

# SENATE BILL 560

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3lr0607  
CF HB 626

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By: **Senator Guzzone**

Introduced and read first time: February 6, 2023

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 5, 2023

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Animal Testing and Research – Human–Relevant Research Funding and Animal**  
3 **Testing and Research ~~License~~ Contributions**

4 FOR the purpose of establishing the Human–Relevant Research Fund under the  
5 administration of the Maryland Technology Development Corporation as a special,  
6 nonlapsing fund; requiring that the interest earnings of the Fund be credited to the  
7 Fund; requiring the Corporation to establish a grant and loan program to provide  
8 grants and loans for State–funded, human–relevant animal testing alternatives  
9 research; requiring ~~a person, on or after a certain date, to be issued a license by~~  
10 certain research facilities who engage in animal testing or research to pay a certain  
11 contribution to the Secretary of Health before the person may use nonhuman  
12 animals to conduct medical or product testing or research in the State; and generally  
13 relating to the Human–Relevant Research Fund.

14 BY repealing and reenacting, without amendments,  
15 Article – Economic Development  
16 Section 10–401(a) and (c) ~~and 10–429(a) and (g)~~  
17 Annotated Code of Maryland  
18 (2018 Replacement Volume and 2022 Supplement)

19 BY adding to  
20 Article – Economic Development  
21 Section 10–4D–01 through 10–4D–06 to be under the new subtitle “Subtitle 4D.  
22 Human–Relevant Research Fund and Program”  
23 Annotated Code of Maryland

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**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.



1 (2018 Replacement Volume and 2022 Supplement)

2 BY adding to

3 Article – Health – General

4 Section 24–2201 through ~~24–2205~~ 24–2203 to be under the new subtitle “Subtitle 22.

5 Animal Testing and Research ~~License~~ Contribution”

6 Annotated Code of Maryland

7 (2019 Replacement Volume and 2022 Supplement)

8 BY repealing and reenacting, without amendments,

9 Article – State Finance and Procurement

10 Section 6–226(a)(1) and (2)(i)

11 Annotated Code of Maryland

12 (2021 Replacement Volume and 2022 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – State Finance and Procurement

15 Section 6–226(a)(2)(ii)170. and 171.

16 Annotated Code of Maryland

17 (2021 Replacement Volume and 2022 Supplement)

18 BY adding to

19 Article – State Finance and Procurement

20 Section 6–226(a)(2)(ii)172.

21 Annotated Code of Maryland

22 (2021 Replacement Volume and 2022 Supplement)

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

24 That the Laws of Maryland read as follows:

25 **Article – Economic Development**

26 10–401.

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

28 (c) “Corporation” means the Maryland Technology Development Corporation.

29 ~~10–420.~~

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

31 ~~(g) “Institutional review board” has the meaning stated in the federal regulations~~  
 32 ~~on the protection of human subjects.~~

33 **SUBTITLE 4D. HUMAN–RELEVANT RESEARCH FUND AND PROGRAM.**

1 **10-4D-01.**

2 (A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS  
3 INDICATED.

4 (B) "BOARD" MEANS THE HUMAN-RELEVANT RESEARCH REVIEW BOARD  
5 ESTABLISHED UNDER § 10-4D-04 OF THIS SUBTITLE.

6 (C) "CORPORATION" HAS THE MEANING STATED IN § 10-401 OF THIS TITLE.

7 (D) "FUND" MEANS THE HUMAN-RELEVANT RESEARCH FUND.

8 ~~(E) "INSTITUTIONAL REVIEW BOARD" HAS THE MEANING STATED IN §~~  
9 ~~10-429 OF THIS TITLE.~~

10 **10-4D-02.**

11 (A) THERE IS A HUMAN-RELEVANT RESEARCH FUND.

12 (B) THE PURPOSE OF THE FUND IS TO PROMOTE STATE-FUNDED  
13 RESEARCH INTENDED TO DEVELOP HUMAN-RELEVANT ALTERNATIVES TO USING  
14 NONHUMAN ANIMALS IN MEDICAL AND PRODUCT TESTING AND RESEARCH  
15 THROUGH GRANTS AND LOANS TO PUBLIC AND PRIVATE ENTITIES IN THE STATE.

