## **SENATE BILL 465**

Q7, C7  $\begin{array}{c} 0 lr 2540 \\ CF \ HB \ 135 \end{array}$ 

By: Senators Guzzone, Beidle, Carter, Elfreth, Griffith, Hayes, Pinsky, Washington, West, Young, and Zucker Zucker, Miller, Feldman, King, Klausmeier, Peters, Rosapepe, Edwards, Serafini, Salling, and Eckardt

Introduced and read first time: January 28, 2020

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 28, 2020

CHAPTER

1 AN ACT concerning

- 2 Admissions and Amusement Tax Electronic Bingo and Tip Jars Distribution 3 to Maryland State Arts Council
- 4 Maryland E-Nnovation Initiative Program and Admissions and Amusement Tax
  5 Distributions Extensions and Alterations
- 6 FOR the purpose of extending and altering the Maryland E-Nnovation Initiative Program; 7 requiring the Governor to include in the annual budget bill certain appropriations to 8 the Maryland E-Nnovation Initiative Fund for certain fiscal years; altering certain 9 requirements for certain individuals in certain positions funded by certain 10 endowment proceeds; altering, beginning in a certain fiscal year, the distribution of 11 revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars; making a conforming change; and generally relating to the 12 Maryland E-Nnovation Initiative Program and the distribution of revenue from the 13 State admissions and amusement tax on electronic bingo and electronic tip jars. 14
- 15 BY repealing and reenacting, without amendments,
- 16 <u>Article Economic Development</u>
- Section 6–604(a), (d), and (f), 6–612(a), and 6–618(b), (d), and (e)
- 18 Annotated Code of Maryland
- 19 (2018 Replacement Volume and 2019 Supplement)
- 20 BY repealing and reenacting, with amendments,
- 21 <u>Article Economic Development</u>

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 2 3	Section 6–604(e) and 6–614 Annotated Code of Maryland (2018 Replacement Volume and 2019 Supplement)
4 5 6 7 8	BY repealing and reenacting, with amendments, Article – Tax – General Section 2–202(a) Annotated Code of Maryland (2016 Replacement Volume and 2019 Supplement)
9	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
1	<u> Article – Economic Development</u>
2	<u>6–604.</u>
13	(a) There is a Maryland E–Nnovation Initiative Fund in the Department.
4	(d) The Fund consists of:
5	(1) revenue distributed to the Fund under § 2–202(a)(1) of the Tax – General Article;
17	(2) money appropriated in the State budget to the Fund; and
18 19	(3) any other money from any other source accepted for the benefit of the Fund.
20 21 22 23	(e) For each of fiscal years 2016 through [2021,] <b>2026,</b> the Governor shall include in the budget bill an appropriation to the Fund in an amount that when combined with the amount estimated to be distributed to the Fund under subsection (d)(1) of this section equals at least [\$8,500,000] <b>\$9,000,000</b> .
24	(f) The Department may use the Fund to:
25 26	(1) <u>finance research endowments at nonprofit institutions of higher</u> education in scientific and technical fields of study; and
27 28	(2) pay the related administrative, legal, and actuarial expenses of the Department.
29	<u>6–612.</u>
30 31	(a) The governing body of each nonprofit institution of higher education may create and administer one or more research endowments to receive funding from the Fund.

