

# HOUSE BILL NO. 1495

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES TORPEY (Sponsor) AND HICKS (Co-sponsor).

5283H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to early stage business development corporations.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be known as section 620.2700, to read as follows:

**620.2700. 1. Beginning in fiscal year 2015, for four consecutive fiscal years, the state shall be authorized to pay, subject to appropriation each of those four years, the sum of nine million dollars per year to no more than six Early Stage Business Development Corporations (ESBDCs), which are Missouri not-for-profit corporations designated by the Missouri Technology Corporation (MTC) in amounts as follows:**

**(1) Two million dollars for each fiscal year for one ESBDC with its operating headquarters in each of the three largest metropolitan statistical areas (MSAs) in the state.**

**(2) Two million dollars for each fiscal year for one ESBDC with its operating headquarters in a MSA with a home rule city with more than one hundred eight thousand but fewer than one hundred sixteen thousand inhabitants.**

**(3) Five hundred thousand dollars for each fiscal year for each of two ESBDCs with their operating headquarters in either rural areas of Missouri or in MSAs other than one of the four MSAs set forth in subdivisions (1) and (2) of this subsection, provided that, under this subsection, no more than one ESBDC is designated in a county or MSA.**

**2. An ESBDC is a Missouri not-for-profit corporation designated by the MTC as a recipient of funds under this section which provides grants to winners of a national or international competition for early stage businesses with substantial operations in Missouri**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 or which begin operating in Missouri upon receipt of the grant and have potential national  
19 or international sales, or potential development of new technologies. To be eligible for  
20 designation under this section, the Missouri not-for-profit corporation must have as its  
21 primary mission providing grants to early stage for-profit companies without taking an  
22 equity interest in the for-profit companies. The grants shall not be in the form of loans,  
23 except in the case of ESBDCs designated under subdivision (3) of subsection 1 of this  
24 section; ESBDCs so designated may provide loans or grants. Grants provided by an  
25 ESBDC to for-profit early stage companies must not exceed two hundred thousand dollars  
26 per company. For ESBDCs designated under subdivision (3) of subsection 1 of this section,  
27 loans must not exceed two hundred thousand dollars per company. Notwithstanding  
28 anything else herein to the contrary, ESBDCs designated by MTC under subdivision (3)  
29 of subsection 1 of this section may, in addition to the other purposes authorized herein,  
30 provide grants to early stage companies for marketing agricultural products, conducting  
31 agricultural research, and providing services to improve crop or livestock production.

32         3. In order to be eligible for designation by the MTC under this section, a Missouri  
33 not-for-profit corporation described in subdivisions (1) or (2) of subsection 1 of this section  
34 must have received a total donation of at least two million dollars at any time before  
35 applying for designation from sources other than the state, MTC, or public funds. Once  
36 such sum has been received, there shall be no further requirement to receive donations in  
37 order to be designated or continue to be designated by MTC under this section.

38         4. In order to be eligible for designation by MTC under this section, a Missouri not-  
39 for-profit corporation described in subdivision (3) of subsection 1 of this section must have  
40 received in donations at least the sum of one hundred fifty thousand dollars from sources  
41 other than the state, MTC, or public funds at any point before applying for designation.  
42 For such a Missouri not-for-profit corporation described in subdivision 3 of subsection 1  
43 of this section, there shall be no further requirement to receive donations in order to be  
44 designated or continue to be designated by MTC under this section.

45         5. Each Missouri not-for-profit corporation seeking to be designated by the MTC  
46 under this section as an ESBDC must apply for such designation by no later than October  
47 fifteenth of the fiscal year for which funds are sought. The MTC shall make a decision  
48 regarding whether to approve such application for designation within sixty days of the date  
49 of application and may extend the time for designation a maximum of an additional thirty  
50 days.

51         6. Designation by MTC under this section of an ESBDC shall be for a period of two  
52 consecutive years of funding.

53           **(1) No more than one Missouri not-for-profit corporation shall be designated by**  
54 **MTC as an ESBDC in each of the three largest MSAs in Missouri as set forth in**  
55 **subdivision (1) of subsection 1 of this section, and no other ESBDC shall be designated by**  
56 **MTC for that MSA for such two-year period.**

57           **(2) No more than one Missouri not-for-profit corporation shall be designated by**  
58 **MTC as an ESBDC in a MSA which is described in subdivision (2) of subsection 1 of this**  
59 **section, and no other ESBDC shall be designated by MTC for that MSA for such two-year**  
60 **period.**

61           **(3) No more than two Missouri not-for-profit corporations shall be designated by**  
62 **MTC as an ESBDC in rural areas or in MSAs other than those listed in subdivisions (1)**  
63 **and (2) of subsection 1 of this section. If two Missouri not-for-profit corporations are**  
64 **designated by MTC under subdivision (3) of subsection 1 of this section, no other ESBDC**  
65 **shall be designated by MTC from rural areas or from MSAs which are not those listed in**  
66 **subdivisions (1) and (2) of subsection 1 of this section for such two-year period.**