16 (C) THE CORPORATION SHALL ADMINISTER THE FUND.

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

19 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,  
20 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

21 (E) THE FUND CONSISTS OF:

22 (1) REVENUE DISTRIBUTED TO THE FUND UNDER ~~§ 24-2203~~ §  
23 24-2202 OF THE HEALTH - GENERAL ARTICLE;

24 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

25 (3) INTEREST EARNINGS OF THE FUND; AND

26 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR  
27 THE BENEFIT OF THE FUND.

28 (F) MONEY IN THE FUND MAY BE USED ONLY TO:

1           (1) AWARD GRANTS AND LOANS FOR STATE-FUNDED,  
2 HUMAN-RELEVANT ANIMAL TESTING ALTERNATIVES RESEARCH IN ACCORDANCE  
3 WITH THE RECOMMENDATIONS OF THE BOARD; AND

4           (2) PAY THE COSTS NECESSARY TO ADMINISTER THE FUND.

5           (G) (1) THE STATE TREASURER SHALL INVEST THE MONEY IN THE FUND  
6 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

7           (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO  
8 THE FUND.

9           (H) (1) THE GOVERNOR MAY INCLUDE IN THE STATE BUDGET BILL EACH  
10 FISCAL YEAR AN APPROPRIATION TO THE FUND.

11           (2) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN  
12 ACCORDANCE WITH THE STATE BUDGET.

13 10-4D-03.

14           (A) SUBJECT TO THE PROVISIONS OF THIS SUBTITLE, THE CORPORATION  
15 SHALL ESTABLISH A GRANT AND LOAN PROGRAM TO PROVIDE GRANTS AND LOANS  
16 FOR STATE-FUNDED, HUMAN-RELEVANT ANIMAL TESTING ALTERNATIVES  
17 RESEARCH.

18           (B) A GRANT OR LOAN AWARDED UNDER THIS SUBTITLE IS CONTINGENT ON  
19 THE RECIPIENT:

20           ~~(1) SUBMITTING TO THE BOARD APPROVAL FROM AN INSTITUTIONAL~~  
21 ~~REVIEW BOARD; AND~~

22           ~~(2)~~ ENTERING INTO A MEMORANDUM OF UNDERSTANDING WITH THE  
23 CORPORATION THAT:

24           ~~(H)~~ (1) ESTABLISHES THE SCOPE OF THE STATE'S  
25 OWNERSHIP OR OTHER FINANCIAL INTEREST IN THE COMMERCIALIZATION AND  
26 OTHER BENEFITS OF THE RESULTS, PRODUCTS, INVENTIONS, AND DISCOVERIES  
27 RESULTING FROM STATE-FUNDED, HUMAN-RELEVANT RESEARCH; AND

28           ~~(H)~~ (2) TO THE EXTENT CONSISTENT WITH FEDERAL AND  
29 STATE LAW, REFLECTS THE INTELLECTUAL PROPERTY POLICIES OF THE  
30 CORPORATION.

1           (C) ~~A RECIPIENT SHALL SUBMIT THE APPROVAL REQUIRED UNDER~~  
2 ~~SUBSECTION (B)(1) OF THIS SECTION WITHIN 6 MONTHS AFTER THE AWARD OF THE~~  
3 ~~GRANT OR LOAN.~~

4           ~~(D)~~ THE CORPORATION MAY NOT DISBURSE GRANT OR LOAN MONEY TO A  
5 RECIPIENT UNTIL THE RECIPIENT MEETS THE REQUIREMENTS OF SUBSECTION (B)  
6 OF THIS SECTION.

7 10-4D-04.

8           (A) THE CORPORATION SHALL CONTRACT WITH AN INDEPENDENT  
9 SCIENTIFIC REVIEW BOARD COMPOSED OF RECOGNIZED SCIENTIFIC EXPERTS IN  
10 THE FIELD OF HUMAN-RELEVANT ANIMAL TESTING ALTERNATIVES TO ACT AS THE  
11 HUMAN-RELEVANT RESEARCH REVIEW BOARD.

