

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 763

(Senator Guzzone)

Finance

Economic Matters and Appropriations

**Maryland Technology Development Corporation - Maryland Growth Initiative -  
 Established**

This bill establishes the Maryland Growth Initiative in the Maryland Technology Development Corporation (TEDCO) to support the growth of start-up companies in the State. The bill also establishes a related special fund – the Maryland Growth Initiative Fund. The Governor must include in the annual budget bill an appropriation of \$5.0 million for the initiative. TEDCO is authorized to adopt regulations to implement the bill.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$4.0 million in FY 2027 – as the bill effectuates a contingent appropriation for the initiative in the FY 2027 budget as passed by the General Assembly – and by \$5.0 million annually thereafter due to the mandated appropriation; special fund revenues and expenditures increase correspondingly. **This bill establishes a mandated appropriation beginning in FY 2028.**

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$4.0	\$5.0	\$5.0	\$5.0	\$5.0
GF Expenditure	\$4.0	\$5.0	\$5.0	\$5.0	\$5.0
SF Expenditure	\$4.0	\$5.0	\$5.0	\$5.0	\$5.0
Net Effect	(\$4.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not directly affect local government operations or finances.

**Small Business Effect:** Meaningful.

## Analysis

### **Bill Summary:**

#### *Purpose of the Initiative*

The purpose of the initiative is to support the growth of start-up companies in the State by (1) identifying promising companies in the phase between early start-up development and scaling; (2) providing access to experts in regulatory processes, manufacturing, clinical trials, market launches, and other areas of business; (3) facilitating private investment in companies; (4) assisting in the acquisition of infrastructure, including office space, equipment, and support for product development; and (5) providing technical and business expertise.

#### *Maryland Growth Initiative Fund*

The Maryland Growth Initiative Fund is a special, nonlapsing fund with the purpose of providing postseed and Series A funding to qualified businesses in the State to scale up without needing to relocate. TEDCO must administer the fund.

The fund consists of money appropriated in the State budget to the fund, public and private investment funds, interest earnings, and any other money from any other source accepted for the benefit of the fund. The fund may only be used for the purpose of the fund (as described above), the purpose of the initiative (as described above), and to pay the costs necessary to administer the initiative. Any investment earnings of the fund must be credited to the fund.

The mandated funding provided under the bill must be used to supplement, not supplant, any funds that would otherwise be provided to the initiative.

#### *Curated List of Companies*

The initiative must create a curated list of companies in the State that are between the start-up and scaling phases. Priority must be given to companies that are (1) current or prior recipients of funding from the Maryland Innovation Initiative (see Current Law); (2) current or prior recipients of funding from any other program administered by TEDCO; (3) minority business enterprises; and (4) located in a high-need or economically distressed geographic area of the State as determined by TEDCO.

## **Current Law:**

### *Maryland Technology Development Corporation – Generally*

TEDCO is an independent entity established by the Maryland General Assembly in 1998 to enhance the transfer of technology from universities and federal laboratories to the private sector and foster the growth of companies in critical or high-growth sectors. TEDCO investments must meet statutory eligibility criteria that generally require a business to have and subsequently maintain a presence in the State. TEDCO programs typically assist companies based on a company's stage of development, from early stage and technology transfer to growth stage.

### *Maryland Innovation Initiative*

Chapter 450 of 2012 established the Maryland Innovation Initiative and a related special fund in TEDCO to promote technology transfer from Maryland's public and private nonprofit research institutions to the private sector. The initiative is authorized to provide grant funding or equity investment financing to a qualifying university, qualifying university-based entrepreneur, or other start-up entity to promote the commercialization of technology developed in whole or in part by a qualifying university. Chapter 217 of 2025 established the Maryland Innovation Initiative Institution Partnership Extension Program. Administered by the Maryland Innovation Initiative, the purpose of the extension program is to expand opportunities at eligible institutions for technology validation, entrepreneurial development, and industry engagement.

### *Minority Business Enterprise Program*

The State's Minority Business Enterprise (MBE) program requires that a statewide goal for MBE contract participation be established biennially through the regulatory process under the Administrative Procedure Act. The biennial statewide MBE goal is established by the Special Secretary for the Office of Small, Minority, and Women Business Affairs (OSBA, now housed within the Department of Social and Economic Mobility), in consultation with the Secretary of Transportation, the Chief Procurement Officer, and the Office of the Attorney General. In a year in which there is a delay in establishing the overall goal, the previous year's goal applies. The Special Secretary is also required to establish biennial guidelines for State procurement units to consider in deciding whether to establish subgoals for different minority groups recognized in statute. In a year in which there is a delay in issuing the guidelines, the previous year's guidelines apply.

In August 2013, OSBA announced a new statewide goal of 29% MBE participation that applied to fiscal 2014 and 2015; as no new goal has been established, the 29% goal remains in effect for fiscal 2026.

**State Fiscal Effect:** The fiscal 2027 budget as passed by the General Assembly includes \$4.0 million in general funds for TEDCO for the initiative, contingent on the enactment of this bill or its cross file. The bill also establishes a mandated appropriation of \$5.0 million annually for the initiative beginning in fiscal 2028.

Therefore, general fund expenditures increase by \$4.0 million in fiscal 2027 – as the bill effectuates the contingent appropriation in the fiscal 2027 budget as passed by the General Assembly – and by \$5.0 million annually thereafter due to the bill’s mandated appropriation. Special fund revenues to the Maryland Growth Initiative Fund – and expenditures from the fund – increase commensurately each year.

The bill explicitly authorizes TEDCO to use the fund to pay the costs necessary to administer the initiative. While TEDCO can administer the initiative (and fund) with existing staff, TEDCO anticipates using the available funding each year as follows:

- \$750,000 in fiscal 2027 and \$1.0 million annually thereafter for operating costs – likely involving the use of contractors and leveraging existing TEDCO programs – to identify eligible companies, provide start-up and business development support services, and handle other programmatic and administrative tasks; and
- the residual funding each year (\$3.3 million in fiscal 2027 and \$4.0 million annually thereafter) to provide investment awards to eligible start-ups, with investment awards likely ranging from \$500,000 to \$1.25 million each.

**Small Business Effect:** Small businesses that are start-up companies – in the phase between early start-up development and scaling – benefit to the extent they receive support, technical and business expertise, and/or investment awards from the initiative.

**Additional Comments:** Despite the bill’s October 1, 2026 effective date, this analysis assumes that the entire contingent appropriation for fiscal 2027 flows through the new special fund. However, as TEDCO will have access to the monies before that fund (or the program) is established, some portion of that funding may be expended sooner to begin to implement the initiative.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 1596 (Delegate Qi) - Economic Matters and Appropriations.

**Information Source(s):** Maryland Technology Development Corporation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2026  
jg/ljm Third Reader - April 1, 2026  
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Analysis by: Thomas S. Elder

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510