this subtitle or Subtitle 4A of this title is limited to the amount of that
11 investment.

12 10–501.

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

14 (f) “Corporation” means the Maryland Agricultural and Resource–Based
15 Industry Development Corporation.

16 10–528.

17 (a) On or before October 1 of each year, the Corporation shall report on its status
18 to the Governor, the Maryland Agricultural Commission[, the Maryland Economic
19 Development Commission,] and, in accordance with § 2–1257 of the State Government
20 Article, the General Assembly.

21 (b) The report shall include a complete operating and financial statement and a
22 summary of the Corporation’s activities during the preceding fiscal year.

23 12–201.

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

25 (k) “MEDCO obligation” means a bond, note, or other similar instrument that the
26 Maryland Economic Development Corporation issues under authority other than this
27 subtitle to finance the cost of infrastructure improvements located in or supporting a
28 transit–oriented development, a sustainable community, a RISE zone, [or] a State hospital
29 redevelopment, **OR A PROJECT ALLOWABLE UNDER THE BUILD OUR FUTURE**
30 **PROGRAM ESTABLISHED BY § 10–150 OF THIS ARTICLE.**

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

1 12–207.

2 (a) Except as provided in subsections (b) and (e) of this section, bond proceeds
3 may be used only:

4 (1) to buy, lease, condemn, or otherwise acquire property, or an interest in
5 property:

6 (i) in the development district, a RISE zone, or a sustainable
7 community; or

8 (ii) needed for a right-of-way or other easement to or from the
9 development district, a RISE zone, or a sustainable community;

10 (2) for site removal;

11 (3) for surveys and studies;

12 (4) to relocate businesses or residents;

13 (5) to install utilities, construct parks and playgrounds, and for other
14 needed improvements including:

15 (i) roads to, from, or in the development district;

16 (ii) parking; and

17 (iii) lighting;

18 (6) to construct or rehabilitate buildings for a governmental purpose or use;

19 (7) for reserves or capitalized interest;

20 (8) for necessary costs to issue bonds; and

21 (9) to pay the principal of and interest on loans, advances, or indebtedness
22 that a political subdivision incurs for a purpose specified in this section.

23 (b) (1) This subsection applies to a sustainable community identified under §
24 12–203 of this subtitle.

25 (2) In addition to the purposes under subsection (a) of this section and
26 without limiting the purposes in subsection (a) of this section, bond proceeds may be used
27 in a sustainable community for:

28 (i) historic preservation or rehabilitation;

- 1 (ii) environmental remediation, demolition, and site preparation;
- 2 (iii) parking lots, facilities, or structures of any type whether for
3 public or private use;
- 4 (iv) highways as defined in § 8–101 of the Transportation Article or
5 transit service as defined in § 7–101 of the Transportation Article that support sustainable
6 communities;
- 7 (v) schools;
- 8 (vi) affordable or mixed income housing; [and]
- 9 (vii) stormwater management and storm drain facilities; AND

10 **(VIII) INNOVATION CENTERS, SENSITIVE COMPARTMENTED**
 11 **INFORMATION FACILITIES, AND STRUCTURES OF ANY TYPE THAT SUPPORT THE**
 12 **RETENTION, EXPANSION, OR ATTRACTION OF BUSINESS ACTIVITIES INCLUDED ON**
 13 **THE LIST OF INDUSTRIES AND ACTIVITIES DEVELOPED BY THE DEPARTMENT IN**
 14 **ACCORDANCE WITH § 2.5–106 OF THIS ARTICLE.**

15 (e) (1) This subsection applies to a RISE zone identified under § 12–203 of this
 16 subtitle.

17 (2) In addition to the purposes under subsection (a) of this section and
 18 without limiting the purposes in subsection (a) of this section, bond proceeds may be used
 19 in a RISE zone for:

- 20 (i) historic preservation or rehabilitation;
- 21 (ii) environmental remediation, demolition, and site preparation;
- 22 (iii) parking lots, facilities, or structures of any type whether for
23 public or private use;
- 24 (iv) schools;
- 25 (v) affordable or mixed income housing;
- 26 (vi) stormwater management and storm drain facilities;
- 27 (vii) innovation centers, **SENSITIVE COMPARTMENTED**
 28 **INFORMATION FACILITIES**, and laboratory facilities, or structures of any type whether
 29 for public or private use, including maintenance and installation of improvements in the
 30 structures and services that support the purposes of the RISE zone program; and

1 (viii) any other facilities or structures of any type whether for public
2 or private use that support the purposes of the RISE zone program.

3 16–102.

4 (d) (2) Any money that has not been distributed or awarded on or before
5 December 31, 2024, shall revert to the Maryland Economic [Development Assistance]
6 **COMPETITIVENESS** Fund.

7 **Article – Corporations and Associations**

8 1–203.

9 (b) **(14) BEGINNING IN FISCAL YEAR 2026, THE DEPARTMENT SHALL**
10 **WAIVE THE FILING FEE FOR A BUSINESS ENTITY DESCRIBED UNDER PARAGRAPH**
11 **(3)(II) OF THIS SUBSECTION FOR EACH YEAR THAT THE ENTITY PROVIDES EVIDENCE**
12 **TO THE DEPARTMENT THAT THE ENTITY:**

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

17 **(II) IS ENCOMPASSED BY THE INDUSTRY SECTORS AND**
18 **ACTIVITIES INCLUDED ON THE LIST DEVELOPED BY THE DEPARTMENT OF**
19 **COMMERCE IN ACCORDANCE WITH § 2.5–106 OF THE ECONOMIC DEVELOPMENT**
20 **ARTICLE.**

21 **[(14)] (15)** There is no processing fee for documents filed to dissolve, cancel,
22 or terminate an entity under this subsection.

23 **Article – Education**

24 9.5–113.1.

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

26 **(2) “CHILD CARE SLOT” MEANS SPACE AVAILABLE FOR A CHILD TO**
27 **ENROLL FOR A FULL 8–HOUR DAY OF CHILD CARE.**

28 **(3) “ENOUGH ELIGIBLE NEIGHBORHOOD” MEANS AN AREA THAT**
29 **HAS BEEN DESIGNATED IN ACCORDANCE WITH § 9–2803 OF THE STATE**
30 **GOVERNMENT ARTICLE.**

31 **[(2)] (4)** “Fund” means the Child Care Capital Support Revolving Loan

1 Fund.

2 **[(3)] (5)** “Rural community” has the meaning stated in § 2–207 of the
3 State Finance and Procurement Article.

4 **(6) “SECRETARY” MEANS THE SECRETARY OF COMMERCE.**

5 (b) There is a Child Care Capital Support Revolving Loan Fund.

6 (c) The purpose of the Fund is to provide no–interest loans for capital expenses
7 to child care providers who participate in the Child Care Scholarship Program under §
8 9.5–113 of this subtitle.

9 (d) The Department of Commerce shall administer the Fund with support from
10 the Department.

11 (e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
12 the State Finance and Procurement Article that shall be available in perpetuity for the
13 purpose of providing loans in accordance with the provisions of this section.

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

16 (f) The Fund consists of:

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

18 (2) Any interest earnings of the Fund;

19 (3) Repayments of principal and interest from loans made from the Fund;

20 and

21 (4) Any other money from any other source accepted for the benefit of the
22 Fund.

