

SENATE BILL 427

C8, Q3, F5

5lr0456
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

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 17, 2025

CHAPTER _____

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~~ modifying the membership of the board of the Maryland Economic Development
17 Commission; redesignating the Maryland Economic Development Assistance
18 Authority to be the Maryland Economic Competitiveness Fund; repealing certain
19 limits on assistance offered by the Competitiveness Fund; repealing the Maryland
20 Small Business Development Financing Authority and certain related funds;
21 altering eligibility for, terms of, and types of financial assistance from the Child Care
22 Capital Support Revolving Loan Fund; altering the purposes of the Seed Community
23 Development Anchor Institution Fund to include providing certain financial
24 assistance for projects in certain RISE zone catchment areas and requiring the

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.



~~Department of Housing and Community Development to prioritize certain applications located in active RISE zones; redesignating the Economic Development Opportunities Program Account to be the Strategic Closing Fund within the Department of Commerce; altering the purposes for and methods by which the Strategic Closing Fund may be utilized; altering the distribution of certain video lottery terminal proceeds; altering the termination date of the Build Our Future Grant Pilot Program and Job Creation Tax Credit, Research and Development Tax Credit, and Innovation Investment Incentive Tax Credit programs; providing for the termination of the One Maryland Economic Development Tax Credit Program on a certain date; altering eligibility for and the calculation of certain tax credits; allowing a qualified investor that is a pass-through entity that pays a certain income tax on behalf of its members to receive and allocate in any manner a credit or refund of a credit under the Biotechnology Investment Incentive Tax Credit and Innovation Investment Incentive Tax Credit programs; making the film production activity tax credit transferable; authorizing a qualified film production entity to amend its application for the film production activity tax credit under certain circumstances; altering the aggregate amount of film production activity tax credit certificates that the Secretary of Commerce may issue each fiscal year; repealing a certain limit on the aggregate amount of tax credit certificates the Secretary may issue for a single film production activity; repealing a credit against the State income tax for certain costs related to federal security clearances; and generally relating to economic development and economic development incentives.~~

BY renumbering

Article – Economic Development

Section 5–1401 through 5–1410 and the subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone Program”; and 5–2301 through 5–2307 and the subtitle “Subtitle 23. Build Our Future Grant Pilot Program”
to be Section 10–137 through 10–146 and the part “Part II. Regional Institution Strategic Enterprise Zone Program”; and 10–149 through 10–155 and the part “Part III. Build Our Future Grant Pilot Program”, respectively

Annotated Code of Maryland

(2024 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section ~~2–113, 2–116, 2–5–106, 3–203, 3–401, 3–402, 3–411, 5–102, and 5–205;~~
5–301 to be under the amended subtitle “Subtitle 3. Maryland Economic Competitiveness Fund”; 5–310 to be under the amended part “Part III. Maryland Economic Competitiveness Fund”; 5–319 ~~through 5–321, 5–320,~~
~~5–321, 5–324, 5–325, 5–329, and 5–338(d);~~ 5–501 to be under the amended subtitle “Subtitle 5. Maryland Economic Inclusion Fund”; 5–502; 5–505 to be under the amended part “Part II. Maryland Economic Inclusion Fund”; 5–517 to be under the amended part “Part III. Small Business Development Contract Financing Program”; 5–518, 5–524 through 5–528, and 5–530; 5–533 to be under the amended part “Part IV. Small Business Development Guaranty Program”; 5–534, 5–539 through 5–543, 5–545, 5–546, 5–549 through 5–551,

5-553, 5-555 through 5-558, 5-561, 5-562, 5-566 through 5-575, ~~6-1007,~~
~~5-1001, 5-1002, 5-1006, and 5-1204(a)(1)(ii)4.; 5-1501(a) to be under the~~
~~amended subtitle “Subtitle 15. Reinvest for Success Account”; and 5-2402,~~
~~6-309, 6-601, 6-604, 6-614, 6-1007~~ 10-106, 10-115, 10-133, 10-408(a),
10-415, 10-470, and 10-528, ~~12-201(k) and (p), 12-207(b) and (c), and~~
~~16-102(d)(2)~~

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

BY repealing

Article – Economic Development

Section ~~2-5-201 through 2-5-207 and the subtitle “Subtitle 2. Maryland Economic~~
~~Development Commission”; 3-408 through 3-410; 5-305 through 5-307 and~~
the part “Part II. Maryland Economic Development Assistance Authority”;
and 5-506 through 5-514, 5-519 through 5-523, 5-529, 5-535 through 5-538,
5-544, 5-552, 5-554, 5-559, and 5-563 through 5-565, ~~5-1003 through~~
~~5-1005, and 5-1007~~

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

BY repealing and reenacting, without amendments,

Article – Economic Development

Section ~~3-201, 3-202, 3-403, 5-201, 5-203,~~ 5-311 through 5-316, 5-322, ~~5-323,~~
~~5-323, 5-401(a), (b), and (p), 5-2401,~~ 10-101(a), (b), and (d), ~~10-401(a) and~~
~~(e), 10-501(a) and (f), 12-201(a), and 12-207(a)~~ 10-401(a) and (c), and
10-501(a) and (f)

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

BY adding to

Article – Economic Development

Section ~~5-464, 5-506 through 5-508 and 5-507, and 6-407;~~ and the new part
designation “Part I. Maryland Economic Development Corporation” to
immediately precede Section 10-101

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

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 10-137, 10-139 through 10-146, 10-149(a), and 10-150 through 10-155

Annotated Code of Maryland
(2024 Replacement Volume and 2024 Supplement)
(As enacted by Section 1 of this Act)

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 10-138

Annotated Code of Maryland
(2024 Replacement Volume and 2024 Supplement)
(As enacted by Section 1 of this Act)

~~BY adding to~~

~~Article – Corporations and Associations
Section 1–203(b)(14)
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)~~

~~BY repealing and reenacting, with amendments,~~

~~Article – Corporations and Associations
Section 1–203(b)(14)
Annotated Code of Maryland
(2014 Replacement Volume and 2024 Supplement)~~

BY repealing and reenacting, with amendments,

Article – Education
Section 9.5–113.1
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – Housing and Community Development
Section ~~4–509, 6–404, 6–404~~ and 6.5–107(e)(2)
Annotated Code of Maryland
(2019 Replacement Volume and 2024 Supplement)

~~BY repealing and reenacting, with amendments,~~

~~Article – State Finance and Procurement
Section 7–314
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)~~

BY repealing and reenacting, with amendments,

Article – State Government
Section ~~9–1A–26(c)(2)(i) and 9–1A–27(a)(6) and (c)(1)(v)1.~~
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,

Article – State Government
Section 9–1A–27(c)(1)(v)1.
Annotated Code of Maryland
(2021 Replacement Volume and 2024 Supplement)

~~BY repealing~~

~~Article – State Government~~
~~Section 9–3101 through 9–3104 and the subtitle “Subtitle 31. Commerce Subcabinet”~~
~~Annotated Code of Maryland~~
~~(2021 Replacement Volume and 2024 Supplement)~~

~~BY repealing and reenacting, without amendments,~~
~~Article – Tax – Property~~
~~Section 9–103.1(a)(1)~~
~~Annotated Code of Maryland~~
~~(2019 Replacement Volume and 2024 Supplement)~~

~~BY repealing and reenacting, with amendments,~~
~~Article – Tax – Property~~
~~Section 9–103.1(a)(7), (c)(6)(i), (e), and (f) and 9–220(c)(2) and (g)~~
~~Annotated Code of Maryland~~
~~(2019 Replacement Volume and 2024 Supplement)~~

BY repealing and reenacting, with amendments,
Chapter 430 of the Acts of the General Assembly of 2023
Section 3

BY repealing and reenacting, with amendments,
Chapter 431 of the Acts of the General Assembly of 2023
Section 3

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–702(a)(1), 10–725(a) and (b)(2), 10–730(a)(1), (4), and (7) ~~and (b)~~, and
10–733(a) and (b)(2) and (3)(ii)2.J.
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–702(a)(4)(ii), 10–721, 10–725(d), 10–730(b), (c), and (i), ~~10–730(f)~~,
10–733(b)(4) and (d), and 10–733.1
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY adding to
Article – Tax – General
Section 10–725(b)(5) and (k) and 10–733(b)(5) ~~and~~, (j), and (k)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – Property

Section 9–103(a)(1) and (6) and (b)(1) and 9–103.1(a)(1) and (6), (b), (c)(5), (e), and (f)
Annotated Code of Maryland
(2019 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property
Section 9–103(d)(2) and (5) and (e)(1), 9–103.1(a)(7), (c)(3), (4), and (6), (d), (e), and
(f), and 9–229(c)(2) and (g)
Annotated Code of Maryland
(2019 Replacement Volume and 2024 Supplement)

~~BY repealing~~

~~Article – Tax – General~~
~~Section 10–732~~
~~Annotated Code of Maryland~~
~~(2022 Replacement Volume and 2024 Supplement)~~

BY repealing and reenacting, with amendments,

Chapter 515 of the Acts of the General Assembly of 2000, as amended by Chapter 98
of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
2019, and Chapter 114 of the Acts of the General Assembly of 2021
Section 2 and 4

BY repealing and reenacting, with amendments,

Chapter 516 of the Acts of the General Assembly of 2000, as amended by Chapter 98
of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the
General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of
2019, and Chapter 114 of the Acts of the General Assembly of 2021
Section 2 and 4

BY repealing and reenacting, with amendments,

Chapter 390 of the Acts of the General Assembly of 2013, as amended by Chapter
578 of the Acts of the General Assembly of 2018 and Chapter 113 of the Acts
of the General Assembly of 2021
Section 2

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

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

Article – Economic Development

~~2-113.~~

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

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

~~2-116.~~

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

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

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

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

~~(2) The counsel may only:~~

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

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

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

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

~~2.5-106.~~

~~The Department shall:~~

~~(1) investigate and assemble information about the economic development, industrial opportunities, and economic resources of the State, including raw materials,~~

~~power and water resources, transportation facilities, markets, labor, banking and financing facilities, industrial sites, and other fields of research;~~

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

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

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

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

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

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

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

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

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

~~(11) collect and assemble information and data available from other State units or instrumentalities;~~

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

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

~~[(14)] (13) administer the programs in the Department;~~

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

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

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

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

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

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

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

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

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

~~(III) PUBLISH THE LIST DESCRIBED UNDER ITEM (I) OF THIS ITEM ON THE DEPARTMENT'S WEBSITE.~~

~~[Subtitle 2. Maryland Economic Development Commission.]~~

~~[2.5-201.]~~

~~In this subtitle, "Commission" means the Maryland Economic Development Commission.]~~

~~[2.5-202.]~~

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

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

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

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

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

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

~~[2.5-203.~~

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

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

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

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

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

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

~~5. the following representatives of State units and instrumentalities of the State:~~

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

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

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

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

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

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

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

~~(i) the upper Eastern Shore;~~

~~(ii) the lower Eastern Shore;~~

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

~~(iv) Allegany County or Garrett County; and~~

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

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

~~(i) be diverse; and~~

~~(ii) include at least one representative from:~~

~~1. the life sciences industry; and~~

~~2. the manufacturing industry.~~

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

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

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

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

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

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

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

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

~~[2.5-204.~~

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

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

~~[2.5-205.~~

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

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

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

~~(c) A voting member of the Commission:~~

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

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

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

~~[2.5-206.~~

~~(a) The Commission may:~~

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

~~(2) hire consultants; and~~

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

~~(b) The Commission shall:~~

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

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

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

~~(4) review the allocation of financing incentives;~~

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

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

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

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

~~§ 2-5-207.~~

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

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

~~§ 2-201.~~

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

~~(b) "Advisory Board" means the Maryland Life Sciences Advisory Board.~~

~~(c) "Corporation" means the Maryland Technology Development Corporation.~~

~~(d) "Life sciences" includes the fields of biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, food sciences, environmental sciences, and biomedical devices.~~

~~§ 2-202.~~

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

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

~~§ 203.~~

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

~~(1) the Secretary or the Secretary's designee;~~

~~(2) the Executive Director of the Corporation, or the Executive Director's designee; and~~

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

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

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

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

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

~~(v) one member of the general public.~~

~~(b) The composition of the Advisory Board shall reflect the racial and gender diversity of the population of the State.~~

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

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

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

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

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

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

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

~~(g) A member of the Advisory Board:~~

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

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

~~§ 401.~~

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

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

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

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

~~§ 402.~~

~~There is a [Partnership for Workforce Quality] TALENT ACCELERATOR GRANT Program in the Department.~~

~~§ 403.~~

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

~~(1) improve the competitiveness and productivity of the State's workforce and business community;~~

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

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

~~[3-408.~~

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

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

~~[3-409.~~

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

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

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

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

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

~~(ii) three representatives of organized labor;~~

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

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

~~(v) one representative from the Governor's Workforce Development Board; and~~

~~(vi) two representatives of the general public.~~

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

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

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

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

~~(e) A member of the Board:~~

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

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

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

~~§ 410.~~

~~(a) The Board shall:~~

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

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

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

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

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

~~(6) advise the Secretary on coordination of cooperative activities at the State and local level between the Department, employers, labor, and other public and private entities involved with workforce quality.~~

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

~~§ 411.~~

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

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

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

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

~~(d) The Fund consists of:~~

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

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

~~(3) private contributions to the Fund;~~

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

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

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

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

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

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

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

5-102.

The Department shall administer the State's economic development and financial assistance programs and funds including:

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

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

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

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

1 [(5)] (4) the Make Office Vacancies Extinct Program, under Subtitle 15 of
2 this title;

3 [(6)] (5) the Maryland Economic Adjustment Fund, under Subtitle 2 of
4 this title;

5 [(7)] (6) the Maryland Economic [Development Assistance Authority
6 and] **COMPETITIVENESS** Fund, under Subtitle 3 of this title;

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

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

11 [(10)] (9) the Appalachian Regional Development Program, under Title 13,
12 Subtitle 1 of this article;

13 [(11)] (10) jointly with the Department of Housing and Community
14 Development, the Community Development Block Grant for Economic Development; **AND**

15 [(12)] (11) the Regional Institution Strategic Enterprise Zone Program under
16 Subtitle 14 of this title; and

17 [(13)] (11) any other programs or funds designated by statute, the
18 Governor, or the Secretary.

19 ~~5-201.~~

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

21 (b) ~~"Fund" means the Maryland Economic Adjustment Fund.~~

22 (c) (1) ~~"Working capital" means money for current operations of a business.~~

23 (2) ~~"Working capital" includes money for supplies, materials, labor,
24 equipment, rent, software, marketing, insurance, and fees for professional services.~~

25 ~~5-203.~~

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

27 (b) (1) ~~The Department shall administer the Fund.~~

28 (2) ~~The Secretary may:~~

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

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

~~(e) The Maryland Economic Adjustment Fund is a special, nonlapsing revolving fund that is not subject to reversion under § 7-302 of the State Finance and Procurement Article.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~5-205.~~

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

~~(b) The application shall include:~~

~~(1) a detailed strategic business plan;~~

~~(2) the amount of money required for the activities described in the strategic business plan;~~

~~(3) the money available to the applicant without financial assistance from the Department;~~

~~(4) the amount of financial assistance requested from the Department;~~

~~(5) information relating to the financial status of the applicant, including, if applicable:~~

~~(i) a current balance sheet;~~

~~(ii) a profit and loss statement; and~~

~~(iii) credit references; and~~

~~(6) any other relevant information that the Department requests.~~

~~(c) THE DEPARTMENT MAY NOT APPROVE AN APPLICATION FOR FINANCIAL ASSISTANCE UNDER THIS SUBTITLE AFTER JUNE 30, 2025.~~

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

5–301.

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

(b) “Aquaculture project” means a project that encourages innovation, expansion, and modernization of the seafood processing industry or aquaculture industry.

(c) “Arts and entertainment district” means an area designated by the Secretary as an arts and entertainment district under Title 4, Subtitle 7 of this article.

(d) “Arts and entertainment enterprise” means a for-profit or nonprofit entity that is:

(1) located in an arts and entertainment district; and

(2) dedicated to the visual or performing arts.

(e) “Arts and entertainment project” means a project that promotes or enhances the development of an arts and entertainment district.

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

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

(i) settlement costs;

(ii) insurance;

(iii) interest;

- (iv) taxes;
- (v) government fees;
- (vi) utilities; and
- (vii) the costs of managing and securing the asset.

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

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

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

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

(ii) is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (1) a county;

16 (2) a municipal corporation;

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

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

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

21 **[(s)] (R)** “Responsible person” has the meaning stated in § 7–201 of the
22 Environment Article.

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

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

27 (1) an aquaculture project;

28 (2) an arts and entertainment enterprise;

(3) an arts and entertainment project;

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

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

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

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

[Part II. Maryland Economic Development Assistance Authority.]

[5–305.

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

[5–306.

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

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

[5–307.

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

(b) The members of the Authority shall carry out the powers and duties of the Authority under this subtitle whether acting:

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

(2) as members of either authority alone.

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

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

1 5–310.

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

4 5–311.

5 The purposes of the Fund are to:

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

9 (i) aquaculture projects;

10 (ii) arts and entertainment enterprises;

11 (iii) arts and entertainment projects; and

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

13 (2) provide financial assistance for the redevelopment of qualified
14 brownfields sites;

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

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

18 5–312.

19 (a) The Secretary shall administer the Fund.

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

22 (2) The Treasurer shall hold the Fund separately and the Comptroller shall
23 account for the Fund.

24 (c) Any investment earnings of the Fund shall be credited to the Fund.

25 5–313.

26 The Fund consists of:

27 (1) money appropriated in the State budget to the Fund;

(2) money made available to the Fund through federal programs or private contributions;

(3) repayments of principal and interest from loans made from the Fund;

(4) proceeds from the sale, disposition, lease, or rental of collateral related to financial assistance provided by the Department under this subtitle;

(5) application or other fees paid to the Fund to process requests for financial assistance;

(6) recovery of an investment made by the Department in a business, including an arrangement under which part of the investment is recovered through:

(i) a requirement that the Department receive a proportion of cash flow, commissions, royalties, or license fees;

(ii) the repurchase from the Department of any of its investment interest; or

(iii) the sale of an appreciated asset;

(7) repayments received from recipients of conditional grants from the Department;

(8) money collected under § 9–229 of the Tax – Property Article;

(9) repayments on or recoveries from financial assistance provided from the former:

(i) Brownfields Revitalization Incentive Fund;

(ii) Child Care Facilities Direct Loan Fund;

(iii) Child Care Special Loan Fund;

(iv) Maryland Industrial and Commercial Redevelopment Fund;

(v) Maryland Industrial Land Fund;

(vi) Maryland Seafood and Aquaculture Loan Fund; and

(vii) Smart Growth Economic Development Infrastructure Fund; and

(10) any other money made available to the Fund.

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

(1) provide financial assistance to eligible applicants; and

(2) pay expenses for administrative, actuarial, legal, and technical services for the Fund.

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

(1) the equitable distribution among the counties of money from the Fund;

(2) adequate funding for Tier I county projects; and

(3) that no particular Tier I county benefits disproportionately from financial assistance to Tier I counties under this subtitle.

5–315.

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

5–316.

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

(1) the Brownfields Revitalization Incentive Fund;

(2) the Child Care Facilities Direct Loan Fund;

(3) the Child Care Special Loan Fund;

(4) the Maryland Industrial and Commercial Redevelopment Fund;

(5) the Maryland Industrial Land Act;

(6) the Maryland Seafood and Aquaculture Loan Fund; and

(7) the Smart Growth Economic Development Infrastructure Fund.

5–319.

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

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

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

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

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

8 (2) The Authority shall:

9 (i) evaluate the requests that have first been evaluated by the
10 Department;

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

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

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

16 (i) the governing body of the jurisdiction in which the project is
17 located; or

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

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

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

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

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

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

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

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

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

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

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

(iii) both].

5–320.

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

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

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

(i) except as provided in subsection (b) of this section, is in an eligible industry sector under § 5–321 of this subtitle; and

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

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

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

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

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

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

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

(2) for a Tier I county project:

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

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

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

5-321.

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

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

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

~~(2) (1)~~ Each year the ~~Authority~~ **DEPARTMENT** shall:

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

~~(ii) establish a list of industry sectors that will be eligible for financial assistance from the Fund.~~

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

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

(i) aquaculture projects;

(ii) arts and entertainment enterprises;

(iii) arts and entertainment projects;

(iv) redevelopment of qualified brownfields sites;

(v) creation or expansion of child care facilities;

(vi) projects in areas that are declared to be federal disaster areas within 1 year before the Department receives an application for financial assistance under this subtitle; and

(vii) feasibility studies.

