

SENATE BILL 1110

C8

6lr3574

By: **Senator Feldman**

Introduced and read first time: February 22, 2016

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Innovation Research and Technology Transfer**
3 **Incentive Program and Fund**

4 FOR the purpose of establishing the Maryland Small Business Innovation Research and
5 Technology Transfer Incentive Program; specifying the purpose of the Program;
6 requiring the Maryland Technology Development Corporation to administer the
7 Program; authorizing a certain small business to apply to the Corporation for a grant
8 under the Program to reimburse certain costs and to match certain funding awards,
9 subject to certain limitations; requiring the Corporation to develop a certain grant
10 application form; establishing certain requirements for a certain small business to
11 qualify for a grant under the Program; establishing the Maryland Small Business
12 Innovation Research and Technology Transfer Incentive Fund as a special,
13 nonlapsing fund; specifying the purpose of the Fund; requiring the Corporation to
14 administer the Fund; requiring the State Treasurer to hold the Fund and the
15 Comptroller to account for the Fund; specifying the contents of the Fund; specifying
16 the purposes for which the Fund may be used; providing for the investment of money
17 in and expenditures from the Fund; requiring interest earnings of the Fund to be
18 credited to the Fund; exempting the Fund from a certain provision of law requiring
19 interest earnings on State money to accrue to the General Fund of the State;
20 requiring the Corporation to adopt regulations to implement and administer this Act;
21 requiring the Corporation to report certain information in a certain annual report to
22 the Governor, the Maryland Economic Development Commission, and the General
23 Assembly; defining certain terms; and generally relating to the Maryland Small
24 Business Innovation Research and Technology Transfer Incentive Program and
25 Fund in the Maryland Technology Development Corporation.

26 BY adding to

27 Article – Economic Development

28 Section 10–4A–01 through 10–4A–09 to be under the new subtitle “Subtitle 4A.
29 Maryland Small Business Innovation Research and Technology Transfer
30 Incentive Program”

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2008 Volume and 2015 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article – State Finance and Procurement
5 Section 6–226(a)(2)(i)
6 Annotated Code of Maryland
7 (2015 Replacement Volume)

8 BY repealing and reenacting, with amendments,
9 Article – State Finance and Procurement
10 Section 6–226(a)(2)(ii)84. and 85.
11 Annotated Code of Maryland
12 (2015 Replacement Volume)

13 BY adding to
14 Article – State Finance and Procurement
15 Section 6–226(a)(2)(ii)86.
16 Annotated Code of Maryland
17 (2015 Replacement Volume)

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

20 **Article – Economic Development**

21 **SUBTITLE 4A. MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND**
22 **TECHNOLOGY TRANSFER INCENTIVE PROGRAM.**

23 **10–4A–01.**

24 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
25 **INDICATED.**

26 **(B) “CORPORATION” MEANS THE MARYLAND TECHNOLOGY**
27 **DEVELOPMENT CORPORATION.**

28 **(C) “ELIGIBLE BUSINESS” MEANS A FOR–PROFIT SMALL BUSINESS ENTITY**
29 **THAT MEETS THE REQUIREMENTS UNDER § 10–4A–06 OF THIS SUBTITLE.**

30 **(D) “FUND” MEANS THE MARYLAND SMALL BUSINESS INNOVATION**
31 **RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE FUND ESTABLISHED UNDER §**
32 **10–4A–04 OF THIS SUBTITLE.**

1 (E) "PROGRAM" MEANS THE MARYLAND SMALL BUSINESS INNOVATION
2 RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE PROGRAM ESTABLISHED
3 UNDER § 10-4A-02 OF THIS SUBTITLE.

4 (F) "SBIR/STTR" MEANS:

5 (1) THE FEDERAL SMALL BUSINESS INNOVATION RESEARCH
6 PROGRAM; AND

7 (2) THE FEDERAL SMALL BUSINESS TECHNOLOGY TRANSFER
8 RESEARCH PROGRAM.

9 (G) "TECHNOLOGY TRANSFER" MEANS THE PROCESS OF CONVERTING
10 SCIENTIFIC AND TECHNOLOGICAL ADVANCES INTO MARKETABLE GOODS AND
11 SERVICES.