23 (g) (1) The Fund may be used only to provide no–interest loans to child care
24 providers for capital expenses related to a child care facility, including:

25 (i) Acquisition;

26 (ii) Expansion;

27 (iii) [Renovations; and

28 (iv)] New construction; AND

1 (IV) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,
2 RENOVATIONS.

3 [(2) (i) Except as provided in subparagraph (ii) of this paragraph, child
4 care providers shall repay loans from the Fund not later than 5 years after receiving a loan
5 from the Fund.

6 (ii) The Department of Commerce may establish a financial
7 hardship exemption to allow a child care provider additional time to repay a loan from the
8 Fund.

9 (iii) If a hardship exemption is not granted, the Department of
10 Commerce shall apply its normal policy regarding assisting child care providers with past
11 due loan payments.]

12 (2) LOANS PROVIDED FOR RENOVATIONS UNDER PARAGRAPH (1)(IV)
13 OF THIS SUBSECTION MAY:

14 (I) BE PROVIDED ONLY TO A FAMILY CHILD CARE HOME OR
15 LARGE FAMILY CHILD CARE HOME; AND

16 (II) BE PROVIDED ONLY FOR RENOVATIONS NECESSARY TO
17 MAINTAIN LICENSURE BY THE DEPARTMENT AS DEMONSTRATED THROUGH
18 DOCUMENTS REQUIRED BY THE DEPARTMENT OF COMMERCE AND VERIFIED BY
19 THE DEPARTMENT.

20 (3) (I) THE TERM OF A LOAN FROM THE FUND SHALL BE
21 DETERMINED BY THE DEPARTMENT OF COMMERCE.

22 (II) THE TERM SET BY THE DEPARTMENT OF COMMERCE SHALL
23 BE FOR NOT LESS THAN 5 YEARS.

24 (4) UP TO \$50,000 OF A LOAN PROVIDED TO A FAMILY CHILD CARE
25 HOME OR LARGE FAMILY CHILD CARE HOME MAY BE CONVERTED TO A GRANT ON
26 APPROVAL BY THE DEPARTMENT OF COMMERCE IN ACCORDANCE WITH
27 SUBSECTION (1)(2) OF THIS SECTION.

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

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

31 (i) (1) The Department of Commerce, in consultation with the Department,
32 shall establish application procedures and eligibility criteria for loans from the Fund, in
33 addition to the requirement that a child care provider be a participant in the Child Care

1 Scholarship Program under § 9.5–113 of this subtitle.

2 (2) **[The] IN ORDER TO HAVE A LOAN OR PART OF A LOAN CONVERTED**
3 **TO A GRANT UNDER SUBSECTION (G)(4) OF THIS SECTION, A FAMILY CHILD CARE**
4 **HOME OR LARGE FAMILY CHILD CARE HOME SHALL DEMONSTRATE ATTAINMENT OF**
5 **AT LEAST A QUALITY RATING 3 ON THE MARYLAND EXCELS PROGRAM.**

6 (3) **EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,**
7 **THE** Department OF COMMERCE shall prioritize applicant criteria in the following order
8 when providing funding from the Fund:

9 (i) Child care providers that are located in:

10 1. Underserved communities; or

11 2. Areas designated by the Department as areas lacking

12 child care slots;

13 (ii) Child care providers that are located in rural communities;

14 (iii) Child care providers that serve primarily low-income
15 populations in areas of high poverty;]

16 **(I) CHILD CARE PROVIDERS THAT WILL INCREASE THE**
17 **NUMBER OF AVAILABLE CHILD CARE SLOTS THE CHILD CARE PROVIDER MAY OFFER;**

18 **(II) CHILD CARE PROVIDERS THAT ARE LOCATED IN AREAS**
19 **IDENTIFIED BY THE DEPARTMENT AS LACKING CHILD CARE SLOTS;**

20 **(III) CHILD CARE PROVIDERS THAT SERVE PRIMARILY IN AN**
21 **ENOUGH ELIGIBLE NEIGHBORHOOD;**

22 (iv) Child care providers that serve children with special needs; and

23 (v) Child care providers that serve children ages 2 and younger.

24 (4) **(I) THE STATE SUPERINTENDENT AND THE SECRETARY MAY**
25 **TEMPORARILY ALTER THE PRIORITIZATION ORDER OF APPLICATIONS TO BEST**
26 **MEET THE NEEDS OF THE CHILD CARE INDUSTRY AT A GIVEN TIME.**

27 **(II) SHOULD THE STATE SUPERINTENDENT AND THE**
28 **SECRETARY CHOOSE TO ALTER THE PRIORITIZATION ORDER OF APPLICATIONS, THE**
29 **NEW TEMPORARY PRIORITIZATION ORDER SHALL BE COMMUNICATED ON THE**
30 **DEPARTMENT OF COMMERCE WEBSITE PRIOR TO ACCEPTING APPLICATIONS.**

1 (j) The Department of Commerce shall work with the Department to publicize
2 the availability of loans from the Fund and provide support to child care providers in
3 applying for loans from the Fund.

4 (k) (1) For fiscal year 2023, the Governor shall include in the annual budget
5 bill an appropriation to the Fund of \$15,000,000.

6 (2) For fiscal year 2024, the Governor shall include in the annual budget
7 bill an appropriation to the Fund of \$10,000,000.

8 Article – Housing and Community Development

9 4–509.

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

11 (2) “Anchor institution” means:

12 (i) an institution of higher education in the State, including
13 departments, foundations, and other entities of the institution; or

14 (ii) a hospital institution in the State, including departments,
15 foundations, and other entities of the institution, that:

16 1. has a group of at least five physicians who are organized
17 as a medical staff for the institution;

18 2. maintains facilities to provide, under the supervision of
19 the medical staff, diagnostic and treatment services for two or more unrelated individuals;
20 and

21 3. admits or retains the individuals for overnight care.

22 (3) “Blighted area” means an area in which a majority of buildings have
23 declined in productivity by reason of obsolescence, depreciation, or other causes to an extent
24 that they no longer justify fundamental repairs and adequate maintenance.

25 (4) “Fund” means the Seed Community Development Anchor Institution
26 Fund.

27 (5) **“RISE ZONE CATCHMENT AREA” MEANS A GEOGRAPHIC AREA**
28 **LOCATED WITHIN A 5–MILE RADIUS OF THE CENTER POINT OF A QUALIFIED**
29 **INSTITUTION THAT IS LOCATED IN AN ACTIVE REGIONAL INSTITUTION STRATEGIC**
30 **ENTERPRISE ZONE DESIGNATED UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC**
31 **DEVELOPMENT ARTICLE.**

1 **(6)** “Sustainable community” means an area designated as a sustainable
2 community under § 6–205 of this article.

3 (b) There is a Seed Community Development Anchor Institution Fund.

4 (c) The purpose of the Fund is to provide grants and loans to anchor institutions
5 for community development projects in **RISE ZONE CATCHMENT AREAS**, sustainable
6 communities, and blighted areas of the State.

7 (d) The Department shall administer the Fund.

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

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

12 (f) The Fund consists of:

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

14 (2) interest earnings of the Fund; and

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

17 (g) (1) The Fund may be used only to provide grants and loans to anchor
18 institutions for community development projects in **RISE ZONE CATCHMENT AREAS**,
19 sustainable communities, and blighted areas of the State.

20 (2) To be eligible for a grant or loan, an anchor institution shall provide
21 evidence of matching funds.

22 (3) The Department shall award grants and loans from the Fund on a
23 competitive basis.