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

5–322.

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

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

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

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

(4) redevelopment of qualified brownfields sites;

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

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

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

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

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

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

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

(2) 20% of the Fund balance.

5–324.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5–325.

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

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

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

(i) the recipient is the Corporation; or

(ii) the financial assistance is for:

1. an arts and entertainment enterprise;

2. an arts and entertainment project; or

3. a Tier I county project.

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

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

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

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

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

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

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

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

(i) a significant strategic economic development opportunity; or

(ii) a specialized economic development opportunity.

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

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

(i) for a local economic development opportunity; or

(ii) to a local government.

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

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

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

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

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

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

(1) for working capital, 3 years;

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

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

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

5-329.

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

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

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

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

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

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

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

5-338.

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

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

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

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

~~5-401.~~

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

~~(b) "Authority" means the Maryland Industrial Development Financing Authority.~~

~~(c) "Fund" means the Industrial Development Fund established under § 5-423 of this subtitle.~~

~~5-464.~~

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

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

5-501.

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

(b) ["Authority" means the Maryland Small Business Development Financing Authority.

(c)] "Financial institution" means:

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

(2) any other lender that the ~~Authority~~ **DEPARTMENT** approves.

(C) "FUND" MEANS THE MARYLAND ECONOMIC INCLUSION FUND.

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

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

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

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

5–502.

(a) The General Assembly finds that:

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

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

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

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

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

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

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

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

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

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

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

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

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

5–505.

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

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

(C) **THE TREASURER SHALL:**

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

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

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

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

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

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

(D) (1) **THE FUND IS THE SUCCESSOR OF THE SMALL BUSINESS DEVELOPMENT CONTRACT FINANCING FUND, THE SMALL BUSINESS DEVELOPMENT GUARANTY FUND, THE EQUITY PARTICIPATION INVESTMENT INCENTIVE PROGRAM FUND, AND THE SMALL BUSINESS SURETY BOND FUND ESTABLISHED UNDER THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY.**

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

[5-506.

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

(1) seven members appointed by the Governor;

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

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

or

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

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

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

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

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

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

5-506.

THE FUND CONSISTS OF:

(1) PREMIUMS FOR GUARANTEEING LOANS UNDER THIS SUBTITLE;

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

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

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

1 (5) LOANS AND GRANTS FROM THE FEDERAL GOVERNMENT OR A UNIT
2 OR INSTRUMENTALITY OF THE FEDERAL GOVERNMENT;

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

5 (7) PREMIUMS FOR GUARANTEEING LONG TERM LOANS UNDER §
6 5-523 OF THIS SUBTITLE;

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

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

16 (10) MONEY THAT THE STATE APPROPRIATES TO THE FUND;

17 (11) MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL
18 PROGRAMS OR PRIVATE CONTRIBUTIONS;

19 (12) PREMIUMS, FEES, ROYALTIES, AND REPAYMENTS OF
20 INVESTMENTS MADE UNDER THE TERMS OF BONDING ASSISTANCE AND EQUITY
21 PARTICIPATION FINANCING; AND

22 ~~(13) REPAYMENT OF FINANCIAL ASSISTANCE PROVIDED FROM THE~~
23 ~~MARYLAND ECONOMIC ADJUSTMENT FUND ESTABLISHED UNDER § 5-203 OF THIS~~
24 ~~ARTICLE; AND~~

25 ~~(14)~~ (13) ALL OTHER RECEIPTS OF THE DEPARTMENT UNDER THIS
26 SUBTITLE.

27 [5-507.

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

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

~~5-507.~~

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

[5-508.

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

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

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

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

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

~~5-508.~~ 5-507.

IN ORDER TO ADMINISTER THE FUND, THE DEPARTMENT MAY:

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

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

(3) PURCHASE, RECEIVE, LEASE AS LESSEE, OR OTHERWISE ACQUIRE,
SELL, MORTGAGE, LEASE AS LESSOR, PLEDGE, ADMINISTER, DISPOSE OF, OR
OTHERWISE DEAL WITH PROPERTY GIVEN AS COLLATERAL UNDER A LOAN
AGREEMENT ON THE TERMS AND CONDITIONS IT CONSIDERS ADVISABLE;

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

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

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

1 [5-509.

2 (a) (1) The Executive Director is the chief administrative officer of the
3 Authority.

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

5 (i) appoint the Executive Director; or

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

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

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

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

14 (2) attend all meetings of the Authority;

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

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

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

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

21 [5-510.

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

24 (1) the applicant for the assistance; or

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

27 [5-511.

28 (a) In this section, "Authority staff" means any of the individuals who are
29 employed by the Department to operate the programs of the Authority immediately prior

1 to the execution by the Department of a contract under this section with the private
2 corporation organized by any of those individuals.

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

6 (2) The Department may:

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

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

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

13 (c) In its name the corporation may use “Maryland Small Business Development
14 Financing Agency”, “MSBDFA, Inc.”, or any close approximation of those terms.]

15 [5–512.

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

18 (b) The Authority may:

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

20 (2) adopt a seal;

21 (3) maintain offices in the State;

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

23 (5) retain consultants;

24 (6) use the services of governmental units;

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

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

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

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

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

(c) The Authority shall:

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

(2) keep proper records of its accounts;

(3) keep separate records for:

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

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

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

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

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

[5–513.

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

(b) Service may be made in person or by leaving a copy of the process at the office of the Executive Director with the individual in charge of the office.]

[5–514.

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

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

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

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

5–508. RESERVED.

5–509. RESERVED.

~~5–510. RESERVED.~~

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

[5–517.] ~~5–511.~~ **5–510.**

In this part, [“Fund”] **“PROGRAM”** means the Small Business Development Contract Financing [Fund] **PROGRAM.**

[5–518.] ~~5–512.~~ **5–511.**

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

[5–519.

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

[5–520.

The Authority shall administer the Fund.]

[5–521.

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

(b) The Treasurer shall:

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

(2) credit any investment earnings to the Fund.

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

[5-522.

The Fund consists of:

- (1) premiums for guaranteeing loans under § 5-525(a) of this subtitle;
- (2) premiums for guaranteeing equity investments under § 5-525(b) of this subtitle;
- (3) repayments of principal of and interest on direct loans made under § 5-525(c) of this subtitle;
- (4) proceeds from the sale, disposition, lease, or rental of collateral for direct loans or loan guaranties made under § 5-525 of this subtitle; and
- (5) all other receipts of the Authority under this part.]

[5-523.

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

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

[5-524.] ~~5-513.~~ 5-512.

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

- (1) loan guaranties made under [§ 5-525(a)] ~~§ 5-514(A)~~ § 5-513(A) of this subtitle;
- (2) equity investment guaranties made under [§ 5-525(b)] ~~§ 5-514(B)~~ § 5-513(B) of this subtitle;
- (3) direct loans made under [§ 5-525(c)] ~~§ 5-514(C)~~ § 5-513(C) of this subtitle; and
- (4) expenses for administrative, legal, actuarial, and other services.

1 ~~[5-525.] 5-514.~~ 5-513.

2 (a) (1) The [Authority] **DEPARTMENT** may use the Fund to guarantee a loan
3 made to an applicant only if:

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

5 (ii) [the loan is to be used to perform a contract for which the
6 majority of the funding is provided by the federal government, a state government, a local
7 government, or a utility regulated by the Public Service Commission;

8 (iii)] the maximum amount payable by the [Authority]
9 **DEPARTMENT** under the guaranty does not exceed [\$2,000,000] **\$3,000,000**; and

10 [(iv)] **(III)** the guaranteed loan is to be used for:

11 1. working capital; or

12 2. equipment needed to perform the contract, the cost of
13 which can be repaid from contract proceeds, if the [Authority] **DEPARTMENT** has entered
14 into an agreement with the applicant to secure the loan or guaranty.

15 (2) A guaranty made by the [Authority] **DEPARTMENT** may not exceed the
16 term of the contract, unless the [Authority] **DEPARTMENT** determines that a longer term
17 better serves the purposes of this subtitle.

18 (b) (1) The [Authority] **DEPARTMENT** may use the Fund to guarantee a
19 person's proposed equity investment in the applicant only if:

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

21 (ii) the amount of the equity investment to be guaranteed does not
22 exceed the lesser of:

23 1. 10% of the person's equity investment in the applicant; or

24 2. \$250,000; **AND**

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

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

1. working capital; or

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

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

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

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

(iii) in any other manner is related to:

1. the applicant; or

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

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

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

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

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

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

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

1. working capital; or

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

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

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

[5-526.] ~~5-515.~~ 5-514.

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

(1) the applicant is of good moral character;

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

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

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

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

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

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

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

2. geographical or regional economic distress; or

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

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

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

~~[5-527.]~~ ~~5-516.~~ 5-515.

(a) To apply for financial assistance from the Fund under [§ 5-525] ~~§ 5-514~~ § 5-513 of this subtitle, an applicant shall submit to the [Authority] **DEPARTMENT** an application on the form that the [Authority] **DEPARTMENT** provides **WITH THE INFORMATION THE DEPARTMENT REQUIRES.**

[(b) The application shall:

- (1) describe the project in detail;
- (2) itemize known and estimated costs;
- (3) specify the total amount of investment required to perform the contract;
- (4) specify the amount of funds available to the applicant without financial assistance from the Authority;
- (5) specify the amount of financial assistance requested from the Authority;
- (6) provide information that demonstrates the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels;
- (7) provide information that demonstrates the financial status of the applicant, including:
 - (i) a current balance sheet;
 - (ii) a profit and loss statement; and
 - (iii) credit references; and
- (8) contain any other relevant information that the Authority requires.]

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

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

1 ~~[5-528.] 5-517.~~ 5-516.

2 (a) The [Authority] **DEPARTMENT** may set the terms and conditions for a loan
3 guaranty made under [§ 5-525(a)] ~~§ 5-514(A)~~ § 5-513(A) of this subtitle.

4 (b) (1) If the [Authority] **DEPARTMENT** decides to lend money from the Fund
5 to an applicant under [§ 5-525(c)] ~~§ 5-514(C)~~ § 5-513(C) of this subtitle, the [Authority]
6 **DEPARTMENT** shall prepare loan documents that include:

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

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

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

15 (iv) provisions for repayment of the loan.

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

19 [5-529.

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

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

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

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

26 ~~[5-530.] 5-518.~~ 5-517.

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

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

(1) on an application for financial assistance; or

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

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

~~5-519.~~ 5-518. RESERVED.

~~5-520.~~ 5-519. RESERVED.

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

[5-533.] ~~5-521.~~ 5-520.

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

[5-534.] ~~5-522.~~ 5-521.

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

[5-535.

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

[5-536.

The Authority shall administer the Fund.]

[5-537.

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

(b) The Treasurer shall:

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

(2) credit any investment earnings to the Fund.

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

[5-538.

The Fund consists of:

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

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

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

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

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

[5-539.] ~~5-523.~~ 5-522.

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

(1) guaranty payments made under [§ 5-540(a)] ~~§ 5-524(A)~~ § 5-523(A) of this subtitle;

(2) interest subsidy payments under [§ 5-540(b)] ~~§ 5-524(B)~~ § 5-523(B) of this subtitle; and

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

[5-540.] ~~5-524.~~ 5-523.

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

(i) the applicant meets the requirements under [§ 5-541] ~~§ 5-525~~ § 5-524 of this subtitle and has not violated [§ 5-545] ~~§ 5-528~~ § 5-527 of this subtitle;

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

(iii) the loan is used for:

1. working capital;
2. refinancing the applicant's existing debt;
3. acquisition and installation of equipment;
4. making necessary improvements to real property that the applicant leases or owns in fee simple; or
5. acquiring real property that the applicant will own in fee simple if the property is to be used in the applicant's trade or business for which the guaranty is sought and the financial institution or the [Authority] **DEPARTMENT** places a lien on the property;

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

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

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

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

1. the amount of the guaranty obligation;
2. the terms of the loan to be guaranteed;
3. the number of new jobs that the loan will create; and
4. any other factor that the [Authority] **DEPARTMENT** considers relevant.

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

(2) The subsidy:

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

(ii) may not exceed 4%;

(iii) shall be payable quarterly; and

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

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

1. the interest rate on the guaranteed loan; and

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

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

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

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

[5-541.] ~~5-525.~~ 5-524.

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

(1) the applicant is of good moral character;

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

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

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

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

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

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

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

2. geographical or regional economic distress; or

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

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

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

[5-542.] ~~5-526.~~ 5-525.

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

[(b) The application shall include:

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

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

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

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

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

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

(i) a current balance sheet;

(ii) a profit and loss statement; and

(iii) credit references;

(7) a proposed disbursement schedule;

(8) a proposed amortization schedule;

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

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

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

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

[5-543.] ~~5-527.~~ 5-526.

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

[5-544.

The Treasurer shall report each year to the Authority on:

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

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

and

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

1 ~~[5-545.] 5-528.~~ 5-527.

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 ~~[5-546.] 5-529.~~ 5-528.

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

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

18 (2) withhold from the financial institution further interest subsidy
19 payments until the financial institution complies with the loan documents or requirements;
20 and

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

22 ~~5-530.~~ 5-529. **RESERVED.**

23 ~~5-531.~~ 5-530. **RESERVED.**

24 Part V. Equity Participation Investment Program.

25 ~~[5-549.] 5-532.~~ 5-531.

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

27 (b) (1) "Enterprise" means a business entity proposing to carry on a business
28 in the State that meets the requirements of [~~§ 5-526~~] ~~§ 5-515~~ § 5-514 of this subtitle.

(2) “Enterprise” includes:

(i) a sole proprietorship;

(ii) a partnership;

(III) A LIMITED LIABILITY CORPORATION;

[(iii)] (IV) a limited partnership;

[(iv)] (V) a corporation; or

[(v)] (VI) a joint venture.

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

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

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

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

[(g)] (F) “Qualified security” means:

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

(2) stock or other form of equity participation;

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

(4) an investment contract;

(5) a certificate of deposit for a security;

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

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

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

1 [5-550.] ~~5-533.~~ 5-532.

2 (a) The General Assembly finds that:

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

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

7 (3) the growth of small businesses should be encouraged and should be an
8 integral part of the State's economic development effort;

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

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

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

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

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

21 [5-551.] ~~5-534.~~ 5-533.

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

23 [5-552.

24 The Authority shall administer the Program.]

25 [5-553.] ~~5-535.~~ 5-534.

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

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

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

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

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

[5-554.

There is an Equity Participation Investment Program Fund.]

[5-555.] ~~5-536.~~ 5-535.

[(a) The Authority shall administer the Fund.

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

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

(c) The Fund consists of:

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

(2) money the State appropriates to the Fund;

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

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

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

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

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

(1) purchase qualified securities that an enterprise issues to provide equity participation financing as the Program allows;

(2) provide guaranties of investments to expand the capital resources of enterprises;

(3) purchase advisory services and technical assistance consistent with the Program;

(4) purchase securities in which a fiduciary of the State may lawfully invest;

(5) provide equity participation financing as the Program allows; and

(6) pay for administrative, legal, and actuarial services that relate to the Program.

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

(1) royalties from enterprises in amounts to be determined by the Authority; and

(2) interest payments from any debt securities.

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

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

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

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

[5-556.] ~~5-537.~~ 5-536.

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

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

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

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

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

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

(5) any other information the Authority requires.]

[5-557.] ~~5-538.~~ 5-537.

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

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

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

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

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

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

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

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

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

(6) If there is a dispute between the borrower and the [Authority] **DEPARTMENT** as to the value of the business entity at the time of recovery, the value shall be determined after obtaining at least one independent appraisal of the value from an appraiser selected from a list of at least three appraisers supplied by the [Authority] **DEPARTMENT**.

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

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

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

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

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

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

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

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

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

16 (6) has a strong customer base.

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

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

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

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

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

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

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

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

1. the lack of formal education or financial capacity; or
2. geographical or regional economic distress; or

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

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

[5-558.] ~~5-539.~~ 5-538.

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

[5-559.]

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

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

~~5-540.~~ 5-539. **RESERVED.**

~~5-541.~~ 5-540. **RESERVED.**

Part VI. Small Business Surety Bond Program.

[5-561.] ~~5-542.~~ 5-541.

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

(b) ["Fund" means the Small Business Surety Bond Fund.

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

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

[5-562.] ~~5-543.~~ 5-542.

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

[5-563.

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

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

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

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

[5-564.

The Fund consists of:

(1) money the State appropriates to the Fund;

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

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

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

[5-565.

The Fund shall be used:

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

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

[5-566.] ~~5-544.~~ 5-543.

1 In administering the Program, the [Authority] **DEPARTMENT** may:

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

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

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

6 (i) acquire, manage, operate, dispose of, or otherwise deal with
7 property;

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

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

11 [5-567.] ~~5-545.~~ 5-544.

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

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

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

19 (3) set and collect premiums, fees, charges, costs, and expenses in
20 connection with any assistance the [Authority] **DEPARTMENT** provides under the
21 Program;

22 (4) adopt regulations to carry out the Program; and

23 (5) do anything necessary or convenient to carry out its powers and the
24 purposes of the Program.

25 [5-568.] ~~5-546.~~ 5-545.

26 (a) The [Authority] **DEPARTMENT** may guarantee a surety up to the lesser of
27 90% or [\$2,250,000] **\$3,000,000** of its loss under a bid bond, payment bond, or performance
28 bond on a contract [financed by the federal government, a state government, a local
29 government, a private entity, or a utility that the Public Service Commission regulates].

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

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

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

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

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

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

[5-569.] ~~5-547.~~ 5-546.

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

(b) (1) This subsection does not apply if the sources of funding for the bonds are grants.

(2) The bonds may not exceed [\$2,500,000] **\$5,000,000** each.

(c) Bonds are subject to the approval of the [Authority] **DEPARTMENT** based on the bond worthiness of the principal.

[5-570.] ~~5-548.~~ 5-547.

(a) The [Authority] **DEPARTMENT** may only approve a guaranty or a bond under this part if the [Authority] **DEPARTMENT** determines that the contract, for which a bond is sought to be guaranteed or issued, will have a substantial economic impact.

(b) To determine the economic impact of a contract, the [Authority] **DEPARTMENT** may consider:

(1) the amount of the guaranty obligation;

(2) the terms of the bond to be guaranteed;

(3) the number of new jobs that the contract to be bonded will create; and

(4) any other factor that the [Authority] **DEPARTMENT** considers relevant.

[5-571.] ~~5-549.~~ 5-548.

The [Authority] **DEPARTMENT** may establish a surety bonding line to issue or guarantee multiple bonds to a principal within preapproved terms, conditions, and limitations.

[5-572.] ~~5-550.~~ 5-549.

(a) To qualify for financial assistance under this part the principal shall satisfy the [Authority] **DEPARTMENT** that the principal:

(1) is of good moral character or is owned by individuals of good moral character;

(2) as determined from creditors, employers, and other individuals who have personal knowledge, is an individual with a reputation for financial responsibility or is owned by individuals, a majority of whom have a reputation for financial responsibility;

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

(4) is unable to obtain adequate bonding on reasonable terms through normal channels.

(b) To qualify for financial assistance under this part the principal shall certify to the [Authority] **DEPARTMENT**, and the [Authority] **DEPARTMENT** shall be satisfied, that:

(1) a bond is required to bid on a contract or to serve as prime contractor or subcontractor;

(2) a bond cannot be obtained on reasonable terms and conditions without assistance from the Program; and

(3) the principal will not subcontract more than 75% of the monetary value of the contract.

[5-573.] ~~5-551.~~ 5-550.

(a) To apply for financial assistance from the Program under this part, a principal and, if applicable, a surety shall submit to the [Authority] **DEPARTMENT** an application on the form that the [Authority] **DEPARTMENT** provides **WITH THE INFORMATION THE DEPARTMENT REQUIRES.**

(b) [The application shall include:

(1) a detailed description of the project;

(2) an itemization of known and estimated costs;

(3) the total investment required to perform the contract;

(4) the working capital available to the principal;

(5) the bonding assistance sought;

(6) information that demonstrates the inability of the principal to obtain adequate bonding on reasonable terms and conditions through normal channels without assistance from the Program;

(7) a current balance sheet, a profit and loss statement, and credit references about the financial status of the principal;

(8) a schedule of the status of existing and pending contracts; and

(9) any other relevant information the Authority requests.