12           (B) THE BOARD SHALL:

13           (1) REVIEW, EVALUATE, RANK, AND RATE RESEARCH PROPOSALS FOR  
14 STATE-FUNDED, HUMAN-RELEVANT ANIMAL TESTING ALTERNATIVES RESEARCH:

15                   (I) BASED ON THE PROCEDURES AND GUIDELINES  
16 ESTABLISHED BY THE CORPORATION; AND

17                   (II) IN A MANNER THAT GIVES DUE CONSIDERATION TO THE  
18 SCIENTIFIC, MEDICAL, AND ETHICAL IMPLICATIONS OF THE RESEARCH; AND

19           (2) BASED ON THE RANKINGS AND RATINGS AWARDED TO THE  
20 RESEARCH PROPOSALS BY THE BOARD, MAKE RECOMMENDATIONS TO THE  
21 CORPORATION FOR THE AWARD AND DISBURSEMENT OF GRANTS AND LOANS.

22           (C) A MEMBER OF THE BOARD:

23           (1) IS NOT ELIGIBLE TO RECEIVE A GRANT OR LOAN FOR  
24 STATE-FUNDED, HUMAN-RELEVANT RESEARCH FROM THE FUND; AND

25           (2) SHALL BE SUBJECT TO CONFLICT OF INTEREST STANDARDS THAT  
26 ARE AT LEAST AS STRINGENT AS THE STANDARDS ON CONFLICT OF INTEREST  
27 ADOPTED BY THE FEDERAL NATIONAL INSTITUTES OF HEALTH.

28 10-4D-05.

29           THE CORPORATION, IN CONSULTATION WITH THE BOARD, SHALL ADOPT  
30 REGULATIONS TO ESTABLISH PROCEDURES FOR AWARDEDING AND MAKING THE  
31 DISBURSEMENT OF A GRANT OR LOAN.

1 10-4D-06.

2 (A) ON OR BEFORE JANUARY 1 EACH YEAR, THE CORPORATION AND THE  
3 BOARD SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF  
4 THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE PROGRESS  
5 OF THE HUMAN-RELEVANT ANIMAL TESTING ALTERNATIVES RESEARCH  
6 CONDUCTED WITH MONEY FROM GRANTS OR LOANS AWARDED UNDER THIS  
7 SUBTITLE.

8 (B) THE REPORT SHALL IDENTIFY:

9 (1) EACH RECIPIENT OF MONEY FROM THE FUND;

10 (2) THE AMOUNT OF MONEY AWARDED TO EACH RECIPIENT; AND

11 (3) A DESCRIPTION OF THE TYPE OF STATE-FUNDED,  
12 HUMAN-RELEVANT RESEARCH PERFORMED BY THE RECIPIENT AND THE ANIMAL  
13 TESTS THE RESEARCH IS INTENDED TO REPLACE.

14 Article – Health – General

15 SUBTITLE 22. ANIMAL TESTING AND RESEARCH ~~LICENSE~~ CONTRIBUTION.

16 24-2201.

17 ~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~  
18 ~~INDICATED.~~

19 ~~(B) “LICENSE” MEANS A LICENSE TO CONDUCT MEDICAL OR PRODUCT~~  
20 ~~TESTING OR RESEARCH USING ANIMALS.~~

21 ~~(C) “LICENSEE” MEANS A PERSON WHO HOLDS A LICENSE ISSUED UNDER~~  
22 ~~THIS SUBTITLE, “ANIMAL AND PLANT HEALTH INSPECTION SERVICE FORM 7023”~~  
23 ~~MEANS THE FORM REQUIRED TO BE SUBMITTED TO THE FEDERAL DEPARTMENT OF~~  
24 ~~AGRICULTURE UNDER 7 U.S.C. § 2143 AND 9 C.F.R. § 2.36.~~

25 24-2202.

