

SENATE BILL 389

C8, Q7, F2

0lr1871

By: **Senators Miller, Elfreth, Feldman, Griffith, Guzzone, King, Klausmeier, Peters, Pinsky, Rosapepe, and Zucker**

Introduced and read first time: January 27, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – Maryland E–Nnovation Initiative Program –**
3 **Extension and Alterations**

4 FOR the purpose of extending and altering the Maryland E–Nnovation Initiative Program;
5 requiring the Governor to include in the annual budget bill certain appropriations to
6 the Maryland E–Nnovation Initiative Fund for certain fiscal years; altering the
7 purposes for which certain endowment proceeds may be expended; altering certain
8 requirements for certain individuals in certain positions funded by endowment
9 proceeds; altering the distribution of certain revenue from a certain tax in a certain
10 manner; and generally relating to the Maryland E–Nnovation Initiative Program.

11 BY repealing and reenacting, without amendments,
12 Article – Economic Development
13 Section 6–604(a), (d), and (f), 6–612(a), and 6–618(b), (d), and (e)
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2019 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Economic Development
18 Section 6–604(e) and 6–614
19 Annotated Code of Maryland
20 (2018 Replacement Volume and 2019 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – General
23 Section 2–202(a)(1)(i)
24 Annotated Code of Maryland
25 (2016 Replacement Volume and 2019 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



That the Laws of Maryland read as follows:

Article – Economic Development

6–604.

(a) There is a Maryland E–Nnovation Initiative Fund in the Department.

(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.

(e) [For each of fiscal years 2016 through 2021, the] **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:

(1) FOR EACH OF FISCAL YEARS 2016 THROUGH 2021, at least \$8,500,000; AND

(2) FOR EACH OF FISCAL YEARS 2022 THROUGH 2026, AT LEAST \$12,500,000.

(f) The Department may use the Fund to:

(1) finance research endowments at nonprofit institutions of higher education in scientific and technical fields of study; and

(2) pay the related administrative, legal, and actuarial expenses of the Department.

6–612.

(a) The governing body of each nonprofit institution of higher education may create and administer one or more research endowments to receive funding from the Fund.

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 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; [or]

(2) THE CREATION OF START-UP PACKAGES TO ATTRACT WORLD-CLASS FACULTY ENGAGED IN AREAS OF RESEARCH IDENTIFIED IN SUBSECTION (A) OF THIS SECTION THROUGH THE FUNDING OF INFRASTRUCTURE AND STAFF TO ASSIST THOSE FACULTY MEMBERS IN THEIR WORK AND RESEARCH; OR

(3) 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.

(c) An individual in a position that is funded by endowment proceeds under subsection (b)(1) of this section shall:

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

(2) hold a joint appointment or secondary position at another nonprofit institution of higher education in the State; or

(3) work at least [one day each week] **20% OF THE YEAR** in support of entrepreneurial activities with a company engaged in one or more of the research areas identified in subsection (a) of this section.

(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.

6–618.

(b) A nonprofit institution of higher education seeking a distribution of matching funds from the Fund shall first obtain qualified donations in an amount equal to the amount of matching funds requested for distribution and shall submit a request to the Authority.

(d) The Authority shall review each request for distribution of matching funds from the Fund for compliance with the provisions of this subtitle and Department regulations.

(e) If the Authority approves the request of a nonprofit institution of higher education, the Authority shall distribute matching funds to the applicable research endowment in an amount equal to the amount of qualified donations.

Article – Tax – General

2–202.

(a) After making the distribution required under § 2–201 of this subtitle, within 20 days after the end of each quarter, the Comptroller shall distribute:

(1) except as provided in subsections (b) and (c) of this section, from the revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars under § 4–102(e) of this article:

(i) 1. for fiscal years 2016 through **[2021] 2026**, the revenue attributable to a tax rate of 20% to the Maryland E–Nnovation Initiative Fund under § 6–604 of the Economic Development Article; and

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2020.