1 <u>6–614.</u>

- 2 (a) Endowment proceeds shall be expended by a nonprofit institution of higher education to further basic and applied research in scientific and technical fields of study as designated by the Authority that offer promising and significant economic impacts and the opportunity to develop clusters of technological innovation in the State, including:
- 6 (1) physical sciences;
- 7 (2) <u>life and neuro sciences;</u>
- 8 <u>(3)</u> engineering;
- 9 <u>(4)</u> <u>mathematical and computational sciences;</u>
- 10 <u>(5)</u> regulatory science;
- 11 <u>(6) autonomous systems;</u>
- 12 (7) <u>aeronautical and space science</u>;
- 13 (8) environmental sciences;
- 14 (9) behavioral and language science;
- 15 (10) health sciences;
- 16 (11) agriculture; or
- 17 (12) cybersecurity.
- 18 <u>(b) Endowment proceeds may be expended by a nonprofit institution of higher</u> 19 <u>education for:</u>
- 20 (1) the payment of the base salaries of newly endowed department chairs,
- new professorship positions, new research scientists, or new research staff positions, including research technicians and support personnel, and to fund affiliated graduate or
- 23 undergraduate student research fellowships, if the positions or fellowships are engaged in
- 24 the areas of research identified in subsection (a) of this section; or
- 25 (2) the purchase of basic infrastructure, including laboratory and scientific 26 equipment or other essential equipment and materials, related to an area of research 27 identified in subsection (a) of this section.
- 28 (c) An individual in a position that is funded by endowment proceeds under 29 subsection (b)(1) of this section shall:

- 1 (1) work at least [one day each week] 20% OF THE YEAR in support of a federal laboratory or associated federal laboratory research support organization;

  3 (2) hold a joint appointment or secondary position at another nonprofit institution of higher education in the State; or
- 5 (3) work at least [one day each week] 20% OF THE YEAR in support of entrepreneurial activities with a company engaged in one or more of the research areas identified in subsection (a) of this section.
- 8 (d) The Authority shall issue eligibility criteria regarding the expenditure of endowment proceeds to pay the base salaries of personnel, fund student fellowships, and purchase basic infrastructure.
- 11 6–618.
- 12 (b) A nonprofit institution of higher education seeking a distribution of matching
  13 funds from the Fund shall first obtain qualified donations in an amount equal to the
  14 amount of matching funds requested for distribution and shall submit a request to the
  15 Authority.
- 16 (d) The Authority shall review each request for distribution of matching funds 17 from the Fund for compliance with the provisions of this subtitle and Department 18 regulations.
- 19 (e) If the Authority approves the request of a nonprofit institution of higher 20 education, the Authority shall distribute matching funds to the applicable research 21 endowment in an amount equal to the amount of qualified donations.

## 22 Article - Tax - General

- 23 2-202.
- 24 (a) After making the distribution required under § 2–201 of this subtitle, within 25 20 days after the end of each quarter, the Comptroller shall distribute:
- 26 (1) except as provided in subsections (b) and (c) of this section, from the 27 revenue from the State admissions and amusement tax on electronic bingo and electronic 28 tip jars under § 4–102(e) of this article:
- 29 (i) 1. for fiscal years 2016 through 2021, FOR FISCAL YEAR
  30 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of
  31 20% to the Maryland E-Nnovation Initiative Fund under § 6-604 of the Economic
  32 Development Article; and
- 33 <u>2.</u> in fiscal year 2022 and in each fiscal year thereafter, the 34 revenue attributable to a tax rate of 20% to the General Fund of the State; and

$\begin{array}{c} 1 \\ 2 \end{array}$	(ii) $\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \$
3 4 5	A. to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4–801 of the Economic Development Article, up to an aggregate amount of \$1,000,000 in each fiscal year; and
6 7	B. the remainder to the Maryland State Arts Council, as provided in $\S$ 4–512 of the Economic Development Article;
8 9 10	2. for fiscal years 2019 through 2021] FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of 5% as follows:
11 12	[A.] 1. to the Maryland State Arts Council, as provided in § 4–512 of the Economic Development Article, \$1,000,000 in each fiscal year; and
13 14	[B.] 2. TO THE TOWN OF CHESAPEAKE BEACH, \$300,000 in each fiscal year; and
15 16 17	3. the remainder to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4–801 of the Economic Development Article; and
18 19 20	[3. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 5% to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4–801 of the Economic Development Article; and]
21	(2) the remaining admissions and amusement tax revenue:
22 23	(i) to the Maryland Stadium Authority, county, or municipal corporation that is the source of the revenue; or
$\begin{array}{c} 24 \\ 25 \end{array}$	(ii) if the Maryland Stadium Authority and also a county or municipal corporation tax a reduced charge or free admission:
26	1. 80% of that revenue to the Authority; and
27	2. 20% to the county or municipal corporation.
28 29	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.