

HOUSE BILL 1479

C8

2lr3306
CF SB 885

By: **Delegate Lierman**

Introduced and read first time: March 1, 2022

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, March 22, 2022

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 2022

CHAPTER _____

1 AN ACT concerning

2 **Maryland Technology Development Corporation – Maryland Equity Investment**
3 **Fund – Established**

4 FOR the purpose of establishing the Maryland Equity Investment Fund in the Maryland
5 Technology Development Corporation; providing for the investment of certain
6 General Fund surplus in certain private equity and venture capital in the State for
7 a certain purpose through the Fund; altering, for a certain fiscal year, the
8 distribution of certain General Fund surplus; and generally relating to investments
9 in private equity and venture capital in the State and the Maryland Technology
10 Development Corporation.

11 BY adding to
12 Article – Economic Development
13 Section 10–487 to be under the amended part “Part X. Miscellaneous Funds”
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – State Finance and Procurement
18 Section 7–311(a)(1) and (2)
19 Annotated Code of Maryland
20 (2021 Replacement Volume)

21 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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



Article – State Finance and Procurement
Section 7–311(j)(1)(iii) and (iv)
Annotated Code of Maryland
(2021 Replacement Volume)

BY adding to

Article – State Finance and Procurement
Section 7–311(j)(1)(v)
Annotated Code of Maryland
(2021 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Economic Development

Part X. [Pre–Seed Builder Fund] **MISCELLANEOUS FUNDS.**

10–487.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(2) “FUND” MEANS THE MARYLAND EQUITY INVESTMENT FUND.

(3) “PRIVATE EQUITY” MEANS AN ASSET CLASS CONSISTING OF
EQUITY SECURITIES AND DEBT IN OPERATING COMPANIES THAT ARE NOT PUBLICLY
TRADED ON A STOCK EXCHANGE.

(4) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT, AT THE TIME
OF THE FIRST INVESTMENT IN THE BUSINESS:

(I) HAS ITS PRINCIPAL BUSINESS OPERATIONS LOCATED IN
THE STATE AND INTENDS TO MAINTAIN ITS PRINCIPAL BUSINESS OPERATIONS IN
THE STATE AFTER RECEIVING AN INVESTMENT UNDER THE PROGRAM;

(II) HAS AGREED TO USE THE QUALIFIED INVESTMENT
PRIMARILY TO:

1. SUPPORT BUSINESS OPERATIONS IN THE STATE; OR

2. IN THE CASE OF A START–UP COMPANY, ESTABLISH
AND SUPPORT BUSINESS OPERATIONS IN THE STATE;

(III) HAS NOT MORE THAN 250 EMPLOYEES; AND

(IV) IS NOT PRIMARILY ENGAGED IN:

1. RETAIL SALES;

2. REAL ESTATE DEVELOPMENT;

3. THE BUSINESS OF INSURANCE, BANKING, OR LENDING; OR

4. THE PROVISION OF PROFESSIONAL SERVICES BY ACCOUNTANTS, ATTORNEYS, OR PHYSICIANS.

~~(4)~~ (5) “SEVERAL SYSTEMS” HAS THE MEANING STATED IN § 20-201 OF THE STATE PERSONNEL AND PENSIONS ARTICLE.

~~(5)~~ (6) “VENTURE CAPITAL” MEANS AN INVESTMENT OF CAPITAL TO A BUSINESS AT ANY STAGE OF ITS DEVELOPMENT BEFORE THE BUSINESS MAKES A PUBLIC OFFERING OF STOCK.

(B) THERE IS A MARYLAND EQUITY INVESTMENT FUND IN THE CORPORATION.

(C) THE PURPOSE OF THE FUND IS TO ALLOW UNAPPROPRIATED GENERAL FUND SURPLUS TO BE INVESTED IN ~~THE STATE~~ A QUALIFIED BUSINESS WITH A GOAL TO INCREASE PRIVATE EQUITY AND VENTURE CAPITAL IN THE STATE, WITH THE INTEREST EARNINGS AND INVESTMENT RETURNS REALIZED FROM THOSE INVESTMENTS TO THE BENEFIT OF THE PARTICIPANTS OF THE SEVERAL SYSTEMS.

