

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

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

Senate Bill 905  
 Finance

(Senator Zucker, *et al.*)

Economic Matters

**Maryland Technology Development Corporation - Maryland Advanced  
 Manufacturing Grant Program - Established**

This bill establishes the Maryland Advanced Manufacturing Grant Program and a related special fund, administered by the Maryland Technology Development Corporation (TEDCO). The purpose of the program is to support the growth of companies specializing in regenerative medicine and other advanced manufacturing. TEDCO must establish eligibility criteria, grant application procedures and evaluation criteria, and grant award processes and amounts. TEDCO may adopt regulations necessary to carry out the program. **The bill takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** Special fund revenues and expenditures increase by \$5.0 million in FY 2027 due to availability of funding to capitalize the new fund, under the assumptions discussed below. General fund expenditures increase by approximately \$800,000, in FY 2027 only, for administrative costs that cannot be covered with the other funding that year. Pay-as-you-go (PAYGO) general fund expenditures increase by \$5.0 million annually beginning in FY 2028 for ongoing capitalization of the special fund, as discussed below, with a portion of that funding used for administrative costs. Special fund revenues and expenditures increase correspondingly.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
GF Expenditure	\$0.8	\$0	\$0	\$0	\$0
SF Expenditure	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
PAYGO GF exp	\$0	\$5.0	\$5.0	\$5.0	\$5.0
Net Effect	(\$0.8)	(\$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 affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

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## Analysis

### Bill Summary:

#### *Consultation with the Maryland Stem Cell Research Commission*

TEDCO must consult with the Maryland Stem Cell Research Commission, but only on items related to regenerative medicine under the program, including establishing criteria or procedures specific to regenerative medicine and adopting regulations regarding regenerative medicine.

#### *Maryland Advanced Manufacturing Grant Program Fund*

The Maryland Advanced Manufacturing Grant Program Fund is a special, nonlapsing fund, the purpose of which is to provide grants for the program. TEDCO must administer the fund. The fund may be used only for grants and the costs incurred by TEDCO to administer the program.

The fund consists of money appropriated in the State budget to the fund, interest earnings, and any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund must be credited to the fund. Expenditures from the fund may only be made in accordance with the State budget.

Grant recipients may use grant proceeds only for (1) the acquisition, renovation, or construction of space for regenerative medicine or other advanced manufacturing; (2) infrastructure improvements necessary to support regenerative medicine or other advanced manufacturing; and (3) the equipment necessary for regenerative medicine or other advanced manufacturing.

### 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.

#### *Equitech Growth Commission and Fund*

Chapters 461 and 462 of 2023 established the Equitech Growth Commission and a related special fund in TEDCO to support economic competitiveness and inclusive growth of emerging and advanced industries in the State through the creation of supporting infrastructure assets, resources, and a diverse workforce that builds the strengths of the State's economy. TEDCO must award grants, investments, loans, or other financial assistance from the fund to public, nonprofit, or private entities in the State, including institutions of higher education and public-private partnerships. Awards must target workforce development and infrastructure that will attract and retain businesses in the State. Awards must be consistent with the 10-year goals in a strategic plan developed by the Equitech Growth Commission.

From fiscal 2025 through 2033, the Governor must include in the annual budget bill an appropriation of \$5.0 million to the fund. While the mandated funding is temporary, the program is permanent.

#### *Maryland Stem Cell Research Commission and Fund*

The Stem Cell Research Commission is an independent commission that functions within TEDCO, with its members including individuals with experience in biotechnology, scientists, bioethicists, and individuals with expertise in biomedical ethics as it relates to religion. The commission is assisted in reviewing proposals for stem cell research by contracting with an independent scientific peer review committee composed of recognized experts in such research. The commission must, among other things, (1) develop criteria, standards, and requirements for the initial review of grant and loan applications by the commission; (2) establish procedures and guidelines to be used by the committee for the review, evaluation, ranking, and rating of research proposals for State-funded stem cell research; (3) establish procedures and guidelines to be used by the committee for the review, evaluation, ranking, and rating of research proposals for State-funded stem cell research; and (4) establish criteria, standards, and requirements for consideration of grant and loan applications based on the rankings and ratings of the committee.

Administered by TEDCO, the Maryland Stem Cell Research Fund promotes stem cell research and cures through grants and loans to public and private entities in the State. Money in the fund may only be used to (1) award grants and loans for State-funded stem cell research, in accordance with recommendations from the commission; (2) award grants and loans for facilities, capital leases, and capital equipment where State-funded stem cell

research is conducted, in accordance with the recommendations of the commission; and (3) pay the costs necessary to administer the fund. The fiscal 2027 budget as passed by the General Assembly includes \$16.1 million in general funds for the fund.