26 (A) ON OR ~~AFTER~~ BEFORE JANUARY ~~1,~~ 15 EACH YEAR, BEGINNING IN 2024,  
27 ~~A PERSON~~ EACH RESEARCH FACILITY THAT IS LOCATED IN THE STATE AND IS  
28 REQUIRED TO SUBMIT AN ANIMAL AND PLANT HEALTH INSPECTION SERVICE FORM  
29 7023 SHALL BE LICENSED BY THE SECRETARY BEFORE THE PERSON MAY USE

1 ~~NONHUMAN ANIMALS TO CONDUCT MEDICAL OR PRODUCT TESTING OR RESEARCH~~  
 2 ~~IN THE STATE.~~

3 ~~24-2203.~~

4 ~~(A) (1) AN APPLICANT FOR A LICENSE SHALL SUBMIT AN APPLICATION~~  
 5 ~~TO THE SECRETARY ON THE FORM THAT THE SECRETARY REQUIRES.~~

6 ~~(2) AN INITIAL APPLICATION SHALL REQUIRE AN APPLICANT TO~~  
 7 ~~INCLUDE:~~

8 ~~(I) THE NUMBER OF ANIMALS THAT WILL BE USED TO CONDUCT~~  
 9 ~~THE MEDICAL OR PRODUCT TESTING OR RESEARCH;~~

10 ~~(II) A LIST OF THE SPECIES OF ANIMALS THAT WILL BE USED TO~~  
 11 ~~CONDUCT THE MEDICAL OR PRODUCT TESTING OR RESEARCH; AND~~

12 ~~(III) ANY OTHER INFORMATION REQUIRED BY THE SECRETARY.~~

13 ~~(B) (1) THE ANNUAL LICENSE FEE IS~~ PAY TO THE DEPARTMENT A  
 14 CONTRIBUTION IN THE AMOUNT OF:

15 ~~(I) (1)~~ \$5,000 FOR UP TO ~~500~~ 100 ANIMALS;

16 ~~(II) (2)~~ \$10,000 FOR MORE THAN ~~500~~ 100 BUT NOT MORE  
 17 THAN ~~1,000~~ 500 ANIMALS;

18 ~~(III) (3)~~ \$~~25,000~~ 55,000 FOR MORE THAN ~~1,000~~ 500 BUT NOT  
 19 MORE THAN 5,000 ANIMALS;

20 ~~(IV) \$35,000 FOR MORE THAN 5,000 BUT NOT MORE THAN 10,000~~  
 21 ANIMALS; AND

22 ~~(V) (4)~~ \$~~50,000~~ 75,000 FOR MORE THAN ~~10,000~~ 5,000  
 23 ANIMALS.

24 ~~(2) THE ANNUAL LICENSE FEE MAY BE PAID IN QUARTERLY~~  
 25 INSTALLMENTS.

26 (B) THE AMOUNT OF THE FEE TO BE PAID UNDER SUBSECTION (A) OF THIS  
 27 SECTION SHALL BE BASED ON THE TOTAL NUMBER OF ANIMALS REPORTED IN  
 28 COLUMN F ON THE MOST RECENTLY SUBMITTED ANIMAL AND PLANT HEALTH  
 29 INSPECTION SERVICE FORM 7023.

1 (C) THE SECRETARY SHALL:

2 ~~(1) DISTRIBUTE THE AMOUNT OF LICENSING FEES NECESSARY TO~~  
3 ~~ADMINISTER THE LICENSING PROGRAM TO AN ADMINISTRATIVE COST ACCOUNT;~~  
4 ~~AND~~

5 ~~(2) DISTRIBUTE~~ DISTRIBUTE ~~THE REMAINING FEES FUNDS PAID~~  
6 UNDER SUBSECTION (A) OF THIS SECTION TO THE HUMAN-RELEVANT RESEARCH  
7 FUND ESTABLISHED UNDER § 10-4D-02 OF THE ECONOMIC DEVELOPMENT  
8 ARTICLE AFTER MAKING THE DISTRIBUTION REQUIRED UNDER ITEM (1) OF THIS  
9 SUBSECTION.