12 10-4A-02.

13 (A) THERE IS A MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND
14 TECHNOLOGY TRANSFER INCENTIVE PROGRAM.

15 (B) THE CORPORATION SHALL ADMINISTER THE PROGRAM.

16 10-4A-03.

17 THE PURPOSE OF THE PROGRAM IS TO FOSTER JOB CREATION AND
18 ECONOMIC DEVELOPMENT IN THE STATE BY:

19 (1) PROMOTING THE COMMERCIALIZATION OF RESEARCH
20 CONDUCTED BY AN ELIGIBLE BUSINESS IN THE STATE;

21 (2) FACILITATING THE TRANSFER OF TECHNOLOGY FROM AN
22 ELIGIBLE BUSINESS;

23 (3) OFFSETTING THE COSTS INCURRED BY AN ELIGIBLE BUSINESS
24 WHEN APPLYING TO A PARTICIPATING FEDERAL AGENCY FOR SBIR/STTR AWARDS;
25 AND

26 (4) ENCOURAGING AN ELIGIBLE BUSINESS TO APPLY FOR
27 SBIR/STTR PHASE II AWARDS.

28 10-4A-04.

1 **(A) THERE IS A MARYLAND SMALL BUSINESS INNOVATION RESEARCH AND**
2 **TECHNOLOGY TRANSFER INCENTIVE FUND.**

3 **(B) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR THE**
4 **PROGRAM UNDER THIS SUBTITLE.**

5 **(C) THE CORPORATION SHALL ADMINISTER THE FUND.**

6 **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
7 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

8 **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**
9 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

10 **(E) THE FUND CONSISTS OF:**

11 **(1) APPROPRIATIONS AS PROVIDED IN THE STATE BUDGET;**

12 **(2) MONEY DONATED TO THE FUND;**

13 **(3) INVESTMENT EARNINGS OF THE FUND; AND**

14 **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
15 **THE BENEFIT OF THE FUND.**

16 **(F) THE FUND MAY BE USED ONLY TO:**

17 **(1) AWARD GRANTS AS PROVIDED UNDER § 10-4A-07 OF THIS**
18 **SUBTITLE; AND**

19 **(2) PAY THE COSTS NECESSARY TO ADMINISTER THE PROGRAM**
20 **UNDER THIS SUBTITLE.**

21 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
22 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

23 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE PAID INTO THE**
24 **FUND.**

25 **10-4A-05.**

1 AN ELIGIBLE BUSINESS MAY APPLY TO THE CORPORATION FOR A GRANT
2 UNDER THIS SUBTITLE ON A FORM PRESCRIBED BY THE CORPORATION THAT
3 INCLUDES THE FOLLOWING:

4 (1) THE NAME AND TYPE OF THE BUSINESS;

5 (2) THE NAMES AND ADDRESSES OF THE PRINCIPALS OR MANAGERS
6 OF THE BUSINESS;

7 (3) AN ACKNOWLEDGMENT OF RECEIPT OF THE PHASE I PROPOSAL
8 BY THE SPONSORING FEDERAL AGENCY;

9 (4) AN ITEMIZED STATEMENT OF THE COSTS FOR WHICH THE
10 BUSINESS SEEKS REIMBURSEMENT;

11 (5) THE COUNTY IN WHICH THE BUSINESS EXPECTS TO CONDUCT THE
12 RESEARCH WITH RESPECT TO THE SBIR/STTR PROPOSAL; AND

13 (6) ANY OTHER INFORMATION NECESSARY FOR THE CORPORATION
14 TO EVALUATE THE APPLICATION.

15 10-4A-06.