24 **(4) WHEN PROVIDING GRANTS AND LOANS FROM THE FUND, THE**
25 **DEPARTMENT SHALL PRIORITIZE APPLICANTS LOCATED IN AN ACTIVE REGIONAL**
26 **INSTITUTION STRATEGIC ENTERPRISE ZONE DESIGNATED UNDER TITLE 10,**
27 **SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

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

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

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

3 (j) (1) For fiscal year 2019, the Governor shall include in the annual budget
4 bill or the capital budget bill an appropriation of \$4,000,000 to the Fund.

5 (2) For fiscal year 2020, the Governor shall include in the annual budget
6 bill or the capital budget bill an appropriation of \$5,000,000 for the Fund.

7 (3) (i) For fiscal year 2021, the Governor shall include in the annual
8 budget bill or the capital budget bill an appropriation of \$5,000,000 for the Fund.

9 (ii) For fiscal year 2022 and each fiscal year thereafter, the Governor
10 shall include in the annual budget bill or the capital budget bill an appropriation of
11 \$10,000,000 for the Fund.

12 6.5–107.

13 (e) The Fund consists of:

14 (2) money appropriated in the State budget to the Maryland Economic
15 [Development Assistance] **COMPETITIVENESS** Fund under Title 5, Subtitle 3 of the
16 Economic Development Article for the purpose of assisting in the establishment of
17 broadband communication services in rural and underserved areas of the State;

18 Article – State Finance and Procurement

19 7–314.

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

21 (2) [“Account” means the Economic Development Opportunities Program
22 Account.] **“DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.**

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

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

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

29 1. maintains a strong financial condition and minimal credit
30 risk profile;

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

3 3. is consistent with the strategic plan of the State for
4 economic development; **AND**

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

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

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

11 1. is consistent with the strategic plan of the State for
12 economic development; and

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

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

17 1. is consistent with the strategic plan of the State for
18 economic development; and

19 2. creates or retains substantial employment, particularly in
20 areas of high unemployment.

21 **(4) “FUND” MEANS THE STRATEGIC CLOSING FUND.**

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

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

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

32 (b) Subject to the provisions of this section, the [Economic Development

1 [Opportunities Program Account] **STRATEGIC CLOSING FUND** is established **WITHIN THE**
2 **DEPARTMENT** to maximize extraordinary economic development opportunities.

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

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

10 (e) (1) The [Account] **FUND** is a continuing, nonlapsing fund which is not
11 subject to § 7–302 of this subtitle.

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

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

16 (4) [Except as provided in paragraph (5) of this subsection, any] **ANY**
17 investment earnings shall be subject to § 7–311(d) of this subtitle.

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

20 (f) (1) Money appropriated or credited to the [Account] **FUND** does not revert
21 to the Revenue Stabilization Account.

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

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

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

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

32 (ii) for the previous 3 fiscal years, the status of [Account] **FUND**

1 disbursements for economic development projects reviewed by the Legislative Policy
2 Committee under this section;

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

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

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

11 (2) Upon receipt of the information that is required to be reported under
12 this subsection, the Legislative Policy Committee shall have 60 days to review and
13 comment on the information provided by the Department [of Commerce] under paragraph
14 (1) of this subsection, during which time the Department [of Commerce] shall provide any
15 additional information regarding the [Account] FUND as requested by the Legislative
16 Policy Committee.

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

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

22 (ii) include performance requirements; and

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

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

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

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

1 income.

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

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

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

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

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

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

17 (l) [Upon submission to the Legislative Policy Committee of a proposed budget
18 amendment to transfer money from the Account, the Governor] **BEFORE FUNDS FROM**
19 **THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH**
20 **SUBSECTION (K) OF THIS SECTION, THE DEPARTMENT** shall provide, subject to §
21 2–1257 of the State Government Article, to the Legislative Policy Committee:

22 (1) a detailed description of:

23 (i) the proposed use of the funds;

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

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

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

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

32 (3) a comprehensive economic analysis of the proposed use of the funds

1 which estimates:

2 (i) the economic impact to the State and the local jurisdictions
3 affected;

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

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

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

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

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

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

15 (m) [If an executive agency fails to disburse transferred funds to a recipient within
16 1 year after the expected disbursement date presented to the Legislative Policy Committee
17 under subsection (l) of this section, the funds will revert back to the Account and the
18 Governor shall:

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

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

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

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

27 (2) projects which are not likely to attract or retain employment
28 opportunities;

29 (3) funding projects located outside the State;

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

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

1 entity other than a political subdivision, the entity shall agree to include in the agreement
2 providing the financial assistance a provision acceptable to the Department of Commerce
3 that would encourage the procurement from minority business enterprises of goods or
4 services purchased with the proceeds from the financial assistance.

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

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

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

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

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

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

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

25 Article – State Government

26 9–1A–26.

27 (c) A jackpot won at a video lottery terminal that is not claimed by the winner
28 within 182 days after the jackpot is won shall:

29 (2) be distributed as follows:

30 (i) 2.5% to the [Small, Minority, and Women–Owned Businesses]
31 **REINVEST FOR SUCCESS** Account established under § 5–1501 of the Economic
32 Development Article;

33 9–1A–27.

1 (a) Except as provided in subsections (b) and (c) of this section and §
 2 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by the
 3 Commission, the Comptroller shall pay the following amounts from the proceeds of video
 4 lottery terminals at each video lottery facility:

5 (6) [(i) except as provided in items (ii) and (iii) of this item,] 1.5% to **BE**
 6 **DISTRIBUTED EQUALLY BETWEEN THE MARYLAND ECONOMIC INCLUSION FUND**
 7 **ESTABLISHED UNDER § 5–505 OF THE ECONOMIC DEVELOPMENT ARTICLE AND** the
 8 **[Small, Minority, and Women–Owned Businesses] REINVEST FOR SUCCESS** Account
 9 established under § 5–1501 of the Economic Development Article;

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

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

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

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

22 [Subtitle 31. Commerce Subcabinet.]

23 [9–3101.

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

25 (b) “Secretary” means the Secretary of Commerce.

26 (c) “Subcabinet” means the Commerce Subcabinet.]

27 [9–3102.

28 (a) There is a Commerce **S**ubcabinet.

29 (b) The Subcabinet is composed of the following members:

30 (1) the Secretary, or the Secretary’s designee;

- 1 (2) the Secretary of Transportation, or the Secretary's designee;
- 2 (3) the Secretary of Labor, or the Secretary's designee;
- 3 (4) the Secretary of the Environment, or the Secretary's designee;
- 4 (5) the Secretary of Housing and Community Development, or the
5 Secretary's designee;
- 6 (6) the Secretary of Planning, or the Secretary's designee; and
- 7 (7) the Special Secretary of Minority Affairs, or the Special Secretary's
8 designee.]

9 [9-3103.

10 The Subcabinet shall:

- 11 (1) advise the Governor on proposals to enhance the State's business
12 climate;
- 13 (2) gather information the Subcabinet considers necessary to promote the
14 goals of the Subcabinet;
- 15 (3) collaborate to facilitate and expedite critical economic development
16 projects in the State; and
- 17 (4) provide other assistance that may be required to further the goals of
18 the Subcabinet and enhance the State's business climate.]

19 [9-3104.

20 (a) The Secretary shall:

- 21 (1) chair the Subcabinet;
- 22 (2) convene the meetings of the Subcabinet; and
- 23 (3) be responsible for the oversight, direction, and accountability of the
24 work of the Subcabinet.