10 ~~24-2204.~~

11 ~~(A) (1) THE SECRETARY SHALL ISSUE A LICENSE TO AN APPLICANT WHO~~  
12 ~~SUBMITS THE INFORMATION REQUIRED UNDER § 24-2203(A) OF THIS SUBTITLE AND~~  
13 ~~ON PAYMENT OF:~~

14 ~~(I) THE TOTAL ANNUAL LICENSE FEE; OR~~

15 ~~(H) THE FIRST QUARTERLY INSTALLMENT OF THE TOTAL~~  
16 ~~ANNUAL LICENSE FEE.~~

17 ~~(2) THE TERM OF A LICENSE IS 1 YEAR.~~

18 ~~(B) THE SECRETARY MAY DENY A LICENSE TO AN APPLICANT OR MAY~~  
19 ~~SUSPEND OR REVOKE A LICENSE IF THE APPLICANT OR LICENSEE:~~

20 ~~(1) FRAUDULENTLY OR DECEPTIVELY MAKES A STATEMENT ON AN~~  
21 ~~APPLICATION FOR A LICENSE;~~

22 ~~(2) FAILS TO MAKE A QUARTERLY INSTALLMENT PAYMENT OF THE~~  
23 ~~ANNUAL LICENSE FEE; OR~~

24 ~~(3) COMMITS FREQUENT OR NUMEROUS VIOLATIONS OF THIS~~  
25 ~~SUBTITLE OR THE REGULATIONS ADOPTED UNDER THIS SUBTITLE.~~

26 ~~(C) EACH LICENSEE SHALL:~~

27 ~~(1) MAINTAIN A RECORD OF ALL ANIMALS USED AND DISPOSED OF TO~~  
28 ~~CONDUCT MEDICAL OR PRODUCT TESTING OR RESEARCH, INCLUDING THE NUMBER~~  
29 ~~AND TYPES OF ANIMALS USED; AND~~



~~(2) SUBMIT TO THE SECRETARY A QUARTERLY REPORT INCLUDING THE INFORMATION REQUIRED UNDER ITEM (1) OF THIS SUBSECTION.~~

~~(D) ON OR BEFORE JANUARY 1 EACH YEAR, BEGINNING IN 2024, THE SECRETARY SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE AGGREGATE NUMBER OF EACH SPECIES OF ANIMAL USED IN MEDICAL OR PRODUCT TESTING OR RESEARCH BY LICENSEES IN THE STATE.~~

~~24-2205.~~

~~(A) (1) A PERSON MAY NOT USE NONHUMAN ANIMALS TO CONDUCT MEDICAL OR PRODUCT TESTING OR RESEARCH IN THE STATE UNLESS LICENSED BY THE SECRETARY.~~

~~(2) A PERSON MAY NOT AID OR ABET THE UNAUTHORIZED USE OF NONHUMAN ANIMALS TO CONDUCT MEDICAL OR PRODUCT TESTING OR RESEARCH IN THE STATE.~~

~~(B) A PERSON IN VIOLATION OF SUBSECTION (A) OF THIS SECTION IS GUILTY OF A FELONY AND ON CONVICTION IS SUBJECT TO:~~

~~(1) FOR A FIRST OFFENSE, A FINE NOT EXCEEDING \$5,000; OR~~

~~(2) FOR EACH SUBSEQUENT OFFENSE, A FINE NOT EXCEEDING \$20,000.~~

~~24-2203.~~

A RESEARCH FACILITY THAT FAILS TO PAY THE CONTRIBUTION REQUIRED UNDER § 24-2202(A) OF THIS SUBTITLE MAY BE SUBJECT TO A CIVIL PENALTY OF NOT MORE THAN \$1,000 PER DAY.

## Article – State Finance and Procurement

~~6-226.~~

(a) (1) Except as otherwise specifically provided by law or by regulation of the Treasurer, the Treasurer shall credit to the General Fund any interest on or other income from State money that the Treasurer invests.

(2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to

1 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
2 Fund of the State.

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

5 170. the Cannabis Public Health Fund; [and]

6 171. the Community Reinvestment and Repair Fund; AND

7 **172. THE HUMAN-RELEVANT RESEARCH FUND.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
9 1, 2023.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.