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

[(d)] (C) The [Authority] **DEPARTMENT** may not approve a guaranty or bond under this part for a principal that has defaulted on a loan or guaranty from the [Authority] **DEPARTMENT** unless:

(1) 2 years have passed since the time of the default; and

(2) the principal has cured any default in any financing program administered by the Department.

[5-574.] ~~5-552.~~ 5-551.

(a) In its sole discretion, the [Authority] **DEPARTMENT** may set:

(1) the premiums and fees for providing bonding assistance under the Program; and

(2) the terms and conditions when the premiums and fees are payable.

(b) The premiums and fees may vary in amount among transactions and at different stages of a transaction.

(c) A determination by the Authority on premiums and fees remains effective for as long as the bonding assistance provided by the [Authority] **DEPARTMENT** is in effect.

~~[5-575.] 5-553. 5-552.~~

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

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

(1) on an application for assistance; or

(2) affecting bonding assistance whether or not the assistance has been extended.

(c) A person who violates this section is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding [6 months] **5 YEARS** or a fine not exceeding [\$1,000] **\$50,000** or both.

~~5-1001.~~

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

~~(b) "Fund" means the Military Personnel and Veteran-Owned Small Business No-Interest Loan Fund established under § 5-1006 of this subtitle.~~

~~[(c) "Service disabled veteran" means a veteran with a disability that is service connected, as defined in 38 U.S.C. § 101(16).]~~

~~(d) (1) "Small business employer" means an employer who employed an average of 50 or fewer employees on business days during the calendar year preceding the determination of eligibility for a loan under this subtitle.~~

~~(2) For purposes of paragraph (1) of this subsection, all persons treated as a single employer under § 414(b), (c), (m), or (o) of the Internal Revenue Code shall be treated as a single employer under this subtitle.~~

~~(e) "Veteran-owned small business" means a small business that is at least 51% owned by a veteran as defined in 38 U.S.C. § 101(2).]~~

~~(C) "VETERAN-OWNED SMALL BUSINESS ENTERPRISE" HAS THE MEANING
STATED IN § 14-601 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

~~5-1002.~~

~~(a) Subject to the availability of funds, the Department, in consultation with the
Department of Veterans and Military Families, shall establish a program to provide
no interest loans under this subtitle to:~~

~~(1) small business employers of military reservists and National Guard
personnel who are called to active duty;~~

~~(2) businesses owned by military reservists and National Guard personnel
who are called to active duty;~~

~~(3) veteran-owned small businesses; and~~

~~(4) businesses employing a service-disabled veteran] VETERAN-OWNED
SMALL BUSINESS ENTERPRISES AS CERTIFIED BY THE GOVERNOR'S OFFICE OF
SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS.~~

~~(b) If the availability of funds is limited, in making loans under this subtitle, the
Department, in consultation with the Department of Veterans and Military Families, shall
give priority to the businesses described in subsection (a)(2) and (3) of this section.~~

~~(c) In making loans under this subtitle, the Department, in consultation with the
Department of Veterans and Military Families, shall take into consideration how to
maximize the number of [veterans, military reservists, and National Guard personnel]
VETERAN-OWNED SMALL BUSINESS ENTERPRISES who would benefit from loans made
under this subtitle.~~

~~5-1003.~~

~~Loans shall be made under this subtitle for the purposes of:~~

~~(1) providing financial support to:~~

~~(i) a business owned by a military reservist or National Guard
member who is called to active duty; or~~

~~(ii) a small business employer of a military reservist or National
Guard member who is called to active duty;~~

~~(2) making the home, motor vehicle, or place of employment of a veteran
accessible to individuals with disabilities, including purchasing equipment necessary to~~

~~enable a business to employ a service disabled veteran or to enable a service disabled veteran to operate a business; and~~

~~(3) defraying other necessary expenses, as determined by the Department of Veterans and Military Families, incurred by:~~

~~(i) a business employing a service disabled veteran; or~~

~~(ii) a veteran owned small business.}]~~

~~[5-1004.~~

~~(a) A loan made under this subtitle for the purpose of providing financial support to a business owned by an individual who is called to active duty or to a small business employer of an individual who is called to active duty:~~

~~(1) may be made at any time from the individual's receipt of orders to report to 6 months after the end of the individual's active duty; and~~

~~(2) shall be subject to criteria for eligibility and priority established by the Department of Veterans and Military Families, including the extent to which the individual who is called to active duty is an essential employee of the business.~~

~~(b) A loan made under this subtitle for the purpose of making accessible to individuals with disabilities the home, motor vehicle, or place of employment of a service disabled veteran may be made at any time.}]~~

~~[5-1005.~~

~~(a) The Department shall administer the loan program authorized under this subtitle.~~

~~(b) The Department of Veterans and Military Families shall establish eligibility criteria for loans under this subtitle.}]~~

~~[5-1006.] 5-1003.~~

~~(a) There is a Military Personnel and Veteran Owned Small Business No Interest Loan Fund.~~

~~(b) The purpose of the Fund is to provide no interest loans consistent with this subtitle.~~

~~(c) The Secretary shall administer the Fund.~~

~~(d) (1) The Fund is a special, nonlapsing 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 separately, and the Comptroller shall account for the Fund.~~

~~(3) Any investment earnings of the Fund shall be credited to the Fund.~~

~~(e) The Fund consists of:~~

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

~~(2) money made available to the Fund through federal programs or private contributions;~~

~~(3) repayments from loans provided by the Department under this subtitle;~~

~~(4) proceeds from the sale, disposition, lease, or rental of collateral related to loans provided by the Department under this subtitle; and~~

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

~~(f) The Department may use money in the Fund to provide loans to eligible applicants under [§§ 5-1002 through 5-1004] § 5-1002 of this subtitle.~~

~~§ 5-1007.~~

~~(a) The Department shall adopt regulations to carry out this subtitle.~~

~~(b) The Department of Veterans and Military Families may adopt regulations concerning eligibility criteria for loans under this subtitle.]~~

~~§ 5-1204.~~

~~(a) (1) (ii) 4. If the money in the Account exceeds \$1,000,000, any money in excess of that amount shall be transferred to the [Small, Minority, and Women Owned Businesses] REINVEST FOR SUCCESS Account established under § 5-1501 of this title.~~

~~Subtitle 15. [Small, Minority, and Women Owned Businesses] REINVEST FOR SUCCESS Account.~~

~~§ 5-1501.~~

~~(a) There is a [Small, Minority, and Women Owned Businesses] REINVEST FOR SUCCESS Account under the authority of the Department.~~

~~5-2401.~~

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

~~(b) "Fund" means the Industry 4.0 Technology Grant Fund.~~

~~(c) (1) "Industry 4.0 technology" means smart hardware and software manufacturing technologies.~~

~~(2) "Industry 4.0 technology" includes:~~

~~(i) advanced sensor integration;~~

~~(ii) embedded software system applications;~~

~~(iii) robotics and autonomous equipment that collect data;~~

~~(iv) enterprise resource planning (ERP) and data analytics software;~~

~~(v) cloud computing and cybersecurity solutions;~~

~~(vi) artificial intelligence (AI) for continuous improvement of efficiency and productivity; and~~

~~(vii) infrastructure required to implement a qualifying technology.~~

~~(d) "Program" means the Industry 4.0 Technology Grant Program.~~

~~(e) "Program administrator" means the entity that has authority to administer the Program.~~

~~(f) "SME manufacturer" means a small or medium sized enterprise manufacturer.~~

~~5-2402.~~

~~(a) There is an Industry 4.0 Technology Grant Program in the Department.~~

~~(b) The Department may enter into a memorandum of understanding with a State-chartered corporation under Title 10 of this article to authorize the State-chartered corporation to administer the Program in accordance with this subtitle.~~

~~(c) The purpose of the Program is to assist SME manufacturers in the purchase, implementation, and related employee training of Industry 4.0 technology and related infrastructure in order to increase productivity, efficiency, and competitiveness in the State and national manufacturing environment.~~

~~(d) To qualify for a grant under the Program, an SME manufacturer shall submit to the Program administrator an application that demonstrates that:~~

~~(1) the company is a qualifying SME manufacturer;~~

~~(2) the company has business operations in Maryland; and~~

~~(3) the company has been in existence for over 1 year.~~

~~(e) (1) [In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN awarding grants under the Program, the Program administrator shall award grants on a competitive basis based on:~~

~~(i) the proposed project's alignment with adoption of Industry 4.0 technologies;~~

~~(ii) the applicant's demonstrated overall commitment to, or strategy for, Industry 4.0 technology adoption;~~

~~(iii) the demonstrated positive impact of the Industry 4.0 technology on the applicant's business operations and competitiveness; and~~

~~(iv) any other information requested by the Program administrator.~~

~~(2) THE DEPARTMENT SHALL PRIORITIZE AWARDING GRANTS TO SME MANUFACTURERS ENGAGED IN THE SECTORS AND ACTIVITY INCLUDED ON THE LIST ESTABLISHED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF THIS ARTICLE.~~

~~[(2)] (3) Subject to paragraph [(3)] (4) of this subsection, the Department shall award to an eligible SME manufacturer a grant of at least \$25,000, but not exceeding \$500,000.~~

~~[(3)] (4) (i) An SME manufacturer that receives a grant under this subsection shall provide matching funds in the amounts specified under this paragraph.~~

~~(ii) The Department shall establish a sliding scale formula for the matching funds required by an SME manufacturer to be provided a grant under this section, with SME manufacturers with fewer employees requiring a lesser percentage and SME manufacturers with more employees requiring a higher percentage.~~

~~[(4)] (5) (i) The Department shall reserve at least 20% of the funds available during each fiscal year for awarding grants under this subsection to SME manufacturers that employ 50 or fewer employees.~~

~~(ii) If the total amount of grants applied for by SME manufacturers that employ 50 or fewer employees is less than the amount of funds reserved under subparagraph (i) of this paragraph during a fiscal year, the Department may utilize the balance of the reserved funds for awarding grants under this subsection to SME manufacturers that employ more than 50 employees.~~

~~(f) (1) A grant awarded under the Program may be used for projects that directly affect manufacturing processes and focus on investments in Industry 4.0 technology commercial ready equipment through established vendors or related infrastructure.~~

~~(2) Within 1 year after receiving a grant under the Program, an SME manufacturer shall submit to the Department a letter that:~~

~~(i) describes how the grant funding was used; and~~

~~(ii) includes any invoices related to the implementation of the Industry 4.0 technology or related infrastructure.~~

~~(3) The Department may require a grant recipient that fails to fulfill the requirements of the grant to return all or part of the grant to the Program.~~

~~6-601.~~

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

~~(b) "Authority" means the Maryland E-Nnovation Initiative Fund Authority established under § 6-605 of this subtitle.~~

~~(c) "ELIGIBLE FIELD OF STUDY" MEANS A FIELD OF STUDY FOCUSED ON THE PRIORITY SECTORS AND ACTIVITY INCLUDED ON THE LIST ESTABLISHED IN ACCORDANCE WITH § 2.5-106 OF THIS ARTICLE.~~

~~[(c)] (D) "Endowment proceeds" means those investment earnings accruing to a research endowment of a nonprofit institution of higher education and available for expenditure by the institution in accordance with § 6-612 of this subtitle.~~

~~[(d)] (E) "Fund" means the Maryland E-Nnovation Initiative Fund created under § 6-604 of this subtitle.~~

~~[(e)] (F) "Governing board" has the meaning stated in § 10-101 of the Education Article.~~

~~[(f)] (G) "Governing body" means:~~

~~(1) a governing board;~~

~~(2) the governing entity of a private nonprofit institution of higher education; or~~

~~(3) the governing entity of a regional higher education center.~~

~~[(g)] (H) (1) "Nonprofit institution of higher education" means an institution of postsecondary education located in the State, that receives State funds in the annual operating budget and that generally limits enrollment to graduates of secondary schools and awards degrees at either the associate, baccalaureate, or graduate level.~~

~~(2) "Nonprofit institution of higher education" includes public and private nonprofit institutions of higher education located in the State.~~

~~[(h)] (I) "Private nonprofit institution of higher education" has the meaning stated in § 10-101 of the Education Article.~~

~~[(i)] (J) "Program" means the Maryland E-Nnovation Initiative Program under this subtitle.~~

~~[(j)] (K) "Qualified donation" means any private donation, gift, irrevocable pledge, or bequest to a research endowment in accordance with § 6-613 of this subtitle.~~

~~[(k)] (L) "Regional higher education center" has the meaning stated in § 10-101 of the Education Article.~~

~~[(l)] (M) "Research endowment" means an account established at or administered by a nonprofit institution of higher education in accordance with § 6-612 of this subtitle.~~

~~6-604.~~

~~(a) There is a Maryland E-Nnovation Initiative Fund in the Department.~~

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

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

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

~~(d) The Fund consists of:~~

~~(1) revenue distributed to the Fund under § 2-202(a)(1) of the Tax General 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.~~

~~(c) For each of fiscal years 2016 through 2026, 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.~~

~~(f) The Department may use the Fund to:~~

~~(1) finance research endowments at nonprofit institutions of higher education in [scientific and technical fields] AN ELIGIBLE FIELD of study; and~~

~~(2) pay the related administrative, legal, and actuarial expenses of the Department.~~

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

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

~~(h) Expenditures from the Fund may be made only in accordance with the State budget.~~

~~6-614.~~

~~(a) Endowment proceeds shall be expended by a nonprofit institution of higher education to further basic and applied research in [scientific and technical fields] AN ELIGIBLE FIELD 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:~~

~~(1) physical sciences;~~

~~(2) life and neuro sciences;~~

~~(3) engineering;~~

~~(4) mathematical and computational sciences;~~

~~(5) regulatory science;~~

~~(6) autonomous systems;~~

~~(7) aeronautical and space science;~~

~~(8) environmental sciences;~~

~~(9) behavioral and language science;~~

~~(10) health sciences;~~

~~(11) agriculture; or~~

~~(12) cybersecurity].~~

~~(b) Endowment proceeds may be expended by a nonprofit institution of higher education for:~~

~~(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 undergraduate student research fellowships, if the positions or fellowships are engaged in [the areas of research identified in subsection (a) of this section] AN ELIGIBLE FIELD OF STUDY; or~~

~~(2) the purchase of basic infrastructure, including laboratory and scientific equipment or other essential equipment and materials, related to an [area of research identified in subsection (a) of this section] ELIGIBLE FIELD OF STUDY.~~

~~(c) An individual in a position that is funded by endowment proceeds under subsection (b)(1) of this section shall:~~

~~(1) work at least 20% of the year in support of a federal laboratory or associated federal laboratory research support organization;~~

~~(2) hold a joint appointment or secondary position at another nonprofit institution of higher education in the State; or~~

~~(3) work at least 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] AN ELIGIBLE FIELD OF STUDY.~~

~~(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.~~

PART I. MARYLAND ECONOMIC DEVELOPMENT CORPORATION.

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

(b) “Board” means the Board of Directors of the Corporation.

(d) “Corporation” means the Maryland Economic Development Corporation.

10–106.

(a) A Board of Directors shall manage the Corporation and exercise its powers.

(b) The Board consists of the following [12] members:

(1) as ex officio voting members:

(i) the Secretary; and

(ii) the Secretary of Transportation; [and]

(2) the following members, appointed by the Governor with the advice and consent of the Senate:

(i) two representatives of local government;

(ii) three members who are knowledgeable in real estate or commercial financing;

(iii) three members who are knowledgeable in industrial development or industrial relations; and

(iv) two members of the general public;

(3) ONE MEMBER OF THE GENERAL PUBLIC APPOINTED BY THE PRESIDENT OF THE SENATE; AND

(4) ONE MEMBER OF THE GENERAL PUBLIC APPOINTED BY THE SPEAKER OF THE HOUSE.

(c) Each member of the Board shall be a resident of the State.

(d) In appointing Board members, the Governor shall consider geographic diversity and minority representation.

(e) (1) The term of an appointed member is 4 years.

1 (2) The terms of the appointed members are staggered as required by the
2 terms provided for members of the Board on October 1, 2008.

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

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

7 (f) Before taking office, each member appointed to the Board shall take the oath
8 required by Article 1, § 9 of the Maryland Constitution.

9 10–115.

10 (A) The Corporation may:

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

12 (2) adopt a seal;

13 (3) maintain offices at a place it designates in the State;

14 (4) accept loans, grants, or assistance of any kind from the federal
15 government, a governmental unit, a college or university, or a private source;

16 (5) enter into contracts and other legal instruments;

17 (6) sue and be sued in its own name;

18 (7) acquire, purchase, hold, lease as lessee, and use any franchise, patent,
19 or license and real, personal, mixed, tangible, or intangible property, or any interest in
20 property, necessary or convenient to carry out its purposes;

21 (8) sell, lease as lessor, transfer, and dispose of its property or interest in
22 property;

23 (9) fix and collect rates, rentals, fees, royalties, and charges for services,
24 resources, and facilities it provides or makes available;

25 (10) with the owner's permission, enter lands, waters, or premises to make
26 a survey, sounding, boring, or examination to accomplish a purpose authorized by this
27 subtitle;

28 (11) further define or limit the term "revenues" defined in § 10–101 of this
29 subtitle as the term applies to a particular project, financing, or other matter;

(12) create, own, control, or be a member of a corporation, limited liability company, partnership, or other person, whether for-profit or nonprofit;

(13) exercise a power usually possessed by a private corporation in performing similar functions unless to do so would conflict with State law; and

(14) do all things necessary or convenient to carry out the powers expressly granted by this subtitle.

(B) THE CORPORATION MAY UTILIZE UP TO 5% OF THE ALLOCATED APPROPRIATION FOR ADMINISTRATIVE COSTS FOR ANY PROJECT OR PROGRAM DIRECTED BY THE CORPORATION INCLUDED IN THE STATE'S ANNUAL OPERATING OR CAPITAL BUDGETS.

10-133.

(a) On or before October 1 of each year, the Corporation shall submit a report to the Governor[, the Maryland Economic Development Commission,] and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

(b) The report shall include a complete operating and financial statement and summarize the activities of the Corporation during the preceding fiscal year.

10-135. RESERVED.

10-136. RESERVED.

Part II. Regional Institution Strategic Enterprise Zone Program.

10-137.

(a) In this [subtitle] **PART** the following words have the meanings indicated.

(b) "Area" means a geographic area in one or more political subdivisions in the State described by a closed perimeter boundary.

(c) "Fund" means the Regional Institution Strategic Enterprise Zone Fund created under [§ 5-1408] **§ 10-144** of this subtitle.

(d) "Nonprofit organization" means an organization that is exempt or eligible for exemption from taxation under § 501(c)(3) of the Internal Revenue Code.

(e) "Qualified institution" means an entity that is designated as a qualified institution under [§ 5-1403] **§ 10-139** of this subtitle and may include:

(1) a regional higher education center as defined under § 10–101 of the Education Article;

(2) an institution of higher education as defined under § 10–101 of the Education Article; or

(3) a nonprofit organization that is affiliated with a federal agency.

(f) “RISE zone” means a geographic area in immediate proximity to a qualified institution that is targeted for increased economic and community development that meets the requirements of [§ 5–1404] **§ 10–140** of this subtitle and is designated as a Regional Institution Strategic Enterprise zone by the [Secretary] **CORPORATION** under [§ 5–1404] **§ 10–140** of this subtitle.

10–138.

The purposes of the Regional Institution Strategic Enterprise Zone Program are to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located and incentivize the location of innovative start–up businesses based on technology developed, licensed, or poised for commercialization at or in collaboration with qualified Maryland institutions.

10–139.

(a) An institution may apply to the [Secretary] **CORPORATION** to be designated as a qualified institution.

(b) To be eligible for designation as a qualified institution, the applicant shall:

(1) evidence an intention:

(i) to make a significant financial investment or commitment in an area of the State that the applicant intends to become a RISE zone;

(ii) to use the resources and expertise of the applicant to spur economic development and community revitalization in an area of the State that the applicant intends to become a RISE zone; and

(iii) to create a significant number of new jobs within an area of the State that the applicant intends to become a RISE zone;

(2) have a demonstrated history of community involvement and economic development within the communities that the applicant serves; and

(3) meet the minimum financial qualifications established by the [Secretary] **CORPORATION**.

(c) If the applicant is a nonprofit organization that is not an institution of higher education, the application shall demonstrate an affiliation with a federal agency.