25 (b) The Office of the Secretary of Commerce shall provide the primary staff
26 support for the Subcabinet.

27 (c) The Subcabinet shall meet each month.]

Article – Tax – Property

1
2 9–103.1.

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

4 (7) “RISE zone” has the meaning stated in [§ 5–1401] **§ 10–137** of the
5 Economic Development Article.

6 (c) (6) (i) If a RISE zone is renewed as provided under [§ 5–1404] **§**
7 **10–140** of the Economic Development Article, the governing body of a county or municipal
8 corporation shall calculate the amount of the tax credit under this section equal to at least
9 10% of the amount of property tax imposed on the eligible assessment of the qualified
10 property for the sixth through tenth taxable years.

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 9–229.

25 (c) For each of the 5 taxable years immediately following the first revaluation of
26 the property after completion of a voluntary cleanup or corrective action plan of a
27 brownfields site, each participating taxing jurisdiction where a qualified brownfields site is
28 located shall:

29 (2) contribute to the Maryland Economic [Development Assistance]
30 **COMPETITIVENESS** Fund under § 5–313(8) of the Economic Development Article, 30% of
31 the property tax attributable to the increase in the assessment of the brownfields site,
32 including improvements added to the site within the 5–year period as provided under this

1 subsection, over the assessment of the qualified brownfields site before the voluntary
2 cleanup.

3 (g) A taxing jurisdiction's contribution for each qualified brownfields site to the
4 Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund under
5 subsection (c)(2) of this section shall be used only for brownfields sites in the taxing
6 jurisdictions that have enacted a brownfields property tax credit ordinance.

7 **Chapter 430 of the Acts of 2023**

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2023. It shall remain effective for a period of [4] **7** years and, at the end of June 30,
10 [2027] **2030**, this Act, with no further action required by the General Assembly, shall be
11 abrogated and of no further force and effect.

12 **Chapter 431 of the Acts of 2023**

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2023. It shall remain effective for a period of [4] **7** years and, at the end of June 30,
15 [2027] **2030**, this Act, with no further action required by the General Assembly, shall be
16 abrogated and of no further force and effect.

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

19 **Article – Economic Development**

20 **6–309.**

21 (a) Subject to subsection (b) of this section, this subtitle and the tax credit
22 authorized under it shall terminate on January 1, [2027] **2026**.

23 (b) After termination of this subtitle:

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

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

29 **6–407.**

30 **(A) THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER IT SHALL**
31 **TERMINATE ON JANUARY 1, 2026.**

1 **(B) AFTER THE TERMINATION OF THIS SUBTITLE, TAX CREDITS EARNED**
2 **MAY BE CARRIED FORWARD IN ACCORDANCE WITH § 6-403 OF THIS SUBTITLE.**

3 6-1007.

4 (a) In this section, “investment”, “qualified investor”, and “qualified Maryland
5 technology company” have the meanings stated in § 10-733 of the Tax – General Article.

6 (b) For a qualified opportunity fund that is a qualified investor in a qualified
7 Maryland technology company under § 10-733 of the Tax – General Article, if the qualified
8 Maryland technology company, on or after March 1, 2018, is newly established in or
9 expands into an opportunity zone [in a county other than Allegany County, Dorchester
10 County, Garrett County, or Somerset County]:

11 (1) the Level 1 opportunity zone enhancement is [33%] **65%** of the
12 investment in a qualified Maryland technology company, not to exceed [300,000]
13 **\$575,000**; and

14 (2) the Level 2 opportunity zone enhancement is [50%] **75%** of the
15 investment in the qualified Maryland technology company, not to exceed [500,000]
16 **\$750,000**.

17 (c) The enhanced tax credit percentages and maximums authorized under
18 subsection (b) of this section are in substitution for and not in addition to the percentages
19 and maximums under § 10-733(d) of the Tax – General Article.

20 **Article – Housing and Community Development**

21 6-404.

22 (a) (1) For a contribution worth \$500 or more in goods, money, or real property
23 to an approved project, a business entity or an individual is entitled to a tax credit in the
24 amount determined under subsection (b) of this section.

25 (2) No part of a tax credit under this section may be taken more than once.

26 (b) (1) Except as provided in [paragraph (2)] **PARAGRAPHS (2) AND (3)** of
27 this subsection, the credit allowed to a business entity or an individual under this section
28 equals 50% of the amount of contributions:

29 (i) that the Department approves under subsection (c) of this
30 section; and

31 (ii) that were made during the taxable year for which the credit is
32 claimed.

1 **(2) IF THE APPROVED PROJECT OR BUSINESS ENTITY IS LOCATED**
2 **WITHIN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE DESIGNATED**
3 **UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE OR A**
4 **RISE ZONE CATCHMENT AREA, AS DEFINED UNDER § 4-509 OF THIS ARTICLE, THE**
5 **TAX CREDIT ALLOWED TO A BUSINESS ENTITY OR AN INDIVIDUAL UNDER THIS**
6 **SECTION EQUALS 60% OF THE AMOUNT OF THE CONTRIBUTIONS DESCRIBED UNDER**
7 **PARAGRAPH (1) OF THIS SUBSECTION.**

8 **[(2)] (3)** The credit allowed under this section for any taxable year may
9 not exceed the lesser of:

10 (i) \$250,000; and

11 (ii) the total amount of tax otherwise payable by the business entity
12 or individual for the taxable year.

13 **[(3)] (4)** Any excess credit that would be allowed but for the limits of
14 paragraph **[(2)] (3)** of this subsection may be carried over and applied as a credit for up to
15 5 taxable years after the taxable year in which the contribution was made, until the full
16 amount of the excess is used.

17 (c) (1) To qualify for a credit for a contribution under this section, before
18 making a contribution, a business entity or an individual shall apply for and receive
19 approval of the contribution from the Department.

20 (2) Each application for approval of a contribution shall contain:

21 (i) the name of the approved project to which the contribution will
22 be made;

23 (ii) the amount of the contribution; and

24 (iii) a certification by an independent and unrelated third party as to
25 the value of any nonmonetary contribution included or, for new goods, an invoice or receipt
26 certifying the contribution's net cost to the business entity or individual.

27 (3) The Department may not approve an application if it determines that:

28 (i) the maximum amount of contributions eligible for a tax credit for
29 the project for the fiscal year will be exceeded by the sum of:

30 1. the amount of the proposed contribution; and

31 2. the total amount of contributions previously approved for
32 that project for the fiscal year; or

1 (ii) the applicant has overstated the value of a nonmonetary
2 contribution.

3 (4) On or before January 31 of each year, the Department shall report to
4 the Department of Assessments and Taxation, the Comptroller, and the Maryland
5 Insurance Administration the contributions that the Department has approved under this
6 section in the preceding calendar year.

7 **Article – Tax – General**

8 10–702.

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

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

13 10–721.

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

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

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

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

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

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

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

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

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

1 (5) “Maryland qualified research and development” means qualified
2 research as defined in § 41(d) of the Internal Revenue Code that is conducted in this State
3 **IN THE SECTORS INCLUDED ON THE LIST ESTABLISHED BY THE DEPARTMENT IN**
4 **ACCORDANCE WITH § 2.5–106 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

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

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

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

15 (b) (1) The purpose of the Research and Development Tax Credit Program is
16 to foster increased research activities and expenditures **WITHIN TARGET INDUSTRIES**
17 **AND SECTORS** in Maryland.

