

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1495

97TH GENERAL ASSEMBLY

Reported from the Committee on Jobs, Economic Development and Local Government, April 10, 2014, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

5283S.04C

AN ACT

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

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

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

43 3. (1) In order to be eligible for designation by the MTC under
44 this section, a Missouri not-for-profit corporation described in
45 subdivision (1) of subsection 1 of this section, with its operating
46 headquarters in one of the two largest MSAs in the state, shall have
47 received donations of at least two million dollars in the thirty months
48 prior to applying for designation from sources other than the state,
49 MTC, or public funds, such donations to provide grants to winners of
50 a regional, national, or international competition for early stage
51 businesses with substantial operations in Missouri or which begin
52 operating in Missouri upon receipt of the grant and have potential
53 regional, national, or international sales, or potential development of
54 new technologies. Missouri not-for-profit corporations in existence
55 prior to January 1, 2014, as well as those formed after January 1, 2014,
56 are eligible for designation, provided they meet the requirements of
57 this section.

58 (2) In order to be eligible for designation by the MTC under this
59 section, a Missouri not-for-profit corporation with its operating
60 headquarters in the third largest MSA of the state or in a MSA
61 described in subdivision (2) of subsection 1 of this section, shall have
62 received in donations at least the sum of five hundred thousand dollars
63 in the thirty months prior to applying for designation, to provide
64 grants to winners of regional, national, or international competition for
65 early stage businesses with substantial operations in Missouri or which
66 begin operating in Missouri upon receipt of the grant and have
67 potential regional, national or international sales, or potential
68 development of new technologies. In the event a Missouri not-for-profit
69 corporation described in this subdivision has received five hundred
70 thousand dollars in such donations in the thirty months prior to
71 applying for designation, the state shall be authorized to pay to that
72 Missouri not-for-profit corporation, subject to appropriation, five
73 hundred thousand dollars per year pursuant to this section. If a
74 Missouri not-for-profit corporation described in this subdivision has
75 received two million dollars in such donations, in the thirty months
76 prior to applying for designation, the state shall be authorized to pay,
77 subject to appropriation, the sum of two million dollars per year to that
78 Missouri not-for-profit corporation pursuant to this section.

79 (3) In order to be eligible for designation by the MTC under this
80 section, a Missouri not-for-profit corporation described in subdivision
81 (3) of subsection 1 of this section shall have received in donations at
82 least the sum of one hundred fifty thousand dollars from sources other
83 than the state, MTC, or public funds in the thirty months prior to
84 applying for designation.

85 4. (1) In order to continue to be designated by the MTC, an
86 ESBDC described in subdivision (1) of subsection 1 of this section with
87 its operating headquarters in one of the two largest MSAs in the state
88 shall receive donations from sources other than the state, MTC, or
89 public funds an amount of at least one million dollars every four years
90 after designation. In order to continue to be designated by the MTC, an
91 ESBDC described in subdivision (3) of subsection 1 of this section shall
92 receive donations from sources other than the state, MTC, or public
93 funds an amount of at least seventy-five thousand dollars every four
94 years after designation.

95 **(2) For ESBDCs described in subdivision (1) of subsection 1 of**
96 **this section with its operating headquarters in the third largest MSA**
97 **in the state or ESBDCs described in subdivision (2) of subsection 1 of**
98 **this section, in order to continue to be designated by the MTC:**

99 **(a) If such ESBDC was previously appropriated two million**
100 **dollars, such ESBDC must receive donations from sources other than**
101 **the state, MTC, or public funds an amount of at least one million dollars**
102 **every four years after designation; or**

103 **(b) If such ESBDC was previously appropriated five hundred**
104 **thousand dollars, such ESBDC must receive donations from sources**
105 **other than the state, MTC, or public funds an amount of at least two**
106 **hundred fifty thousand dollars every four years after designation.**

107 **(3) In lieu of the provisions of subdivision (2) of this subsection,**
108 **if such ESBDC was previously appropriated two million dollars but**
109 **such ESBDC must fail to receive donations from sources other than the**
110 **state, MTC, or public funds an amount of at least one million dollars in**
111 **the subsequent four years, such ESBDC may be eligible for an**
112 **appropriation of five hundred thousand dollars if it has received**
113 **donations of two hundred fifty thousand.**