(d) (1) In addition to the requirements under subsection (b) of this section, the [Secretary] CORPORATION may establish by regulation any other requirements necessary and appropriate in order for an applicant to be designated as a qualified institution.

(2) The [Secretary] CORPORATION shall adopt regulations that establish factors for evaluating applications under subsection (b) of this section.

(e) In the form and content acceptable to the [Secretary] CORPORATION, an applicant shall submit to the [Secretary] CORPORATION an application that contains the information that the [Secretary] CORPORATION considers necessary to evaluate the request for designation as a qualified institution.

(f) (1) Within 90 days after submission of an application under this section, the [Secretary] CORPORATION shall approve or reject the application of an institution to be designated as a qualified institution.

(2) At least 30 days before approval or rejection of an application under this section, the [Secretary] CORPORATION shall notify the Legislative Policy Committee.

(3) The Legislative Policy Committee may provide advice to the [Secretary] CORPORATION regarding the approval or rejection of an institution as a qualified institution.

10–140.

(a) On or after July 1, [2015] **2025**, a qualified institution shall apply jointly with a county, a municipal corporation, or the economic development agency of a county or municipal corporation to the [Secretary] CORPORATION to designate an area as a Regional Institution Strategic Enterprise zone.

(b) The application shall:

(1) be in the form and contain the information that the [Secretary] CORPORATION requires by regulation;

(2) state the boundaries of the area of the proposed RISE zone, not exceeding 500 acres;

(3) describe the nexus of the RISE zone with the qualified institution; and

(4) contain a plan that identifies the target strategy and anticipated economic impacts of the RISE zone.

1 (c) The [Secretary] CORPORATION may establish, by regulation, any other
2 requirements necessary and appropriate for an area to be designated as a RISE zone.

3 (d) (1) Unless a county in which a municipal corporation is located agrees to
4 designation of a RISE zone in the municipal corporation, qualified property in the
5 municipal corporation may not receive a tax credit against county property tax.

6 (2) Unless a municipal corporation located within a county agrees to
7 designation of a RISE zone within its boundaries, qualified property in the county may not
8 receive a tax credit against the municipal property tax.

9 (e) (1) Within 120 days after submission of an application under this section,
10 the [Secretary] CORPORATION shall:

11 (i) approve or reject an application for designation of a RISE zone,
12 including approval or modification of the proposed boundaries of the RISE zone; and

13 (ii) define the boundaries of the approved RISE zone.

14 (2) At least 45 days before approval or rejection of an application under this
15 section, the [Secretary] CORPORATION shall notify the Legislative Policy Committee.

16 (3) The Legislative Policy Committee may provide advice to the [Secretary]
17 CORPORATION regarding:

18 (i) the approval or rejection of the RISE zone; or

19 (ii) the boundaries of the RISE zone proposed by the [Secretary]
20 CORPORATION.

21 (f) (1) (i) Subject to subparagraph (ii) of this paragraph, the designation of
22 an area as a RISE zone is effective for 10 years.

23 (ii) Upon a joint application of a qualified institution, a county and,
24 if applicable, a municipal corporation, or the economic development agency of a county or
25 municipal corporation, the [Secretary] CORPORATION may renew a RISE zone for an
26 additional [5] 10 years.

27 (2) The [Secretary] CORPORATION may not:

28 (i) 1. except as provided in item 2 of this item, approve more
29 than three RISE zones in a single county or municipal corporation; or

30 2. approve more than four RISE zones in Baltimore City; or

(ii) approve a RISE zone the geographic area of which exceeds 500 acres.

(g) (1) A RISE zone may not be required to be in the immediate geographic proximity of a qualified institution if an appropriate nexus for the increased economic and community development is established with the qualified organization.

(2) If the proposed RISE zone is in a rural part of the State, a qualified institution may not be required to be in the immediate area of the RISE zone.

~~(h) The [Secretary] CORPORATION may not designate a RISE zone in:~~

~~(1) a development district established under Title 12, Subtitle 2 of this article; or~~

~~(2) a special taxing district established under Title 21 of the Local Government Article or Section 62A of the Baltimore City Charter.~~

~~(h)~~ (H) The designation of an area as a RISE zone may not be construed to limit or supersede a provision of a comprehensive plan, zoning ordinance, or other land use policy adopted by a county, municipal corporation, or bicounty agency with land use authority over the area designated as a RISE zone.

10–141.

(a) The [Secretary] CORPORATION shall assign to a RISE zone a business and community development concierge who is an employee of the [Department] CORPORATION.

(b) A business and community development concierge shall assist entities locating in the RISE zone with:

(1) State, county, or municipal corporation permit and license applications;

(2) accessing existing programs at **THE CORPORATION**, the Department, the Department of Housing and Community Development, the Maryland Department of Labor, the Maryland Technology Development Corporation, or the Department of Transportation; and

(3) any other activities the [Secretary] CORPORATION authorizes that relate to the development of the RISE zone.

10–142.

(a) (1) To the extent provided for in this section, a business entity that locates in a RISE zone is entitled to:

(i) for a business entity that locates in the RISE zone before January 1, 2023, the property tax credit under § 9–103.1 of the Tax – Property Article;

(ii) for a taxable year beginning before January 1, 2023, the income tax credit under § 10–702 of the Tax – General Article; and

(iii) priority consideration for financial assistance from programs in Subtitle 1 of this title.

(2) For purposes of the income tax credit authorized under paragraph (1)(ii) of this subsection, the business entity is treated as being located in an enterprise zone.

(b) Subject to the limitations under subsection (a) of this section, a business entity that moves into or locates in a RISE zone on or after the date that the zone is designated under this [subtitle] **PART** may qualify for the incentives under this section.

(c) A business entity may not qualify for the incentives under subsection (a) of this section unless the [Department] **CORPORATION**, in consultation with the county or municipal corporation in which a RISE zone is located, certifies the business entity and its location as consistent with the target strategy of the RISE zone.

(d) (1) Unless a business entity makes a significant capital investment or expansion of its labor force after a RISE zone is designated, the incentives under this section are not available to a business entity that was in a RISE zone before the date that the zone is designated.

(2) The [Department] **CORPORATION** shall adopt regulations establishing factors to determine if a business entity makes a significant capital investment or expansion of its labor force under paragraph (1) of this subsection.

10–143.

(a) (1) (i) A qualified institution, **THE CORPORATION**, a county and, if applicable, a municipal corporation, or the economic development agency of a county or municipal corporation may establish a program to provide rental assistance to a business entity that:

1. moves into or locates in a RISE zone on or after the date that the zone is designated under this [subtitle] **PART**; ~~AND~~

~~2. [has nexus with a qualified institution located in the RISE zone]; and~~

~~3. has been in active business not longer than 7 years]; IS ENCOMPASSED BY THE INDUSTRY SECTORS AND ACTIVITIES INCLUDED ON THE LIST~~

~~DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF THIS ARTICLE.~~

(ii) A business entity may not receive rental assistance under a rental assistance program established in accordance with subparagraph (i) of this paragraph for more than [3] 5 years.

(2) (i) A qualified institution, a county and, if applicable, a municipal corporation, or the economic development agency of a county or municipal corporation that establishes a rental assistance program in accordance with paragraph (1) of this subsection may submit a request to receive a distribution [of matching funds] from the Fund.

(ii) The application shall include:

1. a description of the rental assistance program;
2. the amount of funding that the applicant has secured to provide rental assistance under the rental assistance program;
3. the amount requested for distribution from the Fund in accordance with this section; and
4. any other information requested by the [Department]

CORPORATION.

(iii) The applicant shall submit the application on or before the date that the [Department] **CORPORATION** specifies.

(b) (1) The [Department] **CORPORATION** shall review each request for distribution [of matching funds] from the Fund for compliance with the provisions of this section and [Department] **CORPORATION** regulations.

(2) [Subject to the availability of funds in the Fund and paragraph (3) of this subsection, if the Department approves a request for distribution of matching funds from the Fund, the Department shall distribute to a fund dedicated to the applicant's rental assistance program an amount equal to three times the amount of funding specified under subsection (a)(2)(ii)2 of this section.

(3) Except as provided in subsection (c) of this section, the Department] **THE CORPORATION** shall make available not more than 25% of cumulative program funds from the Fund for rental assistance programs in a single RISE zone.

(c) (1) Within 90 days after approval by the [Department] **CORPORATION** of a request for [matching] funds under subsection (a) of this section, the applicant shall deposit an amount equal to or greater than the amount specified under subsection (a)(2)(ii)2 of this section into a fund dedicated to the applicant's rental assistance program.

(2) If an applicant fails to have deposited the amount required under paragraph (1) of this subsection, any portion of funds allocated to the applicant that has not been distributed shall be reallocated to another applicant in accordance with this section.

(3) If the [Department] **CORPORATION** fails to allocate the funds in the Fund under this [subtitle] **PART** and rental assistance programs in a single RISE zone have previously received 25% of cumulative program funds from the Fund, the [Department] **CORPORATION** may distribute additional funds to applicants for that RISE zone in accordance with this [subtitle] **PART**.

(d) (1) On or before September 15 each year, a rental assistance program that has received a distribution of funds from the Fund shall submit to the [Department] **CORPORATION** an annual report in the form and containing the information required by the [Secretary] **CORPORATION**.

(2) The report required under paragraph (1) of this subsection shall detail the use of funds received under this section for the immediately preceding fiscal year and provide an update on any funds that were not disbursed during that fiscal year.

(3) The [Department] **CORPORATION** may not distribute [matching] funds from the Fund to a rental assistance program under this section if the rental assistance program has failed to submit the report required under paragraph (1) of this subsection.

(e) A rental assistance program that receives a distribution [of matching funds] from the Fund shall be subject to an audit at least once every 3 years by an independent certified public accountant that the applicant and the [Department] **CORPORATION** select.

(f) Based on the findings of an audit conducted under subsection (e) of this section, the [Department] **CORPORATION** may make an assessment against a qualified institution, a county, a municipal corporation, or an economic development agency to recapture any misused or undistributed funds.

10–144.

(a) There is a Regional Institution Strategic Enterprise Fund in the [Department] **CORPORATION**.

(b) The [Secretary] **EXECUTIVE DIRECTOR OF THE CORPORATION** shall manage and supervise the Fund.

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

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

(d) The Fund consists of:

(1) money appropriated in the State budget to the Fund; and

(2) any other money from any other source accepted for the benefit of the Fund.

(e) The [Department] **CORPORATION** may use the Fund to:

(1) finance, in coordination with qualified institutions, counties, and municipal corporations, the provision of rental assistance to business entities located in RISE zones; and

(2) pay the related administrative, legal, and actuarial expenses of the [Department] **CORPORATION**.

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

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

(g) Expenditures from the Fund may be made only in accordance with the State budget.

10–145.

[In accordance with § 2.5–109 of this article, the Department] **THE CORPORATION** shall submit a report on the effectiveness of the tax incentives authorized under this [subtitle] **PART WITH THE ANNUAL REPORT SUBMITTED IN ACCORDANCE WITH § 10–133 OF THIS SUBTITLE**.

10–146.

This [subtitle] **PART** and the tax credits and benefits authorized under it shall terminate on January 1, 2030.

10–147. RESERVED.

10–148. RESERVED.

Part III. Build Our Future Grant Pilot Program.

10–149.

(a) In this [subtitle] **PART** the following words have the meanings indicated.

10–150.

(a) There is a Build Our Future Grant Pilot Program in the [Department]
CORPORATION.

(b) The purpose of the Program is to provide grant funding for infrastructure projects intended to support innovation in an eligible technology sector.

(c) Grants may be awarded to private companies, nonprofit entities, local governments, or colleges and universities in the State.

(d) The [Department] **CORPORATION** shall administer the Program.

10–151.

(a) To carry out the purpose of the Program, the [Department] **CORPORATION** may award grants in accordance with this [subtitle] **PART** to approved recipients carrying out infrastructure projects intended to support innovation in any of the following eligible technology sectors:

- (1) advanced manufacturing;
- (2) aerospace;
- (3) agriculture;
- (4) artificial intelligence;
- (5) biotechnology;
- (6) blue technology;
- (7) cybersecurity;
- (8) defense;
- (9) energy and sustainability;
- (10) life sciences;
- (11) quantum; and

(12) sensors and robotics~~1. INDUSTRY SECTORS AND ACTIVITIES INCLUDED ON THE LIST DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF THIS ARTICLE.~~

(b) Examples of eligible projects include:

(1) sensitive compartmented information facilities;

(2) wet laboratories;

(3) cyber ranges;

(4) prototype manufacturing centers; and

(5) other specialized workforce training, skill certification, or research-related spaces.

(c) Grant awards may be used to defray the cost a grantee incurs to acquire, construct, rehabilitate, install, improve, or equip an eligible innovation infrastructure project.

(d) (1) A single entity may be awarded not more than \$2,000,000 in grant funds in a fiscal year.

(2) (i) For a grant award up to \$1,000,000, a grantee shall provide matching funds that are at least 200% of the grant amount.

(ii) For a grant award exceeding \$1,000,000, and up to \$2,000,000, a grantee shall provide matching funds that are at least 400% of the grant amount.

(iii) Funds received by a grantee through other State grant programs are not counted toward the grantee's matching funds requirement.

(3) A grantee must demonstrate an ability to cover the full estimated costs of the project for which the grant is awarded.

(4) (i) Not more than 50% of the appropriation to the Fund in a fiscal year may be awarded to colleges and universities in that fiscal year.

(ii) Grants to colleges and universities from the Fund must be awarded to projects that:

1. are performed in collaboration with private industry; or

2. offer the prospect of significant economic impact and the opportunity to develop entrepreneurship or clusters of technological innovation in the State.

1 **(E) WHEN PROVIDING FUNDING FROM THE FUND, THE CORPORATION**
2 **SHALL PRIORITIZE APPLICANTS LOCATED IN A REGIONAL INSTITUTION STRATEGIC**
3 **ENTERPRISE ZONE THAT IS DESIGNATED UNDER PART II OF THIS SUBTITLE.**

4 10–152.

5 A grantee may be subject to repayment of the grant in an amount determined by the
6 **[Department] CORPORATION** if the grantee fails to:

7 (1) comply with reporting requirements established by the **[Department]**
8 **CORPORATION**; or

9 (2) demonstrate appropriate use of grant funds.

10 10–153.

11 (a) There is a Build Our Future Grant Fund.

12 (b) The **[Department] CORPORATION** shall administer the Fund.

13 (c) The purpose of the Fund is to provide grants for infrastructure projects to
14 support innovation in eligible technology sectors under this **[subtitle] PART**.

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

17 (2) The State Treasurer shall hold the Fund separately, and the
18 Comptroller shall account for the Fund.

19 (e) The Fund consists of:

20 (1) money appropriated in the State budget to the Fund;

21 (2) any interest earnings of the Fund; and

22 (3) any other money from any other source accepted for the benefit of the
23 Fund.

24 (f) (1) The Fund may be used to:

25 (i) provide grants in accordance with this **[subtitle] PART**; and

26 (ii) pay the administrative costs of the Program.

(2) During each fiscal year, the Department may use not more than 10% of the money appropriated to the Fund to administer the Program.

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

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

(h) Expenditures from the Fund may be made only in accordance with the State budget.

10–154.

On or before July 1, [2026] **2029**, the [Department] **CORPORATION** shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly on the projects funded through and the economic impact of the Program.

10–155.

The [Secretary] **CORPORATION** may adopt regulations to carry out this [subtitle] **PART**.

10–401.

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

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

10–408.

(a) The Corporation shall adopt regulations establishing:

(1) the investment committee;

(2) the responsibilities of the investment committee, **INCLUDING A PROCESS FOR CONSIDERING REMEDIES, INCLUDING DIVESTMENT, FOR INVESTMENTS IN A BUSINESS THAT NO LONGER MEETS THE DEFINITION OF A QUALIFIED BUSINESS**; and

(3) the procedures for the appointment of investment committee members.

10–415.

(a) (1) On or before October 1 of each year, the Corporation shall report to the Governor[, the Maryland Economic Development Commission,] and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

(2) The report required under this subsection shall include:

(i) a complete operating and financial statement covering the Corporation's operations;

(ii) a summary of the Corporation's activities during the preceding fiscal year;

(iii) information on all salaries and any incentives approved by the Board for Corporation employees;

(iv) information on outreach, training, mentorship, support, and investment in minority and women-owned qualified businesses, including support for marketing by the Maryland [Small Business Development Financing Authority] **ECONOMIC INCLUSION FUND**;

(v) information on entities that have current investments and entities that received funding or investments in the current year on the:

1. principal business operations;

2. number of employees in the State and the number of employees outside the State;

3. capital or other investments made in the State; and

4. proposed and actual job creation or capital investment in the State as a result of the investment or support;

(vi) a list of businesses that have received funding that would no longer qualify as a qualified business; and

(vii) information on the creation of and appointments made to an advisory committee and the responsibilities of the advisory committee and members of the committee.

(b) (1) On or before October 1 each year, beginning in 2023, and every 6 months thereafter, the Corporation shall report to the Governor[, the Maryland Economic Development Commission,] and, in accordance with § 2–1257 of the State Government Article, the Joint Audit and Evaluation Committee and the General Assembly.

(2) The report required under this subsection shall include a list of the qualified businesses or other businesses receiving support through programs administered by the Corporation, including those receiving investments made under § 21–123.2 of the State Personnel and Pensions Article.

(3) The list of qualified businesses or other businesses receiving support shall include for each business:

- (i) the number of employees in the State;
- (ii) the number of employees outside the State;
- (iii) the capital or other investments made in the State; and
- (iv) proposed job creation or capital investment in the State as a result of the investment or support.

(c) (1) On or before October 1, 2024, and each October 1 thereafter, the Corporation shall report to the Governor, the Maryland Economic Development Commission, and, in accordance with § 2-1257 of the State Government Article, the General Assembly on the following information from the immediately preceding fiscal year:

- (i) the number of applications the Corporation received;
- (ii) the amount of investment funding that was available at the beginning of the fiscal year;
- (iii) the amount of investment funding that was available at the end of the fiscal year;
- (iv) the amount of investment funding that was requested;
- (v) the number of applicants the Corporation invested in; and
- (vi) the amount of investment funding the Commission awarded.

(2) The information reported in accordance with paragraph (1) of this subsection shall:

- (i) specify which applications and investments were from social impact funds, seed funds, and the Maryland Venture Fund; and
- (ii) if available, provide information that has been de-identified and disaggregated on applicants and qualified business founders by race, ethnicity, age, gender, disability status, veteran status, and geographic location and the degree to which applicants and founders identify with more than one demographic category.

10-470.

(a) The Corporation may require that all or part of a grant be repaid, with interest at a rate the Corporation sets, when conditions specified by the Corporation occur.

(b) (1) Whenever the Corporation is authorized by law to make a grant, including a grant from the Economic Development Opportunities Program Account authorized under § 7–314 of the State Finance and Procurement Article, the Corporation may use money appropriated for the grant to make an equity investment in a qualified business.

(2) (i) Except as provided in subparagraph (ii) of this paragraph and Subtitle 4A of this title, in making an equity investment under this subtitle or Subtitle 4A of this title, the Corporation may not acquire an ownership interest in an enterprise that exceeds 25%.

(ii) In making an equity investment under this subtitle or Subtitle 4A of this title in one or more venture or private equity firms, the Corporation may acquire an ownership interest exceeding 25%.

(3) Within 15 years after making an equity investment under this subtitle or Subtitle 4A of this title, the Corporation **[shall], ON REVIEW AND APPROVAL OF THE CORPORATION’S INVESTMENT COMMITTEE, MAY** divest itself of that investment **OR PURSUE ANOTHER REMEDY THAT IS IN THE CORPORATION’S BEST INTEREST.**

(4) The liability of the State and the Corporation in making an equity investment under this subtitle or Subtitle 4A of this title is limited to the amount of that investment.

10–501.

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

(f) “Corporation” means the Maryland Agricultural and Resource–Based Industry Development Corporation.

10–528.

(a) On or before October 1 of each year, the Corporation shall report on its status to the Governor, the Maryland Agricultural Commission[, the Maryland Economic Development Commission,] and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

(b) The report shall include a complete operating and financial statement and a summary of the Corporation’s activities during the preceding fiscal year.