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

23 (c) (1) By November 15 of the calendar year following the end of the taxable
24 year in which the Maryland qualified research and development expenses were incurred,
25 an individual or corporation shall submit an application to the Department for the credits
26 allowed under subsection (b) of this section.

27 (2) For each calendar year, the total amount of credits approved by the
28 Department under subsection (b) of this section may not exceed \$12,000,000.

29 (3) (i) Except as provided in paragraph (5) of this subsection, each
30 calendar year, the Department shall reserve \$3,500,000 of the credits authorized under
31 subsection (b) of this section for applicants that are small businesses.

32 (ii) Subject to paragraph (5) of this subsection, if the total amount of
33 credits applied for by all small businesses under this section exceeds the amount specified
34 under subparagraph (i) of this paragraph, the Department shall approve a credit for each
35 applicant in an amount equal to the product of multiplying the credit applied for by the
36 applicant times a fraction:

1 1. the numerator of which is the amount specified under
2 subparagraph (i) of this paragraph; and

3 2. the denominator of which is the total of all credits applied
4 for by all small businesses under this section in the calendar year.

5 (4) (i) Except as provided in paragraph (5) of this subsection, for each
6 calendar year, the total amount of credits approved by the Department under this section
7 to applicants that are not small businesses may not exceed \$8,500,000.

8 (ii) Subject to paragraph (5) of this subsection, if the total amount of
9 credits applied for by all applicants that are not small businesses exceeds the maximum
10 specified under subparagraph (i) of this paragraph, the Department shall approve a credit
11 under this section for each applicant in an amount equal to the product of multiplying the
12 credit applied for by the applicant times a fraction:

13 1. the numerator of which is the maximum specified under
14 subparagraph (i) of this paragraph; and

15 2. the denominator of which is the total of all credits applied
16 for by all applicants that are not small businesses in the calendar year.

17 (5) (i) For any calendar year, if the total amount of credits applied for
18 by all small businesses is less than \$3,500,000, the amount specified under paragraph (4)(i)
19 of this subsection shall be increased for that calendar year by an amount equal to the
20 difference between \$3,500,000 and the total amount of credits applied for by small
21 businesses.

22 (ii) For any calendar year, if the total amount of credits applied for
23 by all applicants that are not small businesses is less than \$8,500,000, the amount specified
24 under paragraph (3)(i) of this subsection shall be increased for that calendar year by an
25 amount equal to the difference between \$8,500,000 and the total amount of credits applied
26 for by applicants that are not small businesses.

27 (6) The Department may not approve a tax credit for any single applicant
28 in an amount exceeding \$250,000.

29 (7) By February 15 of the calendar year following the end of the year in
30 which the individual or corporation submitted an application for the credit in accordance
31 with paragraph (1) of this subsection, the Department shall certify to the individual or
32 corporation the amount of the research and development tax credits approved by the
33 Department for the individual or corporation under this section.

34 (8) To claim the approved credits allowed under this section, an individual
35 or corporation shall:

36 (i) 1. file an amended income tax return for the taxable year in

1 which the Maryland qualified research and development expense was incurred; and

2 2. attach a copy of the Department's certification of the
3 approved credit amount to the amended income tax return; or

4 (ii) subject to subsection (d) of this section, attach a copy of the
5 Department's certification of the approved credit amount to an income tax return filed for
6 any of the 7 taxable years after the taxable year in which the Maryland qualified research
7 and development expenses were incurred.

8 (d) (1) Except as provided in paragraph (2) of this subsection, if the credit
9 allowed under this section in any taxable year exceeds the State income tax for that taxable
10 year, an individual or corporation may apply the excess as a credit against the State income
11 tax for succeeding taxable years until the earlier of:

12 (i) the full amount of the excess is used; or

13 (ii) the expiration of the 7th taxable year after the taxable year in
14 which the Maryland qualified research and development expense was incurred.

15 (2) If the credit allowed under this section in any taxable year exceeds the
16 State income tax for that taxable year, a small business may claim a refund in the amount
17 of the excess.

18 (e) (1) In determining the amount of the credit under this section:

19 (i) all members of the same controlled group of corporations, as
20 defined under § 41(f) of the Internal Revenue Code, shall be treated as a single taxpayer;
21 and

22 (ii) the credit allowable by this section to each member shall be its
23 proportionate shares of the qualified research expenses giving rise to the credit.

24 (2) The Comptroller shall adopt regulations providing for:

25 (i) determination of the amount of the credit under this section in
26 the case of trades or businesses, whether or not incorporated, that are under common
27 control;

28 (ii) pass-through and allocation of the credit in the case of estates
29 and trusts, partnerships, unincorporated trades or businesses, and S corporations;

30 (iii) adjustments in the case of acquisitions and dispositions
31 described in § 41(f)(3) of the Internal Revenue Code; and

32 (iv) determination of the credit in the case of short taxable years.

1 (3) The regulations adopted under paragraph (2) of this subsection shall be
2 based on principles similar to the principles applicable under § 41 of the Internal Revenue
3 Code and regulations adopted thereunder.

4 (f) (1) The Department of Commerce and the Comptroller jointly shall adopt
5 regulations to prescribe standards for determining when research or development is
6 considered conducted in the State for purposes of determining the credit under this section.

7 (2) In adopting regulations under this subsection, the Department and the
8 Comptroller may consider:

9 (i) the location where services are performed;

10 (ii) the residence or business location of the person or persons
11 performing services;

12 (iii) the location where supplies used in research and development
13 are consumed; and

14 (iv) any other factors that the Department determines are relevant
15 for the determination.

16 (g) In accordance with § 2.5–109 of the Economic Development Article, the
17 Department shall report on the credits approved under this section.

18 (h) If the provisions of § 41 of the Internal Revenue Code governing the federal
19 research and development tax credit are repealed or terminate, the provisions of this
20 section continue to operate as if the provisions of § 41 of the Internal Revenue Code remain
21 in effect, and the Maryland research and development tax credit under this section shall
22 continue to be available.

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

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

30 10–725.

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

32 (2) “Biotechnology company” means a company organized for profit that is
33 primarily engaged in, or within 2 months will be primarily engaged in, the research,

1 development, or commercialization of innovative and proprietary technology that
2 comprises, interacts with, or analyzes biological material including biomolecules (DNA,
3 RNA, or protein), cells, tissues, or organs.

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

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

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

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

13 (ii) “Investment” does not include debt.

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

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

20 (ii) “Qualified investor” does not include:

21 1. a qualified pension plan, individual retirement account, or
22 other qualified retirement plan under the Employee Retirement Income Security Act of
23 1974, as amended, or fiduciaries or custodians under such plans, or similar tax-favored
24 plans or entities under the laws of other countries; or

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

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

29 1. has its headquarters and base of operations in this State;

30 2. has fewer than 50 full-time employees;

31 3. has been in active business no longer than 12 years;

32 4. does not have its securities publicly traded on any

1 exchange;

2 5. has been certified as a biotechnology company by the
3 Department; and

4 6. the qualified investors in the company have not received
5 more than \$7,000,000 in tax credits in the aggregate under this section.

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

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

10 (b) (2) Subject to paragraphs (3) and (4) of this subsection and subsections (d)
11 and (e) of this section, for the taxable year in which an investment in a qualified Maryland
12 biotechnology company is made, a qualified investor may claim a credit against the State
13 income tax in an amount equal to the amount of tax credit stated in the final credit
14 certificate approved by the Secretary for the investment as provided under this section.

