

SENATE BILL 465

Q7, C7

(0lr2540)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by Senators Guzzone, Beidle, Carter, Elfreth, Griffith, Hayes, Pinsky, Washington, West, Young, ~~and Zucker~~ Zucker, Miller, Feldman, King, Klausmeier, Peters, Rosapepe, Edwards, Serafini, Salling, and Eckardt

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 ~~Admissions and Amusement Tax – Electronic Bingo and Tip Jars – Distribution~~
3 ~~to Maryland State Arts Council~~

4 Maryland E–Nnovation Initiative Program and Admissions and Amusement Tax
5 Distributions – Extensions and Alterations

6 FOR the purpose of extending and altering the Maryland E–Nnovation Initiative Program;
7 requiring the Governor to include in the annual budget bill certain appropriations to
8 the Maryland E–Nnovation Initiative Fund for certain fiscal years; altering certain
9 requirements for certain individuals in certain positions funded by certain
10 endowment proceeds; altering, beginning in a certain fiscal year, the distribution of
11 revenue from the State admissions and amusement tax on electronic bingo and
12 electronic tip jars; making a conforming change; *making certain sections of this Act*
13 subject to certain contingencies; and generally relating to the Maryland E–Nnovation

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.

Italics indicate opposite chamber / conference committee amendments.



1 Initiative Program and the distribution of revenue from the State admissions and
2 amusement tax on electronic bingo and electronic tip jars.

3 BY repealing and reenacting, without amendments,

4 Article – Economic Development

5 Section 6–604(a), (d), and (f), 6–612(a), and 6–618(b), (d), and (e)

6 Annotated Code of Maryland

7 (2018 Replacement Volume and 2019 Supplement)

8 BY repealing and reenacting, with amendments,

9 Article – Economic Development

10 Section 6–604(e) and 6–614

11 Annotated Code of Maryland

12 (2018 Replacement Volume and 2019 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Tax – General

15 Section 2–202(a)

16 Annotated Code of Maryland

17 (2016 Replacement Volume and 2019 Supplement)

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 6–604.

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

23 (d) The Fund consists of:

24 (1) revenue distributed to the Fund under § 2–202(a)(1) of the
25 Tax – General Article;

26 (2) money appropriated in the State budget to the Fund; and

27 (3) any other money from any other source accepted for the benefit of the
28 Fund.

29 (e) For each of fiscal years 2016 through [2021,] 2026, the Governor shall include
30 in the budget bill an appropriation to the Fund in an amount that when combined with the
31 amount estimated to be distributed to the Fund under subsection (d)(1) of this section
32 equals at least ~~[\$8,500,000]~~ \$9,000,000.

33 (f) The Department may use the Fund to:

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

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

5 6-612.

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

8 6-614.

9 (a) Endowment proceeds shall be expended by a nonprofit institution of higher
10 education to further basic and applied research in scientific and technical fields of study as
11 designated by the Authority that offer promising and significant economic impacts and the
12 opportunity to develop clusters of technological innovation in the State, including:

13 (1) physical sciences;

14 (2) life and neuro sciences;

15 (3) engineering;

16 (4) mathematical and computational sciences;

17 (5) regulatory science;

18 (6) autonomous systems;

19 (7) aeronautical and space science;

20 (8) environmental sciences;

21 (9) behavioral and language science;

22 (10) health sciences;

23 (11) agriculture; or

24 (12) cybersecurity.

25 (b) Endowment proceeds may be expended by a nonprofit institution of higher
26 education for:

27 (1) the payment of the base salaries of newly endowed department chairs,
28 new professorship positions, new research scientists, or new research staff positions.

1 including research technicians and support personnel, and to fund affiliated graduate or
2 undergraduate student research fellowships, if the positions or fellowships are engaged in
3 the areas of research identified in subsection (a) of this section; or

4 (2) the purchase of basic infrastructure, including laboratory and scientific
5 equipment or other essential equipment and materials, related to an area of research
6 identified in subsection (a) of this section.

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

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

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

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

16 (d) The Authority shall issue eligibility criteria regarding the expenditure of
17 endowment proceeds to pay the base salaries of personnel, fund student fellowships, and
18 purchase basic infrastructure.

19 6-618.

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

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

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

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

32 **Article – Tax – General**

33 2-202.