**State Fiscal Effect:** Special fund revenues and expenditures increase by \$5.0 million annually beginning in fiscal 2027. The means of capitalization of the special fund varies, however, as discussed below.

*Fiscal 2027 Funding for Grants:* Although not contingent on the enactment of this bill, both the fiscal 2027 operating and capital budgets make funding available to TEDCO for grants that meet the requirements of the bill. More specifically, the fiscal 2027 operating budget as passed by the General Assembly includes \$3.0 million in PAYGO general funds (added to the fiscal 2026 appropriation for the Department of General Services (DGS)) for the purpose of providing grants – through TEDCO – to companies that specialize in regenerative medicine and other advanced manufacturing. The budget language limits the use of grant proceeds by recipients for the following purposes: (1) the acquisition, renovation, or construction of space for regenerative medicine and other advanced manufacturing; (2) infrastructure improvements necessary to support regenerative medicine and other advanced manufacturing; and (3) equipment necessary for regenerative medicine and other advanced manufacturing. In addition, the fiscal 2027 capital budget as passed by the General Assembly includes \$2.0 million in GO bond funding for a grant to TEDCO to provide grants for the acquisition, planning, design, construction, expansion, repair, renovation, reconstruction, site improvement, and capital equipping of regenerative medicine and advanced manufacturing projects.

This analysis assumes that, although the PAYGO funds are appropriated for fiscal 2026, they are held by DGS until the new special fund is established in fiscal 2027 and then transferred to the new special fund, becoming available for grants beginning in fiscal 2027. Thus, that PAYGO funding is not reflected as an expenditure for fiscal 2027 in this analysis.

The analysis further assumes that the \$2.0 million capital grant in the fiscal 2027 capital budget as passed by the General Assembly is also deposited in the new special fund and made available for grants (only for capital purposes) in fiscal 2027. However, this has no effect on total GO bond expenditures in the capital budget (and is not reflected as an increase in GO bond expenditures for fiscal 2027), as total capital spending is determined annually by the Governor and General Assembly through the capital budget process and in line with statutory debt affordability limits.

Accordingly, this analysis assumes that special fund revenues and expenditures increase by \$5.0 million in fiscal 2027 due to the availability of such funding.

*Funding for Administrative Costs:* Although the bill explicitly authorizes TEDCO to use the special fund for administrative expenses, the budget language in the fiscal 2027 budget as passed by the General Assembly restricts the budgeted PAYGO funds to specified uses, which do not include administrative costs. As the monies appropriated through the capital budget cannot be used for operating expenses, additional general funds are needed to cover TEDCO's administrative costs in fiscal 2027.

Thus, general fund expenditures increase by approximately \$800,000, in fiscal 2027 only, for TEDCO's administrative costs, which include (1) the salaries and fringe benefits associated with two new employees (a program manager and a program coordinator) to administer the program and fund; (2) specified legal fees and other costs; and (3) overhead (including marketing, accounting, reporting, auditing, etc.). TEDCO employees are not State employees.

To the extent that PAYGO general funds are used to capitalize the fund beginning in fiscal 2028 (when there would presumably not be the restriction on funding uses), the special fund can be used for administrative costs, consistent with the bill's authorization. Accordingly, a separate general fund appropriation is no longer assumed to be needed beginning in fiscal 2028.

*Out-year Funding for Grants:* This analysis assumes that the special fund continues to be capitalized in the out-years at \$5.0 million to maintain a viable grant program and that, beginning in fiscal 2028, only PAYGO general funds are used to do so. Accordingly, PAYGO general fund expenditures increase by \$5.0 million annually beginning in fiscal 2028, and special fund revenues and expenditures increase correspondingly.

As noted above, a portion of this out-year funding is assumed to be used for administrative costs, with the balance distributed as grants each year. TEDCO anticipates an average grant award of \$250,000; thus, after accounting for those administrative costs, approximately 16 to 17 grants can be made each year (but 20 grants can be made in fiscal 2027 when the full \$5.0 million is available for this purpose).

To the extent that some portion of the out-year funding is instead provided through GO bonds in the capital budget, PAYGO general fund expenditures decrease and fewer GO bonds are available for other capital projects.

**Small Business Effect:** Any small businesses involved in advanced manufacturing or regenerative medicine benefit to the extent they are awarded grants through the program. Small businesses that provide equipment, supplies, or services to grant recipients also benefit.

## **Additional Information**

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

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - March 5, 2026  
jg/ljm Third Reader - April 2, 2026  
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