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

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

23 (i) except as provided in item (ii) of this paragraph, 33% of the
24 investment in a qualified Maryland biotechnology company, not to exceed \$250,000; or

25 (ii) ~~[50%]~~ **75%** of the investment in the qualified Maryland
26 biotechnology company, not to exceed ~~[\$500,000]~~ **\$750,000**, if a qualified Maryland
27 biotechnology company[:

28 1. is located in Allegany County, Dorchester County, Garrett
29 County, or Somerset County; or

30 2.] is located in a Regional Institution Strategic Enterprise
31 zone that is designated under Title 5, Subtitle 14 of the Economic Development Article[, is
32 based on technology that was developed at a qualified institution within that zone, and has
33 been in active business not longer than 7 years].

34 (2) During any fiscal year, the Secretary may not certify eligibility for tax

1 credits for investments in a single qualified Maryland biotechnology company that in the
2 aggregate exceed 10% of the total appropriations to the Maryland Biotechnology
3 Investment Tax Credit Reserve Fund for that fiscal year.

4 (3) (I) If the tax credit allowed under this section in any taxable year
5 exceeds the total tax otherwise payable by the qualified investor for that taxable year, the
6 qualified investor may claim a refund in the amount of the excess.

7 (II) IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A REFUND
8 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS-THROUGH ENTITY THAT
9 PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF
10 ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY
11 CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE
12 PASS-THROUGH ENTITY IN ANY MANNER.

13 10-730.

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

15 (4) (i) "Film production activity" means:

16 1. the production of a film or video project that is intended
17 for nationwide commercial distribution; and

18 2. for a television series, each season of the television series.

19 (ii) "Film production activity" includes the production of:

20 1. a feature film;

21 2. a television project;

22 3. a commercial;

23 4. a corporate film;

24 5. a music video;

25 6. a digital animation project;

26 7. a documentary; or

27 8. a talk, reality, or game show.

28 (iii) "Film production activity" does not include the production of:

- 1 1. a student film;
- 2 2. a noncommercial personal video;
- 3 3. a sports broadcast;
- 4 4. a broadcast of a live event;
- 5 5. a video, computer, or social networking game;
- 6 6. pornography;
- 7 7. an infomercial;
- 8 8. a digital product or an animation project other than a
9 digital animation project; or
- 10 9. a multimedia project.

11 (7) “Qualified film production entity” means an entity that:

12 (i) is carrying out a film production activity; and

13 (ii) the Secretary determines to be eligible for the tax credit under
14 this section in accordance with subsection (c) of this section.

15 (b) (1) A qualified film production entity may claim a credit against the State
16 income tax for film production activities in the State in an amount equal to the amount
17 stated in the final tax credit certificate approved by the Secretary for film production
18 activities.

19 (2) If the tax credit allowed under this section in any taxable year exceeds
20 the total tax otherwise payable by the qualified film production entity for that taxable year,
21 the qualified film production entity may claim a refund in the amount of the excess.

22 (f) (1) Except as provided in paragraph (2) of this subsection, the Secretary
23 may not issue tax credit certificates for credit amounts in the aggregate totaling more than:

24 (i) for fiscal year 2014, \$25,000,000;

25 (ii) for fiscal year 2015, \$7,500,000;

26 (iii) for fiscal year 2016, \$7,500,000;

27 (iv) for fiscal year 2019, \$8,000,000;

28 (v) for fiscal year 2020, \$11,000,000;

- 1 (vi) for fiscal year 2021 through 2023, \$12,000,000;
- 2 (vii) for fiscal year 2024, \$15,000,000;
- 3 (viii) for fiscal year 2025, \$17,500,000; **AND**
- 4 (ix) for fiscal year 2026 **AND EACH FISCAL YEAR THEREAFTER,**
5 \$20,000,000[; and
- 6 (x) for fiscal year 2027 and each fiscal year thereafter, \$12,000,000].

7 (2) If the aggregate credit amounts under the tax credit certificates issued
8 by the Secretary total less than the maximum provided under paragraph (1) of this
9 subsection in any fiscal year, any excess amount may be carried forward and issued under
10 tax credit certificates in a subsequent fiscal year.

11 (3) [The Secretary may not issue tax credit certificates for credit amounts
12 totaling more than \$10,000,000 in the aggregate for a single film production activity.

13 (4) (i) For fiscal year 2019 and each fiscal year thereafter, the Secretary
14 shall make 10% of the credit amount authorized under paragraph (1) of this subsection
15 available for Maryland small or independent film entities.

16 (ii) If the total amount of credits applied for by Maryland small or
17 independent film entities is less than the amount made available under subparagraph (i)
18 of this paragraph, the Secretary shall make available the unused amount of credits for use
19 by qualified film production entities.

20 [10-732.

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

22 (2) "Costs" means the costs to an individual or corporation for:

23 (i) security clearance administrative expenses incurred with regard
24 to an employee in the State including, but not limited to:

25 1. processing application requests for clearances for
26 employees in the State;

27 2. maintaining, upgrading, or installing computer systems in
28 the State required to obtain federal security clearances; and

29 3. training employees in the State to administer the
30 application process; and

1 (ii) construction and equipment costs incurred to construct or
2 renovate a sensitive compartmented information facility (“SCIF”) located in the State as
3 required by the federal government.

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

5 (4) “Secretary” means the Secretary of Commerce.

6 (5) “Small business” has the meaning stated in § 7–218 of this article.

7 (b) (1) Subject to the limitations of this section, for a taxable year beginning
8 after December 31, 2022, but before January 1, 2028, an individual or a corporation that
9 employs not more than 500 employees may claim credits against the State income tax for:

10 (i) security clearance administrative expenses, not to exceed
11 \$200,000;

12 (ii) expenses incurred for rental payments owed during the first year
13 of a rental agreement for spaces leased in the State if the individual or corporation is a
14 small business that performs security–based contracting, not to exceed \$200,000; and

15 (iii) subject to paragraph (2) of this subsection, construction and
16 equipment costs incurred to construct or renovate a single SCIF in an amount equal to the
17 lesser of 50% of the costs or \$200,000.

18 (2) The total amount of construction and equipment costs incurred to
19 construct or renovate multiple SCIFs for which an individual or a corporation is eligible to
20 claim as a credit against the State income tax is \$500,000.

21 (c) (1) By September 15 of the calendar year following the end of the taxable
22 year in which the costs were incurred, an individual or a corporation shall submit an
23 application to the Department for the credits allowed under subsection (b) of this section.

24 (2) (i) The total amount of credits approved by the Department under
25 subsection (b) of this section may not exceed \$2,000,000 for any calendar year.

26 (ii) If the total amount of credits applied for by all individuals and
27 corporations under subsection (b) of this section exceeds the maximum specified under
28 subparagraph (i) of this paragraph, the Department shall approve a credit under subsection
29 (b) of this section for each applicant in an amount equal to the product of multiplying the
30 credit applied for by the applicant times a fraction:

31 1. the numerator of which is the maximum specified under
32 subparagraph (i) of this paragraph; and

33 2. the denominator of which is the total of all credits applied

1 for by all applicants under subsection (b) of this section in the calendar year.

2 (3) By December 15 of the calendar year following the end of the taxable
3 year in which the costs were incurred, the Department shall certify to the individual or
4 corporation the amount of tax credits approved by the Department for the individual or
5 corporation under this section.