67           **7. If, in any year, no Missouri not-for-profit corporation is designated under**  
68 **subdivision (1) of subsection 1 of this section, the funds for that year which otherwise**  
69 **would have been paid to an ESBDC in such MSA under subdivision (1) of subsection 1 of**  
70 **this section, shall be paid by MTC under subdivision (1) of subsection 1 of this section to**  
71 **the ESBDCs designated in the remaining two largest MSAs in equal amounts. In the event**  
72 **that, for any year in which no Missouri not-for-profit corporation is designated by the**  
73 **MTC as an ESBDC under subdivision (1) of subsection 1 of this section in two of the**  
74 **largest MSAs, the funds for that year which otherwise would have been paid to an ESBDC**  
75 **in those MSAs shall be paid by MTC under subdivision (1) of subsection 1 of this section**  
76 **to the ESBDC which has been designated by MTC in the remaining MSA which is one of**  
77 **the three largest in the state. In the event no Missouri not-for-profit corporation is**  
78 **designated by MTC under subdivision (1) of subsection 1 of this section for any year in any**  
79 **of the three largest MSAs, the funds which otherwise would have been paid to ESBDCs in**  
80 **such MSAs under subdivision (1) of subsection 1 of this section shall be paid by MTC to**  
81 **the ESBDCs which are designated under this section, in equal amounts.**

82           **8. If, in any year, no Missouri not-for-profit corporation is designated under this**  
83 **section by the MTC for the MSA under subdivision (2) of subsection 1 of this section, then**  
84 **the funds which otherwise would have been paid to an ESBDC in such MSA shall be paid**  
85 **by MTC to the ESBDCs which are designated under this section in equal amounts.**

86           **9. In the event only one ESBDC listed in subdivision (3) of subsection 1 of this**  
87 **section is designated by the MTC, the remaining portion of the funds which otherwise**  
88 **would have been paid by MTC to another ESBDC under subdivision (3) of subsection 1**

89 of this section shall be paid by MTC to the ESBDC which has been designated by MTC  
90 under subdivision (3) of subsection 1 of this section. If no Missouri not-for-profit is  
91 designated under this section by MTC as an ESBDC under subdivision (3) of subsection  
92 1 of this section, the funds which otherwise would have been paid by MTC to ESBDCs  
93 under subdivision (3) of subsection 1 of this section shall be paid to the ESBDCs which are  
94 designated under this section in equal amounts.

95 **10. Missouri not-for-profit corporations meeting the requirements of this section,**  
96 **including those previously designated under this section by the MTC, may apply for**  
97 **designation for an additional two-year period following the first two-year period. The**  
98 **same standards for designation and requirements for ESBDCs and timing of applications**  
99 **and MTC designations set forth in this section shall apply to the second two-year period.**

100 **11. The MTC shall evaluate the following criteria in determining whether to**  
101 **designate a Missouri not-for-profit corporation under this section:**

102 **(1) Potential growth of jobs in Missouri;**

103 **(2) Development of Missouri early stage businesses which can lead to national or**  
104 **international sales;**

105 **(3) Total of donations received from sources other than the state;**

106 **(4) Level of business support services provided to grant recipients by the**  
107 **community in which the applicant operates; and**

108 **(6) History, if any, of success of companies funded by the not-for-profit in building**  
109 **revenue and attracting capital.**

110 **12. In the event multiple applications are submitted to MTC by Missouri not-for-**  
111 **profit corporations for designation under this section for the same area, and if such**  
112 **Missouri not-for-profit corporations comply with the requirements set forth in this section,**  
113 **then the MTC shall designate as the ESBDC for that area the Missouri not-for-profit**  
114 **applicant which has the best record of success based on the criteria set forth in subsection**  
115 **11 of this section.**

116 **13. If funds are appropriated by the state under this section, such funds shall be**  
117 **segregated by MTC and paid solely under this section and for no other purpose. In the**  
118 **event that less than nine million dollars is appropriated under this section in any one year,**  
119 **then the funds appropriated shall be paid by MTC to designated ESBDCs in the same**  
120 **proportions as the appropriation is to nine million dollars.**

121 **14. Funds provided under this section may be used by the ESBDCs for**  
122 **administrative expenses, for grants, for operations, and for building a long-term**  
123 **endowment for grants.**

124 **15. Under section 23.253 of the Missouri sunset act:**

125           **(1) The provisions of the new programs authorized under this section shall**  
126 **automatically sunset four years after the effective date of this act unless reauthorized by**  
127 **an act of the general assembly;**

128           **(2) If such program is reauthorized, the program authorized under this section**  
129 **shall automatically sunset eight years after the effective date of the reauthorization of this**  
130 **section; and**

131           **(3) This section shall terminate on September first of the calendar year immediately**  
132 **following the calendar year in which the programs authorized under this section sunset.**

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