16 (A) TO QUALIFY FOR A GRANT UNDER THIS SUBTITLE, AN ELIGIBLE
17 BUSINESS SHALL:

18 (1) MAINTAIN ITS PRINCIPAL PLACE OF BUSINESS IN THE STATE;

19 (2) (I) SUBMIT A QUALIFIED SBIR/STTR PHASE I PROPOSAL TO A
20 PARTICIPATING FEDERAL AGENCY IN RESPONSE TO A SPECIFIC FEDERAL
21 SOLICITATION; AND

22 (II) IF SEEKING MATCHING FUNDS UNDER § 10-4A-07 OF THIS
23 SUBTITLE:

24 1. SUBMIT A FINAL SBIR/STTR PHASE I REPORT;

25 2. DEMONSTRATE THAT THE SPONSORING FEDERAL
26 AGENCY HAS INTEREST IN THE PHASE II PROPOSAL; AND

27 3. SUBMIT A SBIR/STTR PHASE II PROPOSAL;

28 (3) SATISFY ALL FEDERAL SBIR/STTR REQUIREMENTS;

1 (II) PROPOSAL CONSULTING FEES;

2 (III) PROJECT-RELATED SUPPLIES;

3 (IV) LITERATURE SEARCHES;

4 (V) RENTAL OF SPACE OR EQUIPMENT RELATED TO THE
5 PROPOSAL PREPARATION; AND

6 (VI) WAGES OF INDIVIDUALS INVOLVED WITH THE
7 PREPARATION OF THE PROPOSALS.

8 (2) REIMBURSABLE COSTS DO NOT INCLUDE:

9 (I) TRAVEL EXPENSES;

10 (II) LARGE EQUIPMENT PURCHASES;

11 (III) FACILITY OR LEASEHOLD IMPROVEMENTS; AND

12 (IV) LEGAL FEES.

13 (3) REIMBURSEMENT UNDER THIS SUBSECTION MAY NOT EXCEED
14 THE LESSER OF:

15 (I) 50% OF THE COSTS OF PREPARING AND SUBMITTING A
16 SBIR/STTR PHASE I PROPOSAL; OR

17 (II) \$3,000.

18 (C) MATCHING FUNDS AWARDED TO AN ELIGIBLE BUSINESS UNDER
19 SUBSECTION (A)(2) OF THIS SECTION:

20 (1) MAY NOT EXCEED \$100,000; AND

21 (2) SHALL BE DISTRIBUTED AS FOLLOWS:

22 (I) 75% AFTER RECEIPT OF THE SBIR/STTR PHASE I AWARD
23 BY THE SPONSORING FEDERAL AGENCY; AND

24 (II) 25% ON SUBMISSION TO AND ACCEPTANCE BY THE FEDERAL
25 AGENCY OF THE PHASE II APPLICATION AND REPORT.

1 (D) AN ELIGIBLE BUSINESS MAY NOT RECEIVE MORE THAN:

2 (1) ONE GRANT UNDER THIS SECTION PER CALENDAR YEAR;

3 (2) ONE GRANT FOR EACH SBIR/STTR PROPOSAL; AND

4 (3) FIVE GRANTS IN TOTAL.

5 **10-4A-08.**

6 THE CORPORATION SHALL ADOPT REGULATIONS NECESSARY TO IMPLEMENT
7 AND ADMINISTER THIS SUBTITLE.

8 **10-4A-09.**

9 THE CORPORATION SHALL INCLUDE, AS PART OF ITS ANNUAL REPORT TO THE
10 GOVERNOR AND THE GENERAL ASSEMBLY UNDER § 10-415 OF THIS TITLE, A
11 DETAILED DESCRIPTION OF THE GRANTS AWARDED UNDER THIS SUBTITLE.

12 **Article – State Finance and Procurement**

13 **6-226.**

14 (a) (2) (i) Notwithstanding any other provision of law, and unless
15 inconsistent with a federal law, grant agreement, or other federal requirement or with the
16 terms of a gift or settlement agreement, net interest on all State money allocated by the
17 State Treasurer under this section to special funds or accounts, and otherwise entitled to
18 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
19 Fund of the State.

20 (ii) The provisions of subparagraph (i) of this paragraph do not apply
21 to the following funds:

22 84. the Economic Development Marketing Fund; [and]

23 85. the Military Personnel and Veteran-Owned Small
24 Business No-Interest Loan Fund; AND

25 **86. THE MARYLAND SMALL BUSINESS INNOVATION**
26 **RESEARCH AND TECHNOLOGY TRANSFER INCENTIVE FUND.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2016.