6 (4) To claim the approved credits allowed under this section, an individual
7 or a corporation shall:

8 (i) 1. file an amended income tax return for the taxable year in
9 which the costs were incurred; and

10 2. attach a copy of the Department's certification of the
11 approved credit amount to the amended income tax return; or

12 (ii) subject to subsection (d) of this section, attach a copy of the
13 Department's certification of the approved credit amount to an income tax return filed for
14 any taxable year after the taxable year in which the costs were incurred.

15 (d) If the credit allowed for any taxable year under this section exceeds the total
16 tax otherwise due, an individual or corporation may apply the excess as a credit against
17 the State income tax for succeeding taxable years until the full amount of the excess is
18 used.

19 (e) The Department, in consultation with the Comptroller, shall adopt
20 regulations to carry out the provisions of this section.

21 (f) In accordance with § 2.5-109 of the Economic Development Article, the
22 Department shall submit a report on the number of credits certified in the previous
23 calendar year.]

24 10-733.

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

26 (2) (i) "Company" means any entity of any form duly organized and
27 existing under the laws of any jurisdiction for the purpose of conducting business for profit.

28 (ii) "Company" includes an entity that becomes duly organized and
29 existing under the laws of any jurisdiction for the purpose of conducting business for profit
30 within 4 months of receiving a qualified investment.

31 (iii) "Company" does not include a sole proprietorship.

32 (3) "Department" means the Department of Commerce.

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

6 (ii) “Investment” does not include debt unless it is convertible debt.

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

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

13 (ii) “Qualified investor” does not include:

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

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

20 (6) (i) “Qualified Maryland technology company” means a technology
21 company that has met the criteria set forth in subsection (b)(3) of this section.

22 (ii) “Qualified Maryland technology company” does not include a
23 technology company that is or has been certified as a qualified Maryland biotechnology
24 company under § 10-725 of this subtitle.

25 (7) “Secretary” means the Secretary of Commerce.

26 (8) “Technology company” means a company organized for profit that is
27 engaged in the research, development, or commercialization of innovative and proprietary
28 technology.

29 (b) (2) Subject to paragraph (3) of this subsection and subsections (d) and (e)
30 of this section, for the taxable year in which an investment in a qualified Maryland
31 technology company is made, a qualified investor may claim a credit against the State
32 income tax in an amount equal to the amount of tax credit stated in the final credit
33 certificate approved by the Secretary for the investment as provided under this section.

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

1 (ii) at least 30 days prior to making an investment in a qualified
2 Maryland technology company for which the qualified investor would be eligible for an
3 initial tax credit certificate under this subsection, shall submit an application to the
4 Department containing the following:

5 2. evidence that the qualified Maryland technology company
6 has satisfied the following minimum requirements for consideration as a qualified
7 Maryland technology company:

8 J. meets any other reasonable requirements of the
9 Department evidencing that the company is a going concern engaged in the research,
10 development, or commercialization of innovative and proprietary technology in an eligible
11 technology sector identified in accordance with paragraph (4) of this subsection; and

12 (4) (i) [After consulting with the Department and the Maryland
13 Department of Labor, each year the Maryland Economic Development Commission shall:

14 1. evaluate the potential employment and economic growth
15 of Maryland's technology sectors; and

16 2. recommend eligible technology sectors to the Department.

17 (ii)] Each year the Department shall[:

18 1. consider the recommendation of the Maryland Economic
19 Development Commission; and

20 2.] establish a list of technology sectors that will be eligible
21 for the tax credit under this section.

22 [(iii)] (II) In determining whether a company is engaged in an
23 eligible technology sector, the Department shall consider the definitions set forth in the
24 North American Industry Classification System (NAICS).

25 (5) IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT
26 UNDER PARAGRAPH (2) OF THIS SUBSECTION IS A PASS-THROUGH ENTITY THAT
27 PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF
28 ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY
29 CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH
30 ENTITY IN ANY MANNER.

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

33 (i) except as provided in item (ii) of this paragraph, 33% of the

1 investment in a qualified Maryland technology company, not to exceed \$250,000; or

2 (ii) [50%] **75%** of the investment in the qualified Maryland
3 technology company, not to exceed [500,000] **\$750,000**, if a qualified Maryland
4 technology company[:

5 1. is located in Allegany County, Dorchester County, Garrett
6 County, or Somerset County; or

7 2.] is located in a Regional Institution Strategic Enterprise
8 zone that is designated under [Title 5, Subtitle 14] **TITLE 10, SUBTITLE 1** of the Economic
9 Development Article[, is based on technology that was developed at a qualified institution
10 within that zone, and has been in active business not longer than 7 years].

11 (2) During any fiscal year, the Secretary may not certify eligibility for tax
12 credits for investments in:

13 (i) a single qualified Maryland technology company that in the
14 aggregate exceed 15% of the total appropriations to the Maryland Innovation Investment
15 Tax Credit Reserve Fund for that fiscal year; or

16 (ii) a single technology sector that in the aggregate exceed 25% of the
17 total appropriations to the Maryland Innovation Investment Tax Credit Reserve Fund for
18 that fiscal year.

19 (3) **(I)** If the credit allowed under this section in any taxable year
20 exceeds the State income tax for that taxable year, an individual or a corporation may claim
21 a refund in the amount of the excess.

22 **(II) IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A REFUND**
23 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS-THROUGH ENTITY THAT**
24 **PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF**
25 **ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY**
26 **CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH**
27 **ENTITY IN ANY MANNER.**

28 **(J) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION**
29 **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029.**

30 10-733.1.

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

32 (2) "Cybersecurity business" means an entity organized for profit that is
33 engaged primarily in the development of innovative and proprietary cybersecurity
34 technology or the provision of cybersecurity service.

1 (3) “Cybersecurity service” means an activity that is associated with a
2 category or subcategory identified under the Framework Core established by the National
3 Institute of Standards and Technology’s Cybersecurity Framework.

4 (4) “Cybersecurity technology” means products or goods intended to detect
5 or prevent activity intended to result in unauthorized access to, exfiltration of,
6 manipulation of, or impairment to the integrity, confidentiality, or availability of an
7 information system or information stored on or transiting an information system.

8 (5) “Department” means the Department of Commerce.

9 (6) [“Panel” means the panel that the Department may establish under
10 subsection (c) of this section composed of experts in the areas of cybersecurity technology
11 and cybersecurity service.

12 (7) “Qualified buyer” means any entity [that has fewer than 50 employees
13 in the State and] that is required to file an income tax return in the State.

14 [(8)] (7) “Qualified seller” means a cybersecurity business that:

15 (i) has its headquarters and base of operations in the State;

16 (ii) 1. has less than [\$5,000,000] **\$10,000,000** in annual
17 revenue;

18 2. is a minority-owned, woman-owned, veteran-owned, or
19 service-disabled-veteran-owned business; or

20 3. is located in a historically underutilized business zone
21 designated by the United States Small Business Administration;

22 (iii) 1. owns or has properly licensed any proprietary
23 cybersecurity technology; or

24 2. provides a cybersecurity service;

25 (iv) is in good standing;

26 (v) is current in the payment of all tax obligations to the State or any
27 unit or subdivision of the State; and

28 (vi) is not in default under the terms of any contract with,
29 indebtedness to, or grant from the State or any unit or subdivision of the State.

