

HOUSE BILL 1467

C8

7lr1888

By: **Delegate Rosenberg**

Introduced and read first time: February 10, 2017

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Technology Development Corporation – Enterprise Fund – Start-Up**
3 **Businesses**

4 FOR the purpose of requiring the Maryland Technology Development Corporation to give
5 particular consideration to a certain start-up business when lending, granting, or
6 investing money in the Enterprise Fund; making conforming changes; defining a
7 certain term; and generally relating to the use of the Enterprise Fund under the
8 Maryland Technology Development Corporation.

9 BY repealing and reenacting, with amendments,
10 Article – Economic Development
11 Section 5–514(a) and 10–469
12 Annotated Code of Maryland
13 (2008 Volume and 2016 Supplement)

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

16 **Article – Economic Development**

17 5–514.

18 (a) Notwithstanding [§ 10–469(e) and (f)] **§ 10–469(G) AND (H)** of this article or
19 any other law, the following money shall be payable into the funds under this subtitle:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(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.

10–469.

(a) **IN THIS SECTION, “START-UP BUSINESS” MEANS A BUSINESS ENTITY ORGANIZED IN THE STATE WHOSE FIRST CONTRACT OF SALE TO A PAYING CUSTOMER WAS SIGNED LESS THAN 2 YEARS BEFORE THE DATE OF THE ENTITY’S APPLICATION FOR A LOAN OR GRANT FROM THE ENTERPRISE FUND.**

(B) There is an Enterprise Fund in the Corporation.

~~[(b)]~~ (C) The Corporation may use the Fund to:

(1) make a grant or loan, at the rate of interest set by the Corporation;

(2) provide equity investment financing for a business enterprise;

(3) guarantee a loan, equity, investment, or other private financing to expand the capital resources of a business enterprise;

(4) purchase advisory services and technical assistance to better support economic development;

(5) pay the Corporation’s obligations to a venture firm under the Invest Maryland Program, as provided under § 10–492(c)(2)(i) of this subtitle; and

(6) pay the administrative, legal, and actuarial expenses of the Corporation.

(D) THE CORPORATION SHALL GIVE PARTICULAR CONSIDERATION TO A START-UP BUSINESS LOCATED IN THE STATE WHEN LENDING, GRANTING, OR INVESTING MONEY IN THE FUND.

~~[(c)]~~ (E) The Corporation shall manage and supervise the Fund.

~~[(d)]~~ (F) (1) The Fund is a special, nonlapsing revolving fund that is not subject to reversion under § 7–302 of the State Finance and Procurement Article.

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

~~[(e)]~~ (G) The Fund consists of:

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

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

(3) repayment of principal of a loan made from the Fund;

(4) payment of interest on a loan made from the Fund;

(5) proceeds from the sale, disposition, lease, or rental by the Corporation of collateral related to financing that the Corporation provides under this subtitle;

(6) premiums, fees, royalties, interest, repayments of principal, and returns on investments paid to the Corporation by or on behalf of:

(i) a business enterprise in which the Corporation has made an investment under this subtitle; or

(ii) an investor providing an investment guaranteed by the Corporation under this subtitle;

(7) recovery of an investment made by the Corporation in a business enterprise under this subtitle, including an arrangement under which the Corporation's investment in the business enterprise is recovered through:

(i) a requirement that the Corporation receive a proportion of cash flow, commission, royalty, or payment on a patent; or

(ii) the repurchase from the Corporation of any evidence of financial participation, including a note, stock, bond, or debenture;

(8) repayment of a conditional grant extended by the Corporation;

(9) money deposited into the Fund under § 10–492(c)(2)(i) of this subtitle; and

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

[(f)] (H) (1) The Treasurer shall invest money in the Fund in the same manner as other State money.

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2017.