(D) THE CORPORATION SHALL MANAGE AND SUPERVISE THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING REVOLVING FUND THAT IS NOT SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) MONEY DISTRIBUTED TO THE FUND UNDER § 7-311 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY:

(1) FOR THE PURPOSES DESCRIBED IN SUBSECTION (C) OF THIS SECTION; AND

(2) TO PAY THE COSTS NECESSARY TO ADMINISTER THE FUND.

(H) (1) THE STATE TREASURER SHALL INVEST MONEY IN THE FUND IN THE SAME MANNER AS OTHER STATE MONEY.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ANY INVESTMENT EARNINGS OF THE FUND AND INVESTMENT RETURNS REALIZED FROM THE INVESTMENTS MADE UNDER THIS SECTION SHALL BE CREDITED TO THE ACCUMULATION FUNDS OF THE SEVERAL SYSTEMS ESTABLISHED UNDER § 21-303 OF THE STATE PERSONNEL AND PENSIONS ARTICLE ~~AT THE DIRECTION OF THE BOARD OF TRUSTEES FOR THE STATE RETIREMENT AND PENSION SYSTEM.~~

(II) THE CORPORATION MAY RETAIN 50% OF INVESTMENT RETURNS REALIZED FROM THE INVESTMENTS MADE UNDER THIS SECTION.

Article – State Finance and Procurement

7-311.

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

(2) “Account” means the Revenue Stabilization Account.

(j) (1) Except as provided in paragraph (2) of this subsection, for fiscal year 2007 and for each subsequent fiscal year, the Governor shall include in the budget bill an appropriation:

(iii) for fiscal year 2021, to the Account in the amount of \$291,439,149; [and]

(iv) EXCEPT AS PROVIDED IN ITEM (V) OF THIS PARAGRAPH, for fiscal year 2022 and each fiscal year thereafter:

1. to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$25,000,000, that is equal to one-quarter

1 of the amount by which the unappropriated General Fund surplus as of June 30 of the
2 second preceding fiscal year exceeds \$10,000,000;

3 2. to the Postretirement Health Benefits Trust Fund
4 established under § 34–101 of the State Personnel and Pensions Article an amount, up to
5 a maximum of \$25,000,000, that is equal to one–quarter of the amount by which the
6 unappropriated General Fund surplus as of June 30 of the second preceding fiscal year
7 exceeds \$10,000,000; and

8 3. to the Account equal to the amount by which the
9 unappropriated General Fund surplus as of June 30 of the second preceding fiscal year
10 exceeds \$10,000,000, less the amount of the appropriations under items 1 and 2 of this item;

11 AND

12 (V) FOR FISCAL YEAR 2024:

13 1. TO THE MARYLAND EQUITY INVESTMENT FUND
14 ESTABLISHED UNDER § 10–487 OF THE ECONOMIC DEVELOPMENT ARTICLE AN
15 AMOUNT, UP TO \$10,000,000, THAT IS EQUAL TO 10% OF THE AMOUNT BY WHICH
16 THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND
17 PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;

18 2. TO THE ACCUMULATION FUNDS OF THE STATE
19 RETIREMENT AND PENSION SYSTEM AN AMOUNT, UP TO A MAXIMUM OF
20 \$15,000,000, THAT IS EQUAL TO 15% OF THE AMOUNT BY WHICH THE
21 UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND
22 PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;

23 3. TO THE POSTRETIREMENT HEALTH BENEFITS TRUST
24 FUND ESTABLISHED UNDER § 34–101 OF THE STATE PERSONNEL AND PENSIONS
25 ARTICLE AN AMOUNT, UP TO A MAXIMUM OF \$25,000,000, THAT IS EQUAL TO 25%
26 OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF
27 JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000; AND

28 4. TO THE ACCOUNT EQUAL TO THE AMOUNT BY WHICH
29 THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND
30 PRECEDING FISCAL YEAR EXCEEDS \$10,000,000, LESS THE AMOUNT OF THE
31 APPROPRIATIONS UNDER ITEMS 1 THROUGH 3 OF THIS ITEM.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
33 1, 2022.