~~12–201.~~

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

~~(k) “MEDCO obligation” means a bond, note, or other similar instrument that the Maryland Economic Development Corporation issues under authority other than this~~

~~subtitle to finance the cost of infrastructure improvements located in or supporting a transit-oriented development, a sustainable community, a RISE zone, [or] a State hospital redevelopment, OR A PROJECT ALLOWABLE UNDER THE BUILD OUR FUTURE PROGRAM ESTABLISHED BY § 10-150 OF THIS ARTICLE.~~

~~(p) "RISE zone" means an area designated as a Regional Institution Strategic Enterprise zone under [§ 5-1404] § 10-140 of this article.~~

~~12-207.~~

~~(a) Except as provided in subsections (b) and (c) of this section, bond proceeds may be used only:~~

~~(1) to buy, lease, condemn, or otherwise acquire property, or an interest in property;~~

~~(i) in the development district, a RISE zone, or a sustainable community; or~~

~~(ii) needed for a right of way or other easement to or from the development district, a RISE zone, or a sustainable community;~~

~~(2) for site removal;~~

~~(3) for surveys and studies;~~

~~(4) to relocate businesses or residents;~~

~~(5) to install utilities, construct parks and playgrounds, and for other needed improvements including:~~

~~(i) roads to, from, or in the development district;~~

~~(ii) parking; and~~

~~(iii) lighting;~~

~~(6) to construct or rehabilitate buildings for a governmental purpose or use;~~

~~(7) for reserves or capitalized interest;~~

~~(8) for necessary costs to issue bonds; and~~

~~(9) to pay the principal of and interest on loans, advances, or indebtedness that a political subdivision incurs for a purpose specified in this section.~~

~~(b) (1) This subsection applies to a sustainable community identified under § 12-203 of this subtitle.~~

~~(2) In addition to the purposes under subsection (a) of this section and without limiting the purposes in subsection (a) of this section, bond proceeds may be used in a sustainable community for:~~

~~(i) historic preservation or rehabilitation;~~

~~(ii) environmental remediation, demolition, and site preparation;~~

~~(iii) parking lots, facilities, or structures of any type whether for public or private use;~~

~~(iv) highways as defined in § 8-101 of the Transportation Article or transit service as defined in § 7-101 of the Transportation Article that support sustainable communities;~~

~~(v) schools;~~

~~(vi) affordable or mixed income housing; [and]~~

~~(vii) stormwater management and storm drain facilities; AND~~

~~(VIII) INNOVATION CENTERS, SENSITIVE COMPARTMENTED INFORMATION FACILITIES, AND STRUCTURES OF ANY TYPE THAT SUPPORT THE RETENTION, EXPANSION, OR ATTRACTION OF BUSINESS ACTIVITIES INCLUDED ON THE LIST OF INDUSTRIES AND ACTIVITIES DEVELOPED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5-106 OF THIS ARTICLE.~~

~~(c) (1) This subsection applies to a RISE zone identified under § 12-203 of this subtitle.~~

~~(2) In addition to the purposes under subsection (a) of this section and without limiting the purposes in subsection (a) of this section, bond proceeds may be used in a RISE zone for:~~

~~(i) historic preservation or rehabilitation;~~

~~(ii) environmental remediation, demolition, and site preparation;~~

~~(iii) parking lots, facilities, or structures of any type whether for public or private use;~~

~~(iv) schools;~~

(v) ~~affordable or mixed income housing;~~

(vi) ~~stormwater management and storm drain facilities;~~

(vii) ~~innovation centers, SENSITIVE COMPARTMENTED INFORMATION FACILITIES, and laboratory facilities, or structures of any type whether for public or private use, including maintenance and installation of improvements in the structures and services that support the purposes of the RISE zone program; and~~

(viii) ~~any other facilities or structures of any type whether for public or private use that support the purposes of the RISE zone program.~~

~~16-102.~~

(d) (2) ~~Any money that has not been distributed or awarded on or before December 31, 2024, shall revert to the Maryland Economic [Development Assistance] COMPETITIVENESS Fund.~~

~~Article Corporations and Associations~~

~~1-203.~~

(b) (14) ~~BEGINNING IN FISCAL YEAR 2026, THE DEPARTMENT SHALL WAIVE THE FILING FEE FOR A BUSINESS ENTITY DESCRIBED UNDER PARAGRAPH (3)(II) OF THIS SUBSECTION FOR EACH YEAR THAT THE ENTITY PROVIDES EVIDENCE TO THE DEPARTMENT THAT THE ENTITY:~~

(I) ~~HAS LOCATED WITHIN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE WITHIN 3 YEARS OF THE DATE BY WHICH THE FILING FEE IS DUE; AND~~

(II) ~~IS ENCOMPASSED BY THE INDUSTRY SECTORS AND ACTIVITIES INCLUDED ON THE LIST DEVELOPED BY THE DEPARTMENT OF COMMERCE IN ACCORDANCE WITH § 2.5 106 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

~~[(14)] (15) There is no processing fee for documents filed to dissolve, cancel, or terminate an entity under this subsection.~~

Article – Education

9.5–113.1.

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

1 **(2) “CHILD CARE SLOT” MEANS SPACE AVAILABLE FOR A CHILD TO**
2 **ENROLL FOR A FULL 8-HOUR DAY OF CHILD CARE.**

3 **(3) “ENOUGH ELIGIBLE NEIGHBORHOOD” MEANS AN AREA THAT**
4 **HAS BEEN DESIGNATED IN ACCORDANCE WITH § 9-2803 OF THE STATE**
5 **GOVERNMENT ARTICLE.**

6 **[(2)] (4)** “Fund” means the Child Care Capital Support Revolving Loan
7 Fund.

8 **[(3)] (5)** “Rural community” has the meaning stated in § 2-207 of the
9 State Finance and Procurement Article.

10 **(6) “SECRETARY” MEANS THE SECRETARY OF COMMERCE.**

11 (b) There is a Child Care Capital Support Revolving Loan Fund.

12 (c) The purpose of the Fund is to provide no-interest loans for capital expenses
13 to child care providers who participate in the Child Care Scholarship Program under §
14 9.5-113 of this subtitle.

15 (d) The Department of Commerce shall administer the Fund with support from
16 the Department.

17 (e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of
18 the State Finance and Procurement Article that shall be available in perpetuity for the
19 purpose of providing loans in accordance with the provisions of this section.

20 (2) The State Treasurer shall hold the Fund separately, and the
21 Comptroller shall account for the Fund.

22 (f) The Fund consists of:

23 (1) Money appropriated in the State budget to the Fund;

24 (2) Any interest earnings of the Fund;

25 (3) Repayments of principal and interest from loans made from the Fund;
26 and

27 (4) Any other money from any other source accepted for the benefit of the
28 Fund.

29 (g) (1) The Fund may be used only to provide no-interest loans to child care
30 providers for capital expenses related to a child care facility, including:

(i) Acquisition;

(ii) Expansion;

(iii) [Renovations; and

(iv)] New construction; AND

**(IV) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,
RENOVATIONS.**

[(2) (i) Except as provided in subparagraph (ii) of this paragraph, child care providers shall repay loans from the Fund not later than 5 years after receiving a loan from the Fund.

(ii) The Department of Commerce may establish a financial hardship exemption to allow a child care provider additional time to repay a loan from the Fund.

(iii) If a hardship exemption is not granted, the Department of Commerce shall apply its normal policy regarding assisting child care providers with past due loan payments.]

**(2) LOANS PROVIDED FOR RENOVATIONS UNDER PARAGRAPH (1)(IV)
OF THIS SUBSECTION MAY:**

**(I) BE PROVIDED ONLY TO A FAMILY CHILD CARE HOME OR
LARGE FAMILY CHILD CARE HOME; AND**

**(II) BE PROVIDED ONLY FOR RENOVATIONS NECESSARY TO
MAINTAIN LICENSURE BY THE DEPARTMENT AS DEMONSTRATED THROUGH
DOCUMENTS REQUIRED BY THE DEPARTMENT OF COMMERCE AND VERIFIED BY
THE DEPARTMENT.**

**(3) (I) THE TERM OF A LOAN FROM THE FUND SHALL BE
DETERMINED BY THE DEPARTMENT OF COMMERCE.**

**(II) THE TERM SET BY THE DEPARTMENT OF COMMERCE SHALL
BE FOR NOT LESS THAN 5 YEARS.**

**(4) UP TO \$50,000 OF A LOAN PROVIDED TO A FAMILY CHILD CARE
HOME OR LARGE FAMILY CHILD CARE HOME MAY BE CONVERTED TO A GRANT ON
APPROVAL BY THE DEPARTMENT OF COMMERCE IN ACCORDANCE WITH
SUBSECTION (I)(2) OF THIS SECTION.**

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

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

(i) (1) The Department of Commerce, in consultation with the Department, shall establish application procedures and eligibility criteria for loans from the Fund, in addition to the requirement that a child care provider be a participant in the Child Care Scholarship Program under § 9.5–113 of this subtitle.

(2) **[The] IN ORDER TO HAVE A LOAN OR PART OF A LOAN CONVERTED TO A GRANT UNDER SUBSECTION (G)(4) OF THIS SECTION, A FAMILY CHILD CARE HOME OR LARGE FAMILY CHILD CARE HOME SHALL DEMONSTRATE ATTAINMENT OF AT LEAST A QUALITY RATING 3 ON THE MARYLAND EXCELS PROGRAM.**

(3) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE Department OF COMMERCE shall prioritize applicant criteria in the following order when providing funding from the Fund:

[(i) Child care providers that are located in:

1. Underserved communities; or

2. Areas designated by the Department as areas lacking child care slots;

(ii) Child care providers that are located in rural communities;

(iii) Child care providers that serve primarily low-income populations in areas of high poverty;]

(I) CHILD CARE PROVIDERS THAT WILL INCREASE THE NUMBER OF AVAILABLE CHILD CARE SLOTS THE CHILD CARE PROVIDER MAY OFFER;

(II) CHILD CARE PROVIDERS THAT ARE LOCATED IN AREAS IDENTIFIED BY THE DEPARTMENT AS LACKING CHILD CARE SLOTS;

(III) CHILD CARE PROVIDERS THAT SERVE PRIMARILY IN AN ENOUGH ELIGIBLE NEIGHBORHOOD;

(iv) Child care providers that serve children with special needs; and

(v) Child care providers that serve children ages 2 and younger.

(4) (I) THE STATE SUPERINTENDENT AND THE SECRETARY MAY TEMPORARILY ALTER THE PRIORITIZATION ORDER OF APPLICATIONS TO BEST MEET THE NEEDS OF THE CHILD CARE INDUSTRY AT A GIVEN TIME.

(II) SHOULD THE STATE SUPERINTENDENT AND THE SECRETARY CHOOSE TO ALTER THE PRIORITIZATION ORDER OF APPLICATIONS, THE NEW TEMPORARY PRIORITIZATION ORDER SHALL BE COMMUNICATED ON THE DEPARTMENT OF COMMERCE WEBSITE PRIOR TO ACCEPTING APPLICATIONS.

(j) The Department of Commerce shall work with the Department to publicize the availability of loans from the Fund and provide support to child care providers in applying for loans from the Fund.

(k) (1) For fiscal year 2023, the Governor shall include in the annual budget bill an appropriation to the Fund of \$15,000,000.

(2) For fiscal year 2024, the Governor shall include in the annual budget bill an appropriation to the Fund of \$10,000,000.

Article – Housing and Community Development

~~4-509.~~

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

~~(2) “Anchor institution” means:~~

~~(i) an institution of higher education in the State, including departments, foundations, and other entities of the institution; or~~

~~(ii) a hospital institution in the State, including departments, foundations, and other entities of the institution, that:~~

~~1. has a group of at least five physicians who are organized as a medical staff for the institution;~~

~~2. maintains facilities to provide, under the supervision of the medical staff, diagnostic and treatment services for two or more unrelated individuals; and~~

~~3. admits or retains the individuals for overnight care.~~

~~(3) “Blighted area” means an area in which a majority of buildings have declined in productivity by reason of obsolescence, depreciation, or other causes to an extent that they no longer justify fundamental repairs and adequate maintenance.~~

~~(4) "Fund" means the Seed Community Development Anchor Institution Fund.~~

~~(5) "RISE ZONE CATCHMENT AREA" MEANS A GEOGRAPHIC AREA LOCATED WITHIN A 5 MILE RADIUS OF THE CENTER POINT OF A QUALIFIED INSTITUTION THAT IS LOCATED IN AN ACTIVE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE DESIGNATED UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

~~(6) "Sustainable community" means an area designated as a sustainable community under § 6-205 of this article.~~

~~(b) There is a Seed Community Development Anchor Institution Fund.~~

~~(c) The purpose of the Fund is to provide grants and loans to anchor institutions for community development projects in RISE ZONE CATCHMENT AREAS, sustainable communities, and blighted areas of the State.~~

~~(d) The Department shall administer the Fund.~~

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

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

~~(f) The Fund consists of:~~

~~(1) money appropriated in the State budget to the Fund;~~

~~(2) interest earnings of the Fund; and~~

~~(3) any other money from any other source accepted for the benefit of the Fund.~~

~~(g) (1) The Fund may be used only to provide grants and loans to anchor institutions for community development projects in RISE ZONE CATCHMENT AREAS, sustainable communities, and blighted areas of the State.~~

~~(2) To be eligible for a grant or loan, an anchor institution shall provide evidence of matching funds.~~

~~(3) The Department shall award grants and loans from the Fund on a competitive basis.~~

~~(4) WHEN PROVIDING GRANTS AND LOANS FROM THE FUND, THE DEPARTMENT SHALL PRIORITIZE APPLICANTS LOCATED IN AN ACTIVE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE DESIGNATED UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

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

~~(2) Any interest earnings of the Fund shall be credited to the Fund.~~

~~(i) Expenditures from the Fund may be made only in accordance with the State budget.~~

~~(j) (1) For fiscal year 2019, the Governor shall include in the annual budget bill or the capital budget bill an appropriation of \$4,000,000 to the Fund.~~

~~(2) For fiscal year 2020, the Governor shall include in the annual budget bill or the capital budget bill an appropriation of \$5,000,000 for the Fund.~~

~~(3) (i) For fiscal year 2021, the Governor shall include in the annual budget bill or the capital budget bill an appropriation of \$5,000,000 for the Fund.~~

~~(ii) For fiscal year 2022 and each fiscal year thereafter, the Governor shall include in the annual budget bill or the capital budget bill an appropriation of \$10,000,000 for the Fund.~~

6.5–107.

(e) The Fund consists of:

(2) money appropriated in the State budget to the Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund under Title 5, Subtitle 3 of the Economic Development Article for the purpose of assisting in the establishment of broadband communication services in rural and underserved areas of the State;

~~Article State Finance and Procurement~~

~~7–314.~~

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

~~(2) [“Account” means the Economic Development Opportunities Program Account.] “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.~~

~~(3) ["Executive agency" means an executive department or agency in the Executive Branch of State government, including all offices of the Executive Department or agency directly responsible to the Governor.]~~

~~(4) "Extraordinary economic development opportunity" means the:~~

~~(i) attraction of a new private sector enterprise to the State or retention or expansion of an existing private sector enterprise in the State that:~~

~~1. maintains a strong financial condition and minimal credit risk profile;~~

~~2. is capable of accessing alternative sources of financing through financial institutions or capital markets;~~

~~3. is consistent with the strategic plan of the State for economic development; AND~~

~~4. creates or retains substantial employment, particularly in areas of high unemployment; [and~~

~~5. invests in capital at a level equal to five times the value of the incentive offered;]~~

~~(ii) retention or expansion of an existing public institution, private institution, or federal research and development institute that:~~

~~1. is consistent with the strategic plan of the State for economic development; and~~

~~2. creates or retains substantial employment, particularly in areas of high unemployment; or~~

~~(iii) establishment or attraction of a public institution, a private institution, or a federal research and development institute new to the State that:~~

~~1. is consistent with the strategic plan of the State for economic development; and~~

~~2. creates or retains substantial employment, particularly in areas of high unemployment.~~

~~(4) "FUND" MEANS THE STRATEGIC CLOSING FUND.~~

~~(5) (i) "Performance requirement" means a contractual agreement between an executive agency and [an Account] A FUND recipient that requires the~~

~~[Account] FUND recipient to meet minimum economic development outcomes in exchange for a grant or a loan under this section.~~

~~(ii) "Performance requirement" includes claw back, penalty, rescission, and recalibration clauses that utilize job creation, capital investment, and other measures of economic development.~~

~~(6) "Private sector enterprise" means any commercial, industrial, educational, or research organization which is not a part of or controlled by a federal, State, or local government agency.~~

~~(b) Subject to the provisions of this section, the [Economic Development Opportunities Program Account] STRATEGIC CLOSING FUND is established WITHIN THE DEPARTMENT to maximize extraordinary economic development opportunities.~~

~~(e) [Subject to subsection (r) of this section, the] THE Governor may provide an appropriation in the budget bill to the [Account] FUND for a specific or general purpose or purposes.~~

~~(d) After notice to and approval by the Legislative Policy Committee, the Governor may transfer funds by budget amendment [from the Economic Development Opportunities Program Account to the expenditure account of the appropriate executive agency] TO THE FUND.~~

~~(e) (1) The [Account] FUND is a continuing, nonlapsing fund which is not subject to § 7-302 of this subtitle.~~

~~(2) The Treasurer shall separately hold, and the Comptroller shall account for, the [Account] FUND.~~

~~(3) The [Account] FUND shall be invested and reinvested in the same manner as other State funds.~~

~~(4) [Except as provided in paragraph (5) of this subsection, any] ANY investment earnings shall be subject to § 7-311(d) of this subtitle.~~

~~[(5) Any investment earnings on money transferred from the Account to a second continuing, nonlapsing fund may be retained to the credit of the second fund.]~~

~~(f) (1) Money appropriated or credited to the [Account] FUND does not revert to the Revenue Stabilization Account.~~

~~(2) [Except as provided in paragraph (3) of this subsection, repayments] REPAYMENTS of principal or interest on any loan from the [Account] FUND shall be retained to the credit of the [Account] FUND.~~

~~[(3) Repayments of principal or interest on any loan made from money transferred from the Account to a second continuing, nonlapsing fund may be retained to the credit of the second fund.]~~

~~(g) (1) The Department [of Commerce] shall include the following information in the report that is required under § 2.5-109 of the Economic Development Article:~~

~~(i) the financial status of the program and a summary of its operations for the preceding fiscal year;~~

~~(ii) for the previous 3 fiscal years, the status of [Account] FUND disbursements for economic development projects reviewed by the Legislative Policy Committee under this section;~~

~~(iii) for the previous 3 fiscal years, the status of job creation, capital investment, and other measures of economic development for each economic development project reviewed by the Legislative Policy Committee under this section;~~

~~(iv) a list of guidelines for the kinds of performance requirements that may be negotiated with the loan or grant applicant; and~~

~~(v) an explanation of the job creation, capital investment, and other measures of economic development described in items (i) through (iii) of this paragraph are lower than negotiated according to subsection (h)(1) of this section.~~

~~(2) Upon receipt of the information that is required to be reported under this subsection, the Legislative Policy Committee shall have 60 days to review and comment on the information provided by the Department [of Commerce] under paragraph (1) of this subsection, during which time the Department [of Commerce] shall provide any additional information regarding the [Account] FUND as requested by the Legislative Policy Committee.~~

~~(h) (1) Except as provided in paragraph (2) of this subsection and in subsection (i) of this section, any funds transferred from the [Economic Development Opportunities Program Account] FUND shall be used only for extraordinary economic development opportunities that:~~

~~(i) meet the criteria provided in this section;~~

~~(ii) include performance requirements; and~~

~~(iii) in addition to the performance requirements under item (ii) of this paragraph, include a performance requirement that utilizes a claw back provision.~~

~~(2) The [Account] DEPARTMENT may UTILIZE THE FUND TO pay an executive agency for administrative, legal, or actuarial expenses incurred by the [agency in connection with transactions funded by transfers of money to the agency from the Account] DEPARTMENT.~~

~~(i) (1) The Legislative Policy Committee may approve an economic development opportunity that is not an extraordinary economic development opportunity if the executive agency requesting the transfer of funds offers a detailed justification for the exception.~~

~~(2) The Legislative Policy Committee shall give particular consideration to an exception that would provide a significant economic development opportunity for an area of the State that has a relatively high unemployment rate or relatively low per capita income.~~

~~(j) [(1)] The Department of Commerce may modify the guidelines for the kinds of performance requirements that may be negotiated with the loan or grant as needed, upon approval of the Legislative Policy Committee.~~

~~[(2) An executive agency may depart from these guidelines as needed, upon approval of the Legislative Policy Committee.]~~