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

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

6 (i) ~~1. for fiscal years 2016 through 2021,~~ **FOR FISCAL YEAR**
7 **2021 AND EACH FISCAL YEAR THEREAFTER,** the revenue attributable to a tax rate of
8 20% to the Maryland E–Nnovation Initiative Fund under § 6–604 of the Economic
9 Development Article; and

10 ~~2. in fiscal year 2022 and in each fiscal year thereafter, the~~
11 ~~revenue attributable to a tax rate of 20% to the General Fund of the State; and~~

12 (ii) [1. for fiscal year 2018, the revenue attributable to a tax rate
13 of 5% as follows:

14 A. to the Special Fund for Preservation of Cultural Arts in
15 Maryland, as provided in § 4–801 of the Economic Development Article, up to an aggregate
16 amount of \$1,000,000 in each fiscal year; and

17 B. the remainder to the Maryland State Arts Council, as
18 provided in § 4–512 of the Economic Development Article;

19 2. for fiscal years 2019 through 2021] **FOR FISCAL YEAR**
20 **2021 AND EACH FISCAL YEAR THEREAFTER,** the revenue attributable to a tax rate of 5%
21 as follows:

22 [A.] 1. to the Maryland State Arts Council, as provided in
23 § 4–512 of the Economic Development Article, \$1,000,000 in each fiscal year; ~~and~~

24 [B.] 2. **TO THE TOWN OF CHESAPEAKE BEACH,**
25 **\$300,000 IN EACH FISCAL YEAR; AND**

26 3. the remainder to the Special Fund for Preservation of
27 Cultural Arts in Maryland, as provided in § 4–801 of the Economic Development Article;
28 and

29 [3. in fiscal year 2022 and in each fiscal year thereafter, the
30 revenue attributable to a tax rate of 5% to the Special Fund for Preservation of Cultural
31 Arts in Maryland, as provided in § 4–801 of the Economic Development Article; and]

32 (2) the remaining admissions and amusement tax revenue:

(i) to the Maryland Stadium Authority, county, or municipal corporation that is the source of the revenue; or

(ii) if the Maryland Stadium Authority and also a county or municipal corporation tax a reduced charge or free admission:

1. 80% of that revenue to the Authority; and

2. 20% to the county or municipal corporation.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

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,] FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of 20% to the Maryland E-Innovation Initiative Fund under § 6-604 of the Economic Development Article; and

[2. in fiscal year 2022 and in each fiscal year thereafter, the revenue attributable to a tax rate of 20% to the General Fund of the State; and]

(ii) [1. for fiscal year 2018, the revenue attributable to a tax rate of 5% as follows:

A. to the Special Fund for Preservation of Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article, up to an aggregate amount of \$1,000,000 in each fiscal year; and

B. the remainder to the Maryland State Arts Council, as provided in § 4-512 of the Economic Development Article;

2. for fiscal years 2019 through 2021] FOR FISCAL YEAR 2021 AND EACH FISCAL YEAR THEREAFTER, the revenue attributable to a tax rate of 5% as follows:

1 [A.] 1. to the Maryland State Arts Council, as provided in
 2 § 4-512 of the Economic Development Article, \$1,000,000 in each fiscal year; [and]

3 [B.] 2. TO THE TOWN OF CHESAPEAKE BEACH,
 4 \$300,000 IN EACH FISCAL YEAR;

5 3. TO THE MICHAEL ERIN BUSCH SPORTS FUND
 6 ESTABLISHED UNDER § 10-612.2 OF THE ECONOMIC DEVELOPMENT ARTICLE,
 7 \$500,000 IN EACH FISCAL YEAR; AND

8 4. the remainder to the Special Fund for Preservation of
 9 Cultural Arts in Maryland, as provided in § 4-801 of the Economic Development Article;
 10 and

11 [3. in fiscal year 2022 and in each fiscal year thereafter, the
 12 revenue attributable to a tax rate of 5% to the Special Fund for Preservation of Cultural Arts
 13 in Maryland, as provided in § 4-801 of the Economic Development Article; and]

14 (2) the remaining admissions and amusement tax revenue:

15 (i) to the Maryland Stadium Authority, county, or municipal
 16 corporation that is the source of the revenue; or

17 (ii) if the Maryland Stadium Authority and also a county or
 18 municipal corporation tax a reduced charge or free admission:

19 1. 80% of that revenue to the Authority; and

20 2. 20% to the county or municipal corporation.

21 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take
 22 effect July 1, 2020, contingent on the taking effect of Chapter _____ (S.B. 1076/H.B. 1659) of
 23 the Acts of the General Assembly of 2020, and if Chapter _____ (S.B. 1076/H.B. 1659) does
 24 not become effective, Section 3 of this Act, with no further action required by the General
 25 Assembly, shall be null and void.

26 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
 27 effect July 1, 2020, contingent on the failure of Chapter _____ (S.B. 1076/H.B. 1659) of the
 28 Acts of the General Assembly of 2020, and if Chapter _____ (S.B. 1076/H.B. 1659) becomes
 29 effective, Section 2 of this Act, with no further action required by the General Assembly, shall
 30 be null and void.

31 SECTION ~~2~~ 6. AND BE IT FURTHER ENACTED, That, except as provided in
 32 Sections 4 and 5 of this Act, this Act shall take effect July 1, 2020.