30 (b) (1) **THERE IS A BUY MARYLAND CYBERSECURITY TAX CREDIT**

1 AUTHORIZED UNDER THIS SECTION.

2 **(2) THE BUY MARYLAND CYBERSECURITY TAX CREDIT IS INTENDED**
3 **TO PROMOTE THE CYBERSECURITY INDUSTRY IN MARYLAND BY HELPING**
4 **MARYLAND BUSINESSES AND NONPROFITS PURCHASE CYBERSECURITY**
5 **TECHNOLOGIES AND SERVICES FROM MARYLAND CYBERSECURITY COMPANIES TO**
6 **PROTECT BUSINESS AND CUSTOMER INFORMATION.**

7 **[(1) (3)]** Subject to paragraphs **[(2) and (3)] (4) THROUGH (6)** of this
8 subsection, a qualified buyer may claim a credit against the State income tax in an amount
9 equal to 50% of the cost incurred during the taxable year to purchase cybersecurity
10 technology or a cybersecurity service from one or more qualified sellers.

11 **[(2) (4)]** For any taxable year, the credit allowed under this section may
12 not exceed \$50,000 for each qualified buyer.

13 **(5) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
14 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, A QUALIFIED**
15 **BUYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

16 **[(3) (6)]** For any taxable year, the aggregate credits claimed for
17 cybersecurity technology or cybersecurity service purchased from a single qualified seller
18 may not exceed **[\$200,000] \$1,000,000**.

19 (c) **[(1)]** The Department, in consultation with the Maryland Technology
20 Development Corporation, may establish a panel composed of experts in the areas of
21 cybersecurity technology and cybersecurity service.

22 (2) The Department may establish the panel under service contracts with
23 independent reviewers.

24 (3) The panel shall assist the Department in its determination as to
25 whether a company is a qualified seller.

26 (4) A member of the panel is not eligible to receive any benefit, direct or
27 indirect, from the tax credit under this section.

28 (5) (i) Except as provided in subparagraph (ii) of this paragraph,
29 Division II of the State Finance and Procurement Article does not apply to a service that
30 the Department obtains under this section.

31 (ii) The Department is subject to Title 12, Subtitle 4 of the State
32 Finance and Procurement Article for services the Department obtains under this section.

33 (d)] (1) (i) A qualified buyer eligible for the credit under this section may

1 apply to the Department for a credit certificate that states the amount of the credit the
2 qualified buyer may claim under subsection (b) of this section.

3 (ii) A qualified buyer shall attach the credit certificate to the income
4 tax return on which the qualified buyer claims the credit under subsection (b) of this
5 section.

6 (2) Subject to paragraph (3) of this subsection, the Secretary of Commerce
7 shall approve each application under paragraph (1) of this subsection that qualifies for a
8 credit certificate.

9 (3) [(i)] The total amount of the credit certificates approved by the
10 Secretary of Commerce under this subsection may not exceed:

11 1. for taxable year 2018, \$2,000,000; and

12 2. for taxable year 2019 and each taxable year thereafter,

13 \$4,000,000.

14 [(ii)] For each taxable year, the Secretary of Commerce shall award
15 25% of the amount of tax credits authorized under subparagraph (i) of this paragraph to
16 qualified buyers that purchase cybersecurity services.]

17 [(e)] (D) (1) The Department may revoke its certification of a credit under
18 this section if any representation made in connection with the application for the
19 certification is determined by the Department to have been false.

20 (2) The revocation may be in full or in part as the Department may
21 determine and, subject to paragraph (3) of this subsection, shall be communicated to the
22 qualified buyer and the Comptroller.

23 (3) The qualified buyer shall have an opportunity to appeal any revocation
24 to the Department before notification of the Comptroller.

25 (4) The Comptroller may make an assessment against the qualified buyer
26 to recapture any amount of tax credit that the qualified buyer has already claimed.

27 [(f)] (E) In accordance with § 2.5–109 of the Economic Development Article, the
28 Department shall submit a report on the credit certificates awarded under this section for
29 the calendar year.

30 [(g)] (F) The Department and the Comptroller jointly shall adopt regulations to
31 carry out this section and to specify criteria and procedures for application for, approval of,
32 and monitoring continuing eligibility for the tax credit under this section.

33 (G) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION

1 **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029.**

2 **Chapter 515 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005,**
3 **Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of**
4 **the Acts of 2021**

5 SECTION 2. AND BE IT FURTHER ENACTED, That:

6 (a) Except as otherwise provided in this section, this Act shall be applicable to all
7 taxable years beginning after December 31, 1999 [but before January 1, 2026].

8 (b) If a taxpayer's taxable year for income tax purposes is not the calendar year[:

9 (1)], for the taxable year that ends in calendar year 2000, the taxpayer may
10 apply for a prorated credit for research and development expenses paid or incurred in the
11 taxable year for that part of the taxable year that falls in calendar year 2000[: and

12 (2) for the taxable year that begins in calendar year 2025, the taxpayer
13 may apply for only a prorated credit for research and development expenses paid or
14 incurred in the taxable year for that part of the taxable year that falls in calendar year
15 2025].

16 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
17 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027,
18 with no further action required by the General Assembly, this Act shall be abrogated and
19 of no further force and effect.]

20 **Chapter 516 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005,**
21 **Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of**
22 **the Acts of 2021**

23 SECTION 2. AND BE IT FURTHER ENACTED, That:

24 (a) Except as otherwise provided in this section, this Act shall be applicable to all
25 taxable years beginning after December 31, 1999 [but before January 1, 2026].

26 (b) If a taxpayer's taxable year for income tax purposes is not the calendar year[:

27 (1)], for the taxable year that ends in calendar year 2000, the taxpayer may
28 apply for a prorated credit for research and development expenses paid or incurred in the
29 taxable year for that part of the taxable year that falls in calendar year 2000[: and

30 (2) for the taxable year that begins in calendar year 2025, the taxpayer
31 may apply for only a prorated credit for research and development expenses paid or
32 incurred in the taxable year for that part of the taxable year that falls in calendar year
33 2025].

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027,
3 with no further action required by the General Assembly, this Act shall be abrogated and
4 of no further force and effect.]

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

7 **Chapter 390 of the Acts of 2013, as amended by Chapter 578 of the Acts of 2018**
8 **and Chapter 113 of the Acts of 2021**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2013, and shall be applicable to all taxable years beginning after December 31, 2013[,
11 but before January 1, 2025. This Act shall remain effective for a period of 12 years and, at
12 the end of June 30, 2025, with no further action required by the General Assembly, this Act
13 shall be abrogated and of no further force and effect].

14 SECTION 5. AND BE IT FURTHER ENACTED, That the terms of the members of
15 the Maryland Life Sciences Advisory Board appointed by the Governor under § 3–203(a)(3)
16 of the Economic Development Article, as enacted by Section 2 of this Act, shall expire as
17 follows:

- 18 (1) five members in 2026;
- 19 (2) five members in 2027; and
- 20 (3) six members in 2028.

21 SECTION 6. AND BE IT FURTHER ENACTED, That the publisher of the
22 Annotated Code of Maryland, in consultation with and subject to the approval of the
23 Department of Legislative Services, shall correct, with no further action required by the
24 General Assembly, cross–references and terminology rendered incorrect by this Act. The
25 publisher shall adequately describe any correction that is made in an editor’s note following
26 the section affected.

27 SECTION 7. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be
28 applicable to all taxable years beginning after December 31, 2024.

29 SECTION 8. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall take
30 effect June 1, 2025.

31 SECTION 9. AND BE IT FURTHER ENACTED, That, except as provided in Section
32 8 of this Act, this Act shall take effect July 1, 2025.