~~(k) Subject to the provisions of this subtitle, funds [transferred] from the [Economic Development Opportunities Program Account, to an executive agency,] FUND may be loaned, granted, or invested for:~~

~~(1) assisting in the retention or expansion of existing private sector enterprises, public or private institutions, or federal research and development institutes;~~

~~(2) assisting in the establishment or attraction of private sector enterprises, public or private institutions, or federal research and development institutes new to this State; or~~

~~(3) providing assistance where existing State or local programs lack sufficient resources or are constrained by timing or program design from being utilized.~~

~~(l) [Upon submission to the Legislative Policy Committee of a proposed budget amendment to transfer money from the Account, the Governor] BEFORE FUNDS FROM THE FUND MAY BE LOANED, GRANTED, OR INVESTED IN ACCORDANCE WITH SUBSECTION (K) OF THIS SECTION, THE DEPARTMENT shall provide, subject to § 2-1257 of the State Government Article, to the Legislative Policy Committee:~~

~~(1) a detailed description of:~~

~~(i) the proposed use of the funds;~~

~~(ii) the manner in which the proposed use meets the criteria as set forth in this section;~~

~~(iii) the degree to which the proposed use of funds will advance statewide or local economic development strategies and objectives; and~~

~~(iv) the degree to which available sources of federal, State, local, and private financial support have been sought and will be utilized;~~

~~(2) the terms, conditions, and performance requirements of any grant or loan for which the funds are to be used;~~

~~(3) a comprehensive economic analysis of the proposed use of the funds which estimates:~~

~~(i) the economic impact to the State and the local jurisdictions affected;~~

~~(ii) a minimum level of net economic benefits to the public sector;~~

~~(iii) the number of jobs expected to be created as a result of the proposed economic development project and the percentage of those jobs that are expected to be held by Maryland residents;~~

~~(iv) the wage rates and benefit packages for the jobs expected to be created as a result of the proposed economic development project; and~~

~~(v) any other appropriate financial or economic benefits;~~

~~(4) any other analysis or information that is requested by the Legislative Policy Committee; and~~

~~(5) the date on which the executive agency expects to disburse the funds to the proposed recipient.~~

~~(m) If an executive agency fails to disburse transferred funds to a recipient within 1 year after the expected disbursement date presented to the Legislative Policy Committee under subsection (l) of this section, the funds will revert back to the Account and the Governor shall:~~

~~(1) resubmit the proposed budget amendment to transfer money from the Account to the Legislative Policy Committee; and~~

~~(2) provide the Legislative Policy Committee with the information required under subsection (l) of this section.~~

~~(n) Funds appropriated to the [Economic Development Opportunities Program Account] FUND may not be loaned, granted, or invested for:~~

~~(1) substituting for funds from other State or local programs for which a project may be eligible and sufficient resources exist;~~

~~(2) projects which are not likely to attract or retain employment opportunities;~~

~~(3) funding projects located outside the State;~~

~~(4) construction or land acquisition by the Maryland Stadium Authority; or~~

~~(5) funding for any sports activity or facility.~~

~~[(e) (1) This subsection does not apply to an economic development opportunity located in an area designated as a qualified opportunity zone under § 1400Z-1 of the Internal Revenue Code in Allegany County, Garrett County, Somerset County, or Wicomico County.~~

~~(2) In the case of an economic development opportunity located outside a priority funding area as established under Title 5, Subtitle 7B of this article, the Department shall first comply with the provisions of that subtitle before making a request for approval by the Legislative Policy Committee under this section.]~~

~~[(p) (N) [An executive agency] THE DEPARTMENT may approve changes to a transaction approved by the Legislative Policy Committee as long as the changes do not materially and adversely affect the overall position of the [executive agency] DEPARTMENT in the transaction or the economic development benefits to be derived by the State in the transaction.~~

~~[(e) (O) (1) (i) In this subsection the following words have the meanings indicated.~~

~~(ii) "Financial assistance" means a grant, loan, or investment provided under this subsection that exceeds \$100,000.~~

~~(iii) "Political subdivision" includes an agency or other instrumentality of the political subdivision.~~

~~(2) This subsection does not apply to financial assistance used solely for the purpose of acquiring real property or structures on real property.~~

~~(3) With respect to financial assistance under this section to a political subdivision:~~

~~(i) if the political subdivision has a program for promoting procurement opportunities among minority businesses that is acceptable to the Department [of Commerce], the political subdivision shall apply the requirements of that program to the procurement of goods or services made with the proceeds from the financial assistance; but~~

~~(ii) if the political subdivision does not have a program that is acceptable to the Department [of Commerce] under item (i) of this paragraph, the political subdivision is subject to paragraph (4) of this subsection.~~

~~(4) (i) In this paragraph, "minority business enterprise" has the meaning stated in § 14-301 of this article.~~

~~(ii) With respect to financial assistance under this section to an entity other than a political subdivision, the entity shall agree to include in the agreement providing the financial assistance a provision acceptable to the Department of Commerce that would encourage the procurement from minority business enterprises of goods or services purchased with the proceeds from the financial assistance.~~

~~(iii) In negotiating the provision required under subparagraph (ii) of this paragraph, the Department of Commerce shall take into account relevant factors, including:~~

~~1. the intended use of the proceeds from the financial assistance; and~~

~~2. the feasibility of obtaining the required goods or services from minority business enterprises.~~

~~(5) The Department of Commerce may require that a recipient of financial assistance under this section submit to the Department of Commerce a list, or an updated list, of the minority business enterprises from which goods or services were procured and the nature and dollar amount of the goods or services.~~

~~[(r) For fiscal years 2019 through 2021, the Governor shall include in the annual budget bill an appropriation of \$5,000,000 to the Account to be used by the Department of Commerce to provide conditional loans or grants to companies that meet the following criteria:~~

~~(1) construction of company headquarters in the State with capital expenditures of at least \$500,000,000; and~~

~~(2) retention of company headquarters in the State with at least 3,250 eligible employees, consistent with a letter of intent entered into with the Department of Commerce in October 2016.]~~

~~9-1A-26.~~

~~(e) A jackpot won at a video lottery terminal that is not claimed by the winner within 182 days after the jackpot is won shall~~

~~(2) be distributed as follows:~~

~~(i) 2.5% to the [Small, Minority, and Women-Owned Businesses] REINVEST FOR SUCCESS Account established under § 5-1501 of the Economic Development Article;~~

9-1A-27.

(a) Except as provided in subsections (b) and (c) of this section and § 9-1A-26(a)(3) of this subtitle, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at each video lottery facility:

(6) [(i) except as provided in items (ii) and (iii) of this item,] 1.5% to **BE DISTRIBUTED EQUALLY BETWEEN 40% TO THE MARYLAND ECONOMIC INCLUSION FUND ESTABLISHED UNDER § 5-505 OF THE ECONOMIC DEVELOPMENT ARTICLE AND 60% TO** the [Small, Minority, and Women-Owned Businesses] **REINVEST FOR SUCCESS** Account established under § 5-1501 of the Economic Development Article;

[(ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017; and

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9-1A-30 of this subtitle;]

(c) (1) For the first 10 years of operations at a video lottery facility in Allegany County, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at a video lottery facility in Allegany County:

(v) 1. except as provided in items 2 and 3 of this item, 0.75% to the [Small, Minority, and Women-Owned Businesses] **REINVEST FOR SUCCESS** Account established under § 5-1501 of the Economic Development Article;

~~[Subtitle 31. Commerce Subcabinet.]~~

~~[9-3101.~~

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

~~(b) "Secretary" means the Secretary of Commerce.~~

~~(c) "Subcabinet" means the Commerce Subcabinet.]~~

~~[9-3102.~~

~~(a) There is a Commerce Subcabinet.~~

~~(b) The Subcabinet is composed of the following members:~~

~~(1) the Secretary, or the Secretary's designee;~~

~~(2) the Secretary of Transportation, or the Secretary's designee;~~

~~(3) the Secretary of Labor, or the Secretary's designee;~~

~~(4) the Secretary of the Environment, or the Secretary's designee;~~

~~(5) the Secretary of Housing and Community Development, or the Secretary's designee;~~

~~(6) the Secretary of Planning, or the Secretary's designee; and~~

~~(7) the Special Secretary of Minority Affairs, or the Special Secretary's designee.]~~

~~[9-3103.~~

~~The Subcabinet shall:~~

~~(1) advise the Governor on proposals to enhance the State's business climate;~~

~~(2) gather information the Subcabinet considers necessary to promote the goals of the Subcabinet;~~

~~(3) collaborate to facilitate and expedite critical economic development projects in the State; and~~

~~(4) provide other assistance that may be required to further the goals of the Subcabinet and enhance the State's business climate.]~~

~~[9-3104.~~

~~(a) The Secretary shall:~~

~~(1) chair the Subcabinet;~~

~~(2) convene the meetings of the Subcabinet; and~~

~~(3) be responsible for the oversight, direction, and accountability of the work of the Subcabinet.~~

~~(b) The Office of the Secretary of Commerce shall provide the primary staff support for the Subcabinet.~~

~~(c) The Subcabinet shall meet each month.]~~

Article – Tax – Property

9–103.1.

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

(7) “RISE zone” has the meaning stated in [§ 5–1401] **§ 10–137** of the Economic Development Article.

(c) (6) (i) If a RISE zone is renewed as provided under [§ 5–1404] **§ 10–140** of the Economic Development Article, the governing body of a county or municipal corporation shall calculate the amount of the tax credit under this section equal to at least 10% of the amount of property tax imposed on the eligible assessment of the qualified property for the sixth through tenth taxable years.

(e) When a Regional Institution Strategic Enterprise zone is designated by the [Secretary of Commerce] **MARYLAND ECONOMIC DEVELOPMENT CORPORATION**, the [Secretary] **CORPORATION** shall certify to the State Department of Assessments and Taxation:

(1) the real properties in the zone that are qualified properties for each taxable year for which the property tax credit under this section is to be granted; and

(2) the date that the real properties became qualified properties.

(f) Before property tax bills are sent, the State Department of Assessments and Taxation shall submit to the [Secretary of Commerce] **MARYLAND ECONOMIC DEVELOPMENT CORPORATION** a list containing:

(1) the location of each qualified property;

(2) the amount of the base year value for each qualified property; and

(3) the amount of the eligible assessment for each qualified property.

9–229.

(c) For each of the 5 taxable years immediately following the first revaluation of the property after completion of a voluntary cleanup or corrective action plan of a brownfields site, each participating taxing jurisdiction where a qualified brownfields site is located shall:

(2) contribute to the Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund under § 5–313(8) of the Economic Development Article, 30% of the property tax attributable to the increase in the assessment of the brownfields site, including improvements added to the site within the 5–year period as provided under this subsection, over the assessment of the qualified brownfields site before the voluntary cleanup.

(g) A taxing jurisdiction’s contribution for each qualified brownfields site to the Maryland Economic [Development Assistance] **COMPETITIVENESS** Fund under subsection (c)(2) of this section shall be used only for brownfields sites in the taxing jurisdictions that have enacted a brownfields property tax credit ordinance.

Chapter 430 of the Acts of 2023

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023. It shall remain effective for a period of [4] 7 years and, at the end of June 30, [2027] **2030**, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Chapter 431 of the Acts of 2023

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023. It shall remain effective for a period of [4] 7 years and, at the end of June 30, [2027] **2030**, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Economic Development

6–1007.

(a) In this section, “investment”, “qualified investor”, and “qualified Maryland technology company” have the meanings stated in § 10–733 of the Tax – General Article.

(b) For a qualified opportunity fund that is a qualified investor in a qualified Maryland technology company under § 10-733 of the Tax – General Article, if the qualified Maryland technology company, on or after March 1, 2018, is newly established in or expands into an opportunity zone [in a county other than Allegany County, Dorchester County, Garrett County, or Somerset County]:

(1) the Level 1 opportunity zone enhancement is [33%] **65%** of the investment in a qualified Maryland technology company, not to exceed [\$300,000] **\$575,000**; and

(2) the Level 2 opportunity zone enhancement is [50%] **75%** of the investment in the qualified Maryland technology company, not to exceed [\$500,000] **\$750,000**.

(c) The enhanced tax credit percentages and maximums authorized under subsection (b) of this section are in substitution for and not in addition to the percentages and maximums under § 10-733(d) of the Tax – General Article.

~~Article – Economic Development~~

~~6-309.~~

~~(a) Subject to subsection (b) of this section, this subtitle and the tax credit authorized under it shall terminate on January 1, [2027] **2026**.~~

~~(b) After termination of this subtitle:~~

~~(1) a business entity may be considered for eligibility for the tax credit authorized under this subtitle based on positions filled before termination of this subtitle, provided that the other requirements of the subtitle are satisfied; and~~

~~(2) tax credits earned may be carried forward and are subject to recapture in accordance with § 6-305 of this subtitle.~~

~~6-407.~~

~~(A) THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER IT SHALL TERMINATE ON JANUARY 1, 2026.~~

~~(B) AFTER THE TERMINATION OF THIS SUBTITLE, TAX CREDITS EARNED MAY BE CARRIED FORWARD IN ACCORDANCE WITH § 6-403 OF THIS SUBTITLE.~~

~~6-1007.~~

~~(a) In this section, “investment”, “qualified investor”, and “qualified Maryland technology company” have the meanings stated in § 10-733 of the Tax – General Article.~~

~~(b) For a qualified opportunity fund that is a qualified investor in a qualified Maryland technology company under § 10-733 of the Tax General Article, if the qualified Maryland technology company, on or after March 1, 2018, is newly established in or expands into an opportunity zone [in a county other than Allegany County, Dorchester County, Garrett County, or Somerset County]:~~

~~(1) the Level 1 opportunity zone enhancement is [33%] 65% of the investment in a qualified Maryland technology company, not to exceed [\$300,000] \$575,000; and~~

~~(2) the Level 2 opportunity zone enhancement is [50%] 75% of the investment in the qualified Maryland technology company, not to exceed [\$500,000] \$750,000.~~

~~(c) The enhanced tax credit percentages and maximums authorized under subsection (b) of this section are in substitution for and not in addition to the percentages and maximums under § 10-733(d) of the Tax General Article.~~

Article – Housing and Community Development

6–404.

(a) (1) For a contribution worth \$500 or more in goods, money, or real property to an approved project, a business entity or an individual is entitled to a tax credit in the amount determined under subsection (b) of this section.

(2) No part of a tax credit under this section may be taken more than once.

(b) (1) Except as provided in [paragraph (2)] **PARAGRAPHS (2) AND (3)** of this subsection, the credit allowed to a business entity or an individual under this section equals 50% of the amount of contributions:

(i) that the Department approves under subsection (c) of this section; and

(ii) that were made during the taxable year for which the credit is claimed.

(2) IF THE APPROVED PROJECT OR BUSINESS ENTITY IS LOCATED WITHIN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE DESIGNATED UNDER TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE OR A RISE ZONE CATCHMENT AREA, AS DEFINED UNDER § 4–509 OF THIS ARTICLE, THE TAX CREDIT ALLOWED TO A BUSINESS ENTITY OR AN INDIVIDUAL UNDER THIS SECTION EQUALS 60% OF THE AMOUNT OF THE CONTRIBUTIONS DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

1 **[(2)] (3)** The credit allowed under this section for any taxable year may
2 not exceed the lesser of:

3 (i) \$250,000; and

4 (ii) the total amount of tax otherwise payable by the business entity
5 or individual for the taxable year.

6 **[(3)] (4)** Any excess credit that would be allowed but for the limits of
7 paragraph **[(2)] (3)** of this subsection may be carried over and applied as a credit for up to
8 5 taxable years after the taxable year in which the contribution was made, until the full
9 amount of the excess is used.

10 (c) (1) To qualify for a credit for a contribution under this section, before
11 making a contribution, a business entity or an individual shall apply for and receive
12 approval of the contribution from the Department.

13 (2) Each application for approval of a contribution shall contain:

14 (i) the name of the approved project to which the contribution will
15 be made;

16 (ii) the amount of the contribution; and

17 (iii) a certification by an independent and unrelated third party as to
18 the value of any nonmonetary contribution included or, for new goods, an invoice or receipt
19 certifying the contribution's net cost to the business entity or individual.

20 (3) The Department may not approve an application if it determines that:

21 (i) the maximum amount of contributions eligible for a tax credit for
22 the project for the fiscal year will be exceeded by the sum of:

23 1. the amount of the proposed contribution; and

24 2. the total amount of contributions previously approved for
25 that project for the fiscal year; or

26 (ii) the applicant has overstated the value of a nonmonetary
27 contribution.

28 (4) On or before January 31 of each year, the Department shall report to
29 the Department of Assessments and Taxation, the Comptroller, and the Maryland
30 Insurance Administration the contributions that the Department has approved under this
31 section in the preceding calendar year.

Article – Tax – General

10–702.

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

(4) (ii) “Enterprise zone” includes a Regional Institution Strategic Enterprise zone established under [Title 5, Subtitle 14] **TITLE 10, SUBTITLE 1** of the Economic Development Article.

10–721.

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

(2) “Department” means the Department of Commerce.

(3) “Maryland base amount” means the base amount as defined in § 41(c) of the Internal Revenue Code that is attributable to Maryland, determined by:

(i) substituting “Maryland qualified research and development expense” for “qualified research expense”;

(ii) substituting “Maryland qualified research and development” for “qualified research”; and

(iii) using, instead of the “fixed base percentage”:

1. the percentage that the Maryland qualified research and development expense for the 4 taxable years immediately preceding the taxable year in which the expense is incurred is of the gross receipts for those years; or

2. for a taxpayer who has fewer than 4 but at least 1 prior taxable year, the percentage as determined under item 1 of this item, determined using the number of immediately preceding taxable years that the taxpayer has.

(4) “Maryland gross receipts” means gross receipts that are reasonably attributable to the conduct of a trade or business in this State, determined under methods prescribed by the Comptroller based on standards similar to the standards under § 10–402 of this title.

(5) “Maryland qualified research and development” means qualified research as defined in § 41(d) of the Internal Revenue Code that is conducted in this State ~~IN THE SECTORS INCLUDED ON THE LIST ESTABLISHED BY THE DEPARTMENT IN ACCORDANCE WITH § 2.5 106 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

(6) “Maryland qualified research and development expenses” means qualified research expenses as defined in § 41(b) of the Internal Revenue Code incurred for Maryland qualified research and development.

(7) “Net book value assets” means the total of a business’s net value of assets, including intangibles but not including liabilities, minus depreciation and amortization.

(8) “Small business” means a for-profit corporation, limited liability company, partnership, or sole proprietorship with net book value assets totaling, at the beginning or the end of the taxable year for which Maryland qualified research and development expenses are incurred, as reported on the balance sheet, less than \$5,000,000.

(b) (1) The purpose of the Research and Development Tax Credit Program is to foster increased research activities and expenditures ~~WITHIN TARGET INDUSTRIES AND SECTORS~~ in Maryland.

(2) Subject to the limitations of this section, an individual or a corporation may claim credits against the State income tax in an amount equal to 10% of the amount by which the Maryland qualified research and development expenses paid or incurred by the individual or corporation during the taxable year exceed the Maryland base amount for the individual or corporation.

(c) (1) By November 15 of the calendar year following the end of the taxable year in which the Maryland qualified research and development expenses were incurred, an individual or corporation shall submit an application to the Department for the credits allowed under subsection (b) of this section.

(2) For each calendar year, the total amount of credits approved by the Department under subsection (b) of this section may not exceed \$12,000,000.

(3) (i) Except as provided in paragraph (5) of this subsection, each calendar year, the Department shall reserve \$3,500,000 of the credits authorized under subsection (b) of this section for applicants that are small businesses.

(ii) Subject to paragraph (5) of this subsection, if the total amount of credits applied for by all small businesses under this section exceeds the amount specified under subparagraph (i) of this paragraph, the Department shall approve a credit for each applicant in an amount equal to the product of multiplying the credit applied for by the applicant times a fraction:

1. the numerator of which is the amount specified under subparagraph (i) of this paragraph; and

2. the denominator of which is the total of all credits applied for by all small businesses under this section in the calendar year.

1 (4) (i) Except as provided in paragraph (5) of this subsection, for each
2 calendar year, the total amount of credits approved by the Department under this section
3 to applicants that are not small businesses may not exceed \$8,500,000.

4 (ii) Subject to paragraph (5) of this subsection, if the total amount of
5 credits applied for by all applicants that are not small businesses exceeds the maximum
6 specified under subparagraph (i) of this paragraph, the Department shall approve a credit
7 under this section for each applicant in an amount equal to the product of multiplying the
8 credit applied for by the applicant times a fraction:

9 1. the numerator of which is the maximum specified under
10 subparagraph (i) of this paragraph; and

11 2. the denominator of which is the total of all credits applied
12 for by all applicants that are not small businesses in the calendar year.

13 (5) (i) For any calendar year, if the total amount of credits applied for
14 by all small businesses is less than \$3,500,000, the amount specified under paragraph (4)(i)
15 of this subsection shall be increased for that calendar year by an amount equal to the
16 difference between \$3,500,000 and the total amount of credits applied for by small
17 businesses.

18 (ii) For any calendar year, if the total amount of credits applied for
19 by all applicants that are not small businesses is less than \$8,500,000, the amount specified
20 under paragraph (3)(i) of this subsection shall be increased for that calendar year by an
21 amount equal to the difference between \$8,500,000 and the total amount of credits applied
22 for by applicants that are not small businesses.

23 (6) The Department may not approve a tax credit for any single applicant
24 in an amount exceeding \$250,000.

25 (7) By February 15 of the calendar year following the end of the year in
26 which the individual or corporation submitted an application for the credit in accordance
27 with paragraph (1) of this subsection, the Department shall certify to the individual or
28 corporation the amount of the research and development tax credits approved by the
29 Department for the individual or corporation under this section.

30 (8) To claim the approved credits allowed under this section, an individual
31 or corporation shall:

32 (i) 1. file an amended income tax return for the taxable year in
33 which the Maryland qualified research and development expense was incurred; and

34 2. attach a copy of the Department's certification of the
35 approved credit amount to the amended income tax return; or

(ii) subject to subsection (d) of this section, attach a copy of the Department's certification of the approved credit amount to an income tax return filed for any of the 7 taxable years after the taxable year in which the Maryland qualified research and development expenses were incurred.

(d) (1) Except as provided in paragraph (2) of this subsection, if the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, an individual or corporation may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of:

(i) the full amount of the excess is used; or

(ii) the expiration of the 7th taxable year after the taxable year in which the Maryland qualified research and development expense was incurred.

(2) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, a small business may claim a refund in the amount of the excess.

(e) (1) In determining the amount of the credit under this section:

(i) all members of the same controlled group of corporations, as defined under § 41(f) of the Internal Revenue Code, shall be treated as a single taxpayer; and

(ii) the credit allowable by this section to each member shall be its proportionate shares of the qualified research expenses giving rise to the credit.

(2) The Comptroller shall adopt regulations providing for:

(i) determination of the amount of the credit under this section in the case of trades or businesses, whether or not incorporated, that are under common control;

(ii) pass-through and allocation of the credit in the case of estates and trusts, partnerships, unincorporated trades or businesses, and S corporations;

(iii) adjustments in the case of acquisitions and dispositions described in § 41(f)(3) of the Internal Revenue Code; and

(iv) determination of the credit in the case of short taxable years.

(3) The regulations adopted under paragraph (2) of this subsection shall be based on principles similar to the principles applicable under § 41 of the Internal Revenue Code and regulations adopted thereunder.

(f) (1) The Department of Commerce and the Comptroller jointly shall adopt regulations to prescribe standards for determining when research or development is considered conducted in the State for purposes of determining the credit under this section.

(2) In adopting regulations under this subsection, the Department and the Comptroller may consider:

(i) the location where services are performed;

(ii) the residence or business location of the person or persons performing services;

(iii) the location where supplies used in research and development are consumed; and

(iv) any other factors that the Department determines are relevant for the determination.

(g) In accordance with § 2.5–109 of the Economic Development Article, the Department shall report on the credits approved under this section.

(h) If the provisions of § 41 of the Internal Revenue Code governing the federal research and development tax credit are repealed or terminate, the provisions of this section continue to operate as if the provisions of § 41 of the Internal Revenue Code remain in effect, and the Maryland research and development tax credit under this section shall continue to be available.

(I) (1) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2030.

(2) IF A TAXPAYER’S TAXABLE YEAR FOR INCOME TAX PURPOSES IS NOT THE CALENDAR YEAR, FOR THE TAXABLE YEAR THAT BEGINS IN CALENDAR YEAR 2030, THE TAXPAYER MAY APPLY FOR ONLY A PRORATED CREDIT FOR RESEARCH AND DEVELOPMENT EXPENSES PAID OR INCURRED IN THE TAXABLE YEAR FOR THAT PART OF THE TAXABLE YEAR THAT FALLS IN CALENDAR YEAR 2030.

10–725.

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

(2) “Biotechnology company” means a company organized for profit that is primarily engaged in, or within 2 months will be primarily engaged in, the research, development, or commercialization of innovative and proprietary technology that comprises, interacts with, or analyzes biological material including biomolecules (DNA, RNA, or protein), cells, tissues, or organs.

1 (3) (i) “Company” means any entity of any form duly organized and
2 existing under the laws of any jurisdiction for the purpose of conducting business for profit.

3 (ii) “Company” does not include a sole proprietorship.

4 (4) “Department” means the Department of Commerce.

5 (5) (i) “Investment” means the contribution of money in cash or cash
6 equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland
7 biotechnology company in exchange for stock, a partnership or membership interest, or
8 other ownership interest in the equity of the qualified Maryland biotechnology company,
9 title to which ownership interest shall vest in the qualified investor.

10 (ii) “Investment” does not include debt.

11 (iii) For purposes of this section, an investment is at risk of loss when
12 its repayment entirely depends upon the success of the business operations of the qualified
13 company.

14 (6) (i) “Qualified investor” means any individual or entity that invests
15 at least \$25,000 in a qualified Maryland biotechnology company and that is required to file
16 an income tax return in any jurisdiction.

17 (ii) “Qualified investor” does not include:

18 1. a qualified pension plan, individual retirement account, or
19 other qualified retirement plan under the Employee Retirement Income Security Act of
20 1974, as amended, or fiduciaries or custodians under such plans, or similar tax-favored
21 plans or entities under the laws of other countries; or

22 2. a founder or current employee of the qualified Maryland
23 biotechnology company, if the company has been in active business for more than 5 years.

24 (7) (i) “Qualified Maryland biotechnology company” means a
25 biotechnology company that:

26 1. has its headquarters and base of operations in this State;

27 2. has fewer than 50 full-time employees;

28 3. has been in active business no longer than 12 years;

29 4. does not have its securities publicly traded on any
30 exchange;

31 5. has been certified as a biotechnology company by the
32 Department; and

6. the qualified investors in the company have not received more than \$7,000,000 in tax credits in the aggregate under this section.

(ii) “Qualified Maryland biotechnology company” includes a company that, within 2 months of the receipt of the investment, has met the requirements of subparagraph (i) of this paragraph.

(8) “Secretary” means the Secretary of Commerce.

(b) (2) Subject to paragraphs (3) and (4) of this subsection and subsections (d) and (e) of this section, for the taxable year in which an investment in a qualified Maryland biotechnology company is made, a qualified investor may claim a credit against the State income tax in an amount equal to the amount of tax credit stated in the final credit certificate approved by the Secretary for the investment as provided under this section.

(5) ~~IF~~ FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT UNDER PARAGRAPH (2) OF THIS SUBSECTION IS A PASS-THROUGH ENTITY THAT PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH ENTITY IN ANY MANNER.

(d) (1) The tax credit allowed in an initial tax credit certificate issued under this section is:

(i) except as provided in item (ii) of this paragraph, 33% of the investment in a qualified Maryland biotechnology company, not to exceed \$250,000; or

(ii) ~~[50%]~~ **75%** of the investment in the qualified Maryland biotechnology company, not to exceed ~~[\$500,000]~~ **\$750,000**, if a qualified Maryland biotechnology company~~;~~:

1. is located in Allegany County, Dorchester County, Garrett County, or Somerset County; or

2.~~1~~ is located in a Regional Institution Strategic Enterprise zone that is designated under Title 5, Subtitle 14 of the Economic Development Article~~], is based on technology that was developed at a qualified institution within that zone, and has been in active business not longer than 7 years]~~.

(2) During any fiscal year, the Secretary may not certify eligibility for tax credits for investments in a single qualified Maryland biotechnology company that in the aggregate exceed 10% of the total appropriations to the Maryland Biotechnology Investment Tax Credit Reserve Fund for that fiscal year.

(3) (I) If the tax credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the qualified investor for that taxable year, the qualified investor may claim a refund in the amount of the excess.

(II) ~~IF~~ FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A REFUND UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS-THROUGH ENTITY THAT PAYS THE INCOME TAX IMPOSED UNDER § 10-102.1 OF THIS TITLE ON BEHALF OF ALL MEMBERS OF THE PASS-THROUGH ENTITY, THE PASS-THROUGH ENTITY MAY CLAIM AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS-THROUGH ENTITY IN ANY MANNER.

(K) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, THE COMPTROLLER SHALL PROVIDE THE MEANS FOR A QUALIFIED INVESTOR TO FILE THE INVESTOR'S RETURN ELECTRONICALLY.

10-730.

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

(4) (i) "Film production activity" means:

1. the production of a film or video project that is intended for nationwide commercial distribution; and

2. for a television series, each season of the television series.

(ii) "Film production activity" includes the production of:

1. a feature film;

2. a television project;

3. a commercial;

4. a corporate film;

5. a music video;

6. a digital animation project;

7. a documentary; or

8. a talk, reality, or game show.

(iii) "Film production activity" does not include production of:

1. a student film;
2. a noncommercial personal video;
3. a sports broadcast;
4. a broadcast of a live event;
5. a video, computer, or social networking game;
6. pornography;
7. an infomercial;
8. a digital project or an animation project other than a
9 digital animation project; or
9. a multimedia project.

(7) “Qualified film production entity” means an entity that:

(i) is carrying out a film production activity; and

(ii) the Secretary determines to be eligible for the tax credit under
14 this section in accordance with subsection (c) of this section.

(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.

(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.

(3) (I) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE
23 DEPARTMENT AND THE COMPTROLLER UNDER SUBSECTION (I) OF THIS SECTION,
24 THE AMOUNT OF THE TAX CREDIT ALLOWED BUT NOT USED FOR FILM PRODUCTION
25 ACTIVITIES IN THE STATE MAY BE TRANSFERRED IN WHOLE OR IN PART TO ANY
26 INDIVIDUAL OR BUSINESS ENTITY.

(II) 1. FOR THE TAXABLE YEAR OF ANY TRANSFER UNDER
28 THIS PARAGRAPH, THE TRANSFEREE UNDER SUBPARAGRAPH (I) OF THIS
29 PARAGRAPH MAY APPLY THE TAX CREDIT AGAINST THE TOTAL TAX OTHERWISE
30 PAYABLE BY THE TRANSFEREE IN ANY TAXABLE YEAR.

1 **2. IF THE TAX CREDIT EXCEEDS THE STATE INCOME TAX**
2 **OF THE TRANSFEREE IN ANY TAXABLE YEAR, THE TRANSFEREE:**

3 **A. MAY CLAIM A REFUND IN THE AMOUNT OF THE**
4 **EXCESS; OR**

5 **B. MAY TRANSFER THE REMAINDER OF THE TAX CREDIT**
6 **TO ANY INDIVIDUAL OR BUSINESS ENTITY.**

7 (c) (1) Before beginning a film production activity, a film production entity
8 shall submit to the Department an application to qualify as a film production entity.

9 (2) The application shall describe the anticipated film production activity,
10 including:

11 (i) the projected total budget;

12 (ii) the estimated number of Maryland resident and out-of-state
13 employees and total wages to be paid; and

14 (iii) the anticipated dates for carrying out the major elements of the
15 film production activity.

16 (3) Except as provided in subsection (h) of this section, to qualify as a film
17 production entity, the estimated total direct costs incurred in the State must exceed
18 \$250,000.

19 (4) The application shall include any other information required by the
20 Secretary.

21 (5) For a film production entity with total direct costs that exceed \$250,000,
22 the Secretary may require the information provided in an application to be verified by an
23 independent auditor selected and paid for by the film production entity seeking
24 certification.

25 (6) The Secretary shall:

26 (i) determine if the film production entity qualifies for the credit
27 under this section; and

28 (ii) notify the Comptroller of the estimated amount of total direct
29 costs and the taxable year the credit will be claimed.

30 **(7) (I) A QUALIFIED FILM PRODUCTION ENTITY MAY AMEND ITS**
31 **INITIAL APPLICATION SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF**

AN INDEPENDENT AUDITOR SELECTED AND PAID FOR BY THE QUALIFIED FILM PRODUCTION ENTITY HAS VERIFIED THAT THE PROJECTED TOTAL BUDGET IN ITS INITIAL APPLICATION HAS INCREASED OR DECREASED BY AT LEAST 50%.

(II) THE SECRETARY SHALL:

1. EVALUATE AN AMENDED APPLICATION SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH;

2. DETERMINE IF THE FILM PRODUCTION ENTITY CONTINUES TO QUALIFY FOR THE CREDIT UNDER THIS SECTION; AND

3. IF THE SECRETARY APPROVES THE AMENDED APPLICATION, NOTIFY THE COMPTROLLER OF THE AMENDED ESTIMATED AMOUNT OF TOTAL DIRECT COSTS AND THE TAXABLE YEAR THE CREDIT WILL BE CLAIMED.

(i) The Department and the Comptroller jointly shall adopt regulations to carry out the provisions of this section and to specify criteria and procedures for the application for, approval of, TRANSFER OF, and monitoring of continuing eligibility for the tax credit under this section.

~~10-730.~~

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

~~(4) (i) "Film production activity" means:~~

~~1. the production of a film or video project that is intended for nationwide commercial distribution; and~~

~~2. for a television series, each season of the television series.~~

~~(ii) "Film production activity" includes the production of:~~

~~1. a feature film;~~

~~2. a television project;~~

~~3. a commercial;~~

~~4. a corporate film;~~

~~5. a music video;~~

~~6. a digital animation project;~~

~~7. a documentary; or~~

~~8. a talk, reality, or game show.~~

~~(iii) "Film production activity" does not include the production of:~~

~~1. a student film;~~

~~2. a noncommercial personal video;~~

~~3. a sports broadcast;~~

~~4. a broadcast of a live event;~~

~~5. a video, computer, or social networking game;~~

~~6. pornography;~~

~~7. an infomercial;~~

~~8. a digital product or an animation project other than a digital animation project; or~~

~~9. a multimedia project.~~

~~(7) "Qualified film production entity" means an entity that:~~

~~(i) is carrying out a film production activity; and~~

~~(ii) the Secretary determines to be eligible for the tax credit under this section in accordance with subsection (c) of this section.~~

~~(b) (1) A qualified film production entity may claim a credit against the State income tax for film production activities in the State in an amount equal to the amount stated in the final tax credit certificate approved by the Secretary for film production activities.~~

~~(2) If the tax credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the qualified film production entity for that taxable year, the qualified film production entity may claim a refund in the amount of the excess.~~

~~(f) (1) Except as provided in paragraph (2) of this subsection, the Secretary may not issue tax credit certificates for credit amounts in the aggregate totaling more than:~~

~~(i) for fiscal year 2014, \$25,000,000;~~

~~(ii) for fiscal year 2015, \$7,500,000;~~

- 1 (iii) ~~for fiscal year 2016, \$7,500,000;~~
- 2 (iv) ~~for fiscal year 2019, \$8,000,000;~~
- 3 (v) ~~for fiscal year 2020, \$11,000,000;~~
- 4 (vi) ~~for fiscal year 2021 through 2023, \$12,000,000;~~
- 5 (vii) ~~for fiscal year 2024, \$15,000,000;~~
- 6 (viii) ~~for fiscal year 2025, \$17,500,000; AND~~
- 7 (ix) ~~for fiscal year 2026 AND EACH FISCAL YEAR THEREAFTER,~~
8 ~~\$20,000,000]; and~~
- 9 (x) ~~for fiscal year 2027 and each fiscal year thereafter, \$12,000,000];~~

10 ~~(2) If the aggregate credit amounts under the tax credit certificates issued~~
11 ~~by the Secretary total less than the maximum provided under paragraph (1) of this~~
12 ~~subsection in any fiscal year, any excess amount may be carried forward and issued under~~
13 ~~tax credit certificates in a subsequent fiscal year.~~

14 ~~(3) [The Secretary may not issue tax credit certificates for credit amounts~~
15 ~~totaling more than \$10,000,000 in the aggregate for a single film production activity.~~

16 ~~(4)] (i) For fiscal year 2019 and each fiscal year thereafter, the Secretary~~
17 ~~shall make 10% of the credit amount authorized under paragraph (1) of this subsection~~
18 ~~available for Maryland small or independent film entities.~~

19 ~~(ii) If the total amount of credits applied for by Maryland small or~~
20 ~~independent film entities is less than the amount made available under subparagraph (i)~~
21 ~~of this paragraph, the Secretary shall make available the unused amount of credits for use~~
22 ~~by qualified film production entities.~~

23 ~~[10-732.~~

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

25 ~~(2) "Costs" means the costs to an individual or corporation for:~~

26 ~~(i) security clearance administrative expenses incurred with regard~~
27 ~~to an employee in the State including, but not limited to:~~

28 ~~1. processing application requests for clearances for~~
29 ~~employees in the State;~~

~~2. maintaining, upgrading, or installing computer systems in the State required to obtain federal security clearances; and~~

~~3. training employees in the State to administer the application process; and~~

~~(ii) construction and equipment costs incurred to construct or renovate a sensitive compartmented information facility ("SCIF") located in the State as required by the federal government.~~

~~(3) "Department" means the Department of Commerce.~~

~~(4) "Secretary" means the Secretary of Commerce.~~

~~(5) "Small business" has the meaning stated in § 7-218 of this article.~~

~~(b) (1) Subject to the limitations of this section, for a taxable year beginning after December 31, 2022, but before January 1, 2028, an individual or a corporation that employs not more than 500 employees may claim credits against the State income tax for:~~

~~(i) security clearance administrative expenses, not to exceed \$200,000;~~

~~(ii) expenses incurred for rental payments owed during the first year of a rental agreement for spaces leased in the State if the individual or corporation is a small business that performs security-based contracting, not to exceed \$200,000; and~~

~~(iii) subject to paragraph (2) of this subsection, construction and equipment costs incurred to construct or renovate a single SCIF in an amount equal to the lesser of 50% of the costs or \$200,000.~~

~~(2) The total amount of construction and equipment costs incurred to construct or renovate multiple SCIFs for which an individual or a corporation is eligible to claim as a credit against the State income tax is \$500,000.~~

~~(c) (1) By September 15 of the calendar year following the end of the taxable year in which the costs were incurred, an individual or a corporation shall submit an application to the Department for the credits allowed under subsection (b) of this section.~~

~~(2) (i) The total amount of credits approved by the Department under subsection (b) of this section may not exceed \$2,000,000 for any calendar year.~~

~~(ii) If the total amount of credits applied for by all individuals and corporations under subsection (b) of this section exceeds the maximum specified under subparagraph (i) of this paragraph, the Department shall approve a credit under subsection~~

~~(b) of this section for each applicant in an amount equal to the product of multiplying the credit applied for by the applicant times a fraction:~~

~~1. the numerator of which is the maximum specified under subparagraph (i) of this paragraph; and~~

~~2. the denominator of which is the total of all credits applied for by all applicants under subsection (b) of this section in the calendar year.~~

~~(3) By December 15 of the calendar year following the end of the taxable year in which the costs were incurred, the Department shall certify to the individual or corporation the amount of tax credits approved by the Department for the individual or corporation under this section.~~

~~(4) To claim the approved credits allowed under this section, an individual or a corporation shall:~~

~~(i) 1. file an amended income tax return for the taxable year in which the costs were incurred; and~~

~~2. attach a copy of the Department's certification of the approved credit amount to the amended income tax return; or~~

~~(ii) subject to subsection (d) of this section, attach a copy of the Department's certification of the approved credit amount to an income tax return filed for any taxable year after the taxable year in which the costs were incurred.~~

~~(d) If the credit allowed for any taxable year under this section exceeds the total tax otherwise due, an individual or corporation may apply the excess as a credit against the State income tax for succeeding taxable years until the full amount of the excess is used.~~

~~(e) The Department, in consultation with the Comptroller, shall adopt regulations to carry out the provisions of this section.~~

~~(f) In accordance with § 2.5-109 of the Economic Development Article, the Department shall submit a report on the number of credits certified in the previous calendar year.]~~

10-733.

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

(2) (i) "Company" means any entity of any form duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit.

(ii) “Company” includes an entity that becomes duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit within 4 months of receiving a qualified investment.

(iii) “Company” does not include a sole proprietorship.

(3) “Department” means the Department of Commerce.

(4) (i) “Investment” means the contribution of money in cash or cash equivalents expressed in United States dollars, at a risk of loss, to a qualified Maryland technology company in exchange for stock, a partnership or membership interest, or any other ownership interest in the equity of the qualified Maryland technology company, title to which ownership interest shall vest in the qualified investor.

(ii) “Investment” does not include debt unless it is convertible debt.

(iii) For purposes of this section, an investment is at risk of loss when repayment entirely depends on the success of the business operations of the qualified company.

(5) (i) “Qualified investor” means any individual or entity that invests at least \$25,000 in a qualified Maryland technology company and that is required to file an income tax return in any jurisdiction.

(ii) “Qualified investor” does not include:

1. a qualified pension plan, an individual retirement account, or any other qualified retirement plan under the Employee Retirement Income Security Act of 1974, as amended, or fiduciaries or custodians under such plans, or similar tax-favored plans or entities under the laws of other countries; or

2. a founder or current employee of the qualified Maryland technology company, if the company has been in active business for more than 5 years.

(6) (i) “Qualified Maryland technology company” means a technology company that has met the criteria set forth in subsection (b)(3) of this section.

(ii) “Qualified Maryland technology company” does not include a technology company that is or has been certified as a qualified Maryland biotechnology company under § 10–725 of this subtitle.

(7) “Secretary” means the Secretary of Commerce.

(8) “Technology company” means a company organized for profit that is engaged in the research, development, or commercialization of innovative and proprietary technology.

(b) (2) Subject to paragraph (3) of this subsection and subsections (d) and (e) of this section, for the taxable year in which an investment in a qualified Maryland technology company is made, a qualified investor may claim a credit against the State income tax in an amount equal to the amount of tax credit stated in the final credit certificate approved by the Secretary for the investment as provided under this section.

(3) To be eligible for the tax credit described in paragraph (2) of this subsection, the qualified investor:

(ii) at least 30 days prior to making an investment in a qualified Maryland technology company for which the qualified investor would be eligible for an initial tax credit certificate under this subsection, shall submit an application to the Department containing the following:

2. evidence that the qualified Maryland technology company has satisfied the following minimum requirements for consideration as a qualified Maryland technology company:

J. meets any other reasonable requirements of the Department evidencing that the company is a going concern engaged in the research, development, or commercialization of innovative and proprietary technology in an eligible technology sector identified in accordance with paragraph (4) of this subsection; and

(4) (i) [After consulting with the Department and the Maryland Department of Labor, each year the Maryland Economic Development Commission shall:

1. evaluate the potential employment and economic growth of Maryland's technology sectors; and

2. recommend eligible technology sectors to the Department.

(ii) Each year the Department shall[:

1. consider the recommendation of the Maryland Economic Development Commission; and

2.] establish a list of technology sectors that will be eligible for the tax credit under this section.

[(iii)] (II) In determining whether a company is engaged in an eligible technology sector, the Department shall consider the definitions set forth in the North American Industry Classification System (NAICS).

(5) ~~IF~~ FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A CREDIT UNDER PARAGRAPH (2) OF THIS SUBSECTION IS A PASS-THROUGH ENTITY THAT PAYS THE INCOME TAX

1 **IMPOSED UNDER § 10–102.1 OF THIS TITLE ON BEHALF OF ALL MEMBERS OF THE**
2 **PASS–THROUGH ENTITY, THE PASS–THROUGH ENTITY MAY CLAIM AND ALLOCATE**
3 **THE CREDIT AMONG MEMBERS OF THE PASS–THROUGH ENTITY IN ANY MANNER.**

4 (d) (1) The tax credit allowed in an initial tax credit certificate issued under
5 this section is:

6 (i) except as provided in item (ii) of this paragraph, 33% of the
7 investment in a qualified Maryland technology company, not to exceed \$250,000; or

8 (ii) **[50%] 75%** of the investment in the qualified Maryland
9 technology company, not to exceed **[\$500,000] \$750,000**, if a qualified Maryland
10 technology company[:

11 1. is located in Allegany County, Dorchester County, Garrett
12 County, or Somerset County; or

13 2.] is located in a Regional Institution Strategic Enterprise
14 zone that is designated under **[Title 5, Subtitle 14] TITLE 10, SUBTITLE 1** of the Economic
15 Development Article[, is based on technology that was developed at a qualified institution
16 within that zone, and has been in active business not longer than 7 years].

17 (2) During any fiscal year, the Secretary may not certify eligibility for tax
18 credits for investments in:

19 (i) a single qualified Maryland technology company that in the
20 aggregate exceed 15% of the total appropriations to the Maryland Innovation Investment
21 Tax Credit Reserve Fund for that fiscal year; or

22 (ii) a single technology sector that in the aggregate exceed 25% of the
23 total appropriations to the Maryland Innovation Investment Tax Credit Reserve Fund for
24 that fiscal year.

25 (3) **(I)** If the credit allowed under this section in any taxable year
26 exceeds the State income tax for that taxable year, an individual or a corporation may claim
27 a refund in the amount of the excess.

28 **(II) ~~IF~~ FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
29 **2025, IF THE QUALIFIED INVESTOR ALLOWED TO CLAIM A REFUND UNDER**
30 **SUBPARAGRAPH (I) OF THIS PARAGRAPH IS A PASS–THROUGH ENTITY THAT PAYS**
31 **THE INCOME TAX IMPOSED UNDER § 10–102.1 OF THIS TITLE ON BEHALF OF ALL**
32 **MEMBERS OF THE PASS–THROUGH ENTITY, THE PASS–THROUGH ENTITY MAY CLAIM**
33 **AND ALLOCATE THE CREDIT AMONG MEMBERS OF THE PASS–THROUGH ENTITY IN**
34 **ANY MANNER.**

1 **(J) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION**
2 **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029.**

3 **(K) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, THE**
4 **COMPTROLLER SHALL PROVIDE THE MEANS FOR A QUALIFIED INVESTOR TO FILE**
5 **THE INVESTOR'S RETURN ELECTRONICALLY.**

6 10-733.1.

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

8 (2) “Cybersecurity business” means an entity organized for profit that is
9 engaged primarily in the development of innovative and proprietary cybersecurity
10 technology or the provision of cybersecurity service.

11 (3) “Cybersecurity service” means an activity that is associated with a
12 category or subcategory identified under the Framework Core established by the National
13 Institute of Standards and Technology’s Cybersecurity Framework.

14 (4) “Cybersecurity technology” means products or goods intended to detect
15 or prevent activity intended to result in unauthorized access to, exfiltration of,
16 manipulation of, or impairment to the integrity, confidentiality, or availability of an
17 information system or information stored on or transiting an information system.

18 (5) “Department” means the Department of Commerce.

19 (6) [“Panel” means the panel that the Department may establish under
20 subsection (c) of this section composed of experts in the areas of cybersecurity technology
21 and cybersecurity service.

22 (7) “Qualified buyer” means any entity [that has fewer than 50 employees
23 in the State and] that is required to file an income tax return in the State.

24 **[(8) (7)]** “Qualified seller” means a cybersecurity business that:

25 (i) has its headquarters and base of operations in the State;

26 (ii) 1. has less than **[\$5,000,000] \$10,000,000** in annual
27 revenue;

28 2. is a minority-owned, woman-owned, veteran-owned, or
29 service-disabled-veteran-owned business; or

30 3. is located in a historically underutilized business zone
31 designated by the United States Small Business Administration;

(iii) 1. owns or has properly licensed any proprietary cybersecurity technology; or

2. provides a cybersecurity service;

(iv) is in good standing;

(v) is current in the payment of all tax obligations to the State or any unit or subdivision of the State; and

(vi) is not in default under the terms of any contract with, indebtedness to, or grant from the State or any unit or subdivision of the State.

(b) **(1) THERE IS A BUY MARYLAND CYBERSECURITY TAX CREDIT AUTHORIZED UNDER THIS SECTION.**

(2) THE BUY MARYLAND CYBERSECURITY TAX CREDIT IS INTENDED TO PROMOTE THE CYBERSECURITY INDUSTRY IN MARYLAND BY HELPING MARYLAND BUSINESSES AND NONPROFITS PURCHASE CYBERSECURITY TECHNOLOGIES AND SERVICES FROM MARYLAND CYBERSECURITY COMPANIES TO PROTECT BUSINESS AND CUSTOMER INFORMATION.

[(1)] (3) Subject to paragraphs **[(2) and (3)] (4) THROUGH (6)** of this subsection, a qualified buyer may claim a credit against the State income tax in an amount equal to 50% of the cost incurred during the taxable year to purchase cybersecurity technology or a cybersecurity service from one or more qualified sellers.

[(2)] (4) For any taxable year, the credit allowed under this section may not exceed \$50,000 for each qualified buyer.

(5) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, A QUALIFIED BUYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

[(3)] (6) For any taxable year, the aggregate credits claimed for cybersecurity technology or cybersecurity service purchased from a single qualified seller may not exceed **[\$200,000] \$1,000,000**.

(c) **[(1)** The Department, in consultation with the Maryland Technology Development Corporation, may establish a panel composed of experts in the areas of cybersecurity technology and cybersecurity service.

(2) The Department may establish the panel under service contracts with independent reviewers.

1 (3) The panel shall assist the Department in its determination as to
2 whether a company is a qualified seller.

3 (4) A member of the panel is not eligible to receive any benefit, direct or
4 indirect, from the tax credit under this section.

5 (5) (i) Except as provided in subparagraph (ii) of this paragraph,
6 Division II of the State Finance and Procurement Article does not apply to a service that
7 the Department obtains under this section.

8 (ii) The Department is subject to Title 12, Subtitle 4 of the State
9 Finance and Procurement Article for services the Department obtains under this section.

10 (d)] (1) (i) A qualified buyer eligible for the credit under this section may
11 apply to the Department for a credit certificate that states the amount of the credit the
12 qualified buyer may claim under subsection (b) of this section.

13 (ii) A qualified buyer shall attach the credit certificate to the income
14 tax return on which the qualified buyer claims the credit under subsection (b) of this
15 section.

16 (2) Subject to paragraph (3) of this subsection, the Secretary of Commerce
17 shall approve each application under paragraph (1) of this subsection that qualifies for a
18 credit certificate.

19 (3) [(i)] The total amount of the credit certificates approved by the
20 Secretary of Commerce under this subsection may not exceed:

- 21 1. for taxable year 2018, \$2,000,000; and
22 2. for taxable year 2019 and each taxable year thereafter,
23 \$4,000,000.

24 [(ii) For each taxable year, the Secretary of Commerce shall award
25 25% of the amount of tax credits authorized under subparagraph (i) of this paragraph to
26 qualified buyers that purchase cybersecurity services.]

27 [(e)] (D) (1) The Department may revoke its certification of a credit under
28 this section if any representation made in connection with the application for the
29 certification is determined by the Department to have been false.

30 (2) The revocation may be in full or in part as the Department may
31 determine and, subject to paragraph (3) of this subsection, shall be communicated to the
32 qualified buyer and the Comptroller.

33 (3) The qualified buyer shall have an opportunity to appeal any revocation
34 to the Department before notification of the Comptroller.

(4) The Comptroller may make an assessment against the qualified buyer to recapture any amount of tax credit that the qualified buyer has already claimed.

[(f)] (E) In accordance with § 2.5–109 of the Economic Development Article, the Department shall submit a report on the credit certificates awarded under this section for the calendar year.

[(g)] (F) The Department and the Comptroller jointly shall adopt regulations to carry out this section and to specify criteria and procedures for application for, approval of, and monitoring continuing eligibility for the tax credit under this section.

(G) THE DEPARTMENT MAY NOT APPROVE A CREDIT UNDER THIS SECTION FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – Property

9–103.

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

(6) (i) “Qualified property” means real property that is:

1. not used for residential purposes;

2. used in a trade or business by a business entity that meets the requirements of § 5–707 of the Economic Development Article; and

3. located in an enterprise zone that is designated under Title 5, Subtitle 7 of the Economic Development Article.

(ii) “Qualified property” includes personal property on real property that is located in a focus area as defined in § 5–701 of the Economic Development Article.

(b) (1) The governing body of a county or of a municipal corporation shall grant a tax credit under this section against the property tax imposed on the eligible assessment of qualified property.

(d) (2) For newly constructed qualified property that provides both office and retail space and became eligible for the credit under this section on or after [January 1, 2019] JULY 1, 2018, but before January 1, 2022, the appropriate governing body shall calculate the amount of the tax credit under this section equal to a percentage of the amount of property tax imposed on the eligible assessment of the qualified property as follows:

1 (i) 80% in each of the 1st 8 taxable years following the calendar year
2 in which the property initially becomes a qualified property;

3 (ii) 70% in the 9th taxable year;

4 (iii) 60% in the 10th taxable year;

5 (iv) 50% in the 11th taxable year;

6 (v) 40% in the 12th taxable year; and

7 (vi) 30% in the 13th taxable year.

8 (5) For qualified property located in a focus area, the appropriate governing
9 body shall calculate the amount of the tax credit under this section equal to 80% of the
10 amount of property tax imposed on the eligible assessment of the qualified property:

11 (i) for newly constructed qualified property that provides both office
12 and retail space and became eligible for the credit under this section on or after [January
13 1, 2019] **JULY 1, 2018**, but before January 1, 2022, for each of the 13 taxable years
14 following the calendar year in which the property initially becomes a qualified property; or

15 (ii) for any other qualified property, for each of the 10 taxable years
16 following the calendar year in which the property initially becomes a qualified property.

17 (e) (1) A tax credit under this section is available to a qualified property for no
18 more than 10 consecutive years or, in the case of newly constructed qualified property that
19 provides both office and retail space and became eligible for the credit under this section
20 on or after [January 1, 2019] **JULY 1, 2018**, but before January 1, 2022, no more than 13
21 consecutive years, beginning with:

22 (i) the taxable year following the calendar year in which the real
23 property initially becomes a qualified property; or

24 (ii) the taxable year in which the real property initially becomes a
25 qualified property, subject to the approval of the appropriate local governing body and the
26 Secretary of Commerce.

27 9–103.1.

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

29 (6) “Qualified property” means real property that is:

30 (i) located in a RISE zone;

(ii) not used for residential purposes; and

(iii) used in a trade or business by a business entity that locates in the RISE zone before January 1, 2023.

(7) “RISE zone” has the meaning stated in [§ 5–1401] § 10–137 of the Economic Development Article.

(b) The governing body of a county or of a municipal corporation shall grant a tax credit under this section against the property tax imposed on the eligible assessment of qualified property.

(c) (3) **[For] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, FOR** purposes of calculating the amount of the credit allowed under this section, the amount of property tax imposed on the eligible assessment shall be calculated without reduction for any credits allowed under this title.

(4) (i) For qualified property located in an enterprise zone designated under Title 5, Subtitle 7 of the Economic Development Article, the appropriate governing body shall calculate the amount of the tax credit under this section equal to 80% of the amount of property tax imposed on the eligible assessment of the qualified property, AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9–103 OF THIS SUBTITLE, for each of the 5 taxable years following the calendar year in which the property initially becomes a qualified property.

(ii) For qualified property located in a focus area designated under § 5–706 of the Economic Development Article, the appropriate governing body shall calculate the amount of the tax credit under this section equal to 100% of the amount of property tax imposed on the eligible assessment of the qualified property, AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9–103 OF THIS SUBTITLE, for each of the 5 taxable years following the calendar year in which the property initially becomes a qualified property.

(iii) 1. If a business entity is certified as consistent with the target strategy of the RISE zone and the qualified property is located in an enterprise zone or focus area, the amount of the required reimbursement under § 9–103(h) of this subtitle may only be for the amount required for the required property tax credits under § 9–103 of this subtitle.

2. The property tax credits required under subparagraphs (i) and (ii) of this paragraph do not alter the amount of funds required to be reimbursed under § 9–103(h) of this subtitle.

3. **IF A BUSINESS ENTITY IS CERTIFIED AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA, THE BUSINESS ENTITY MAY CONCURRENTLY CLAIM THE PROPERTY TAX CREDITS UNDER THIS SECTION AND §**

9-103 OF THIS SUBTITLE, PROVIDED THAT THE TOTAL PROPERTY TAX CREDITS IN ANY TAXABLE YEAR MAY NOT EXCEED 100% OF THE PROPERTY TAX THAT WOULD OTHERWISE BE DUE TO THE STATE AND LOCAL JURISDICTION.

4. THE CONCURRENT APPLICATION OF PROPERTY TAX CREDITS UNDER THIS SECTION MAY NOT ALTER THE TIME LIMITATION ON THE AVAILABILITY OF ANY PROPERTY TAX CREDIT.

(5) The governing body of a county or municipal corporation may increase, by local law, the percentage under paragraph (1) of this subsection.

(6) (i) If a RISE zone is renewed as provided under [§ 5-1404] § 10-140 of the Economic Development Article, the governing body of a county or municipal corporation shall calculate the amount of the tax credit under this section equal to at least 10% of the amount of property tax imposed on the eligible assessment of the qualified property, AFTER FIRST APPLYING ANY CREDITS REQUIRED UNDER § 9-103 OF THIS SUBTITLE, for the sixth through tenth taxable years.

(ii) The governing body of a county or municipal corporation may increase, by local law, the percentage under subparagraph (i) of this paragraph.

(d) (1) Except as provided in subsection (c)(6) of this section, a tax credit under this section is available to a qualified property for no more than 5 consecutive years beginning with:

(I) the taxable year following the calendar year in which the real property initially becomes a qualified property; OR

(II) THE TAXABLE YEAR IN WHICH THE REAL PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY, SUBJECT TO THE APPROVAL OF THE APPROPRIATE LOCAL GOVERNING BODY AND THE DEPARTMENT OF COMMERCE.

(2) If the designation of a RISE zone expires, the tax credit under this section continues to be available to a qualified property.

(3) State property tax imposed on real property is not affected by this section.

(e) When a Regional Institution Strategic Enterprise zone is designated by the Secretary of Commerce, the Secretary shall certify to the State Department of Assessments and Taxation:

(1) the real properties in the zone that are qualified properties for each taxable year for which the property tax credit under this section is to be granted; and

(2) the date that the real properties became qualified properties.

(f) Before property tax bills are sent, the State Department of Assessments and Taxation shall submit to the Secretary of Commerce a list containing:

(1) the location of each qualified property;

(2) the amount of the base year value for each qualified property; and

(3) the amount of the eligible assessment for each qualified property.

SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Chapter 515 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 [but before January 1, 2026].

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year[(1)], for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000[; and

(2) for the taxable year that begins in calendar year 2025, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2025].

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

Chapter 516 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 [but before January 1, 2026].

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year[:

(1)], for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000[; and

(2) for the taxable year that begins in calendar year 2025, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2025].

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. [It shall remain effective for a period of 27 years and, at the end of June 30, 2027, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]

SECTION ~~4~~ 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Chapter 390 of the Acts of 2013, as amended by Chapter 578 of the Acts of 2018
and Chapter 113 of the Acts of 2021**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013, and shall be applicable to all taxable years beginning after December 31, 2013[, but before January 1, 2025. This Act shall remain effective for a period of 12 years and, at the end of June 30, 2025, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect].

~~SECTION 5. AND BE IT FURTHER ENACTED, That the terms of the members of the Maryland Life Sciences Advisory Board appointed by the Governor under § 3-203(a)(3) of the Economic Development Article, as enacted by Section 2 of this Act, shall expire as follows:~~

~~(1) five members in 2026;~~

~~(2) five members in 2027; and~~

~~(3) six members in 2028.~~

SECTION ~~6~~ 7. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

1 SECTION ~~7~~ 8. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
2 be applicable to all taxable years beginning after December 31, 2024.

3 SECTION ~~8~~ 9. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall
4 ~~take effect June 1, 2025.~~ be applicable to all taxable years beginning after June 30, 2025.

5 SECTION ~~9~~ 10. AND BE IT FURTHER ENACTED, That, ~~except as provided in~~
6 ~~Section 8 of this Act,~~ Sections 1, 2, 3, and 5 of this Act shall take effect July 1, 2025.

7 SECTION 11. AND BE IT FURTHER ENACTED, That, except as provided in
8 Section 10 of this Act, this Act shall take effect June 1, 2025.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.