114 **5. Each Missouri not-for-profit corporation seeking to be**
115 **designated by the MTC under this section as an ESBDC shall apply for**
116 **such designation by no later than December thirty-first of the fiscal**
117 **year for which funds are sought. The MTC shall make a decision**
118 **regarding whether to approve such application for designation within**
119 **sixty days of the date of application and may extend the time for**
120 **designation a maximum of an additional thirty days.**

121 **6. Designation by the MTC under this section of an ESBDC shall**
122 **be for a period of two consecutive years of funding.**

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

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

132 **(3) No more than two Missouri not-for-profit corporations shall**
133 **be designated by the MTC as an ESBDC in rural areas or in MSAs other**
134 **than those listed in subdivisions (1) and (2) of subsection 1 of this**
135 **section. If two Missouri not-for-profit corporations are designated by**
136 **the MTC under subdivision (3) of subsection 1 of this section, no other**
137 **ESBDC shall be designated by the MTC from rural areas or from MSAs**
138 **which are not those listed in subdivisions (1) and (2) of subsection 1 of**
139 **this section for such two-year period.**

140 **7. If, in any year, no Missouri not-for-profit corporation is**
141 **designated under subdivision (1) of subsection 1 of this section in one**
142 **of the three largest MSAs in the state, the funds for that year which**
143 **otherwise would have been paid to an ESBDC in such MSA under**
144 **subdivision (1) of subsection 1 of this section, shall be paid by the MTC**
145 **under subdivision (1) of subsection 1 of this section to the ESBDCs**
146 **designated in the remaining two largest MSAs in equal amounts. In the**
147 **event that, for any year in which no Missouri not-for-profit corporation**
148 **is designated by the MTC as an ESBDC under subdivision (1) of**
149 **subsection 1 of this section in two of the largest MSAs, the funds for**
150 **that year which otherwise would have been paid to an ESBDC in those**
151 **MSAs shall be paid by the MTC under subdivision (1) of subsection 1 of**
152 **this section to the ESBDC which has been designated by the MTC in the**
153 **remaining MSA which is one of the three largest in the state. In the**
154 **event no Missouri not-for-profit corporation is designated by the MTC**
155 **under subdivision (1) of subsection 1 of this section for any year in any**
156 **of the three largest MSAs, the funds which otherwise would have been**
157 **paid to ESBDCs in such MSAs under subdivision (1) of subsection 1 of**
158 **this section shall be paid by the MTC to the ESBDCs which are**
159 **designated under this section, in equal amounts.**

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

166 **9. In the event only one ESBDC listed in subdivision (3) of**
167 **subsection 1 of this section is designated by the MTC, the remaining**
168 **portion of the funds which otherwise would have been paid by the MTC**

169 to another ESBDC under subdivision (3) of subsection 1 of this section
170 shall be paid by the MTC to the ESBDC which has been designated by
171 the MTC under subdivision (3) of subsection 1 of this section. If no
172 Missouri not-for-profit is designated under this section by the MTC as
173 an ESBDC under subdivision (3) of subsection 1 of this section, the
174 funds which otherwise would have been paid by the MTC to ESBDCs
175 under subdivision (3) of subsection 1 of this section shall be paid to the
176 ESBDCs which are designated under this section in equal amounts.

177 10. Missouri not-for-profit corporations meeting the
178 requirements of this section, including those previously designated
179 under this section by the MTC, may apply for designation for an
180 additional two-year period following the first two-year period. The
181 same standards for designation and requirements for ESBDCs and
182 timing of applications and MTC designations set forth in this section
183 shall apply to the second two-year period.

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

- 187 (1) Potential growth of jobs in Missouri;
- 188 (2) Development of Missouri early stage businesses which can
189 lead to regional, national, or international sales;
- 190 (3) Total of donations received from sources other than the state;
- 191 (4) Level of business support services provided to grant
192 recipients by the community in which the applicant operates; and
- 193 (5) History, if any, of success of companies funded by the not-for-
194 profit in building revenue and attracting capital.

195 12. In the event multiple applications are submitted to the MTC
196 by Missouri not-for-profit corporations for designation under this
197 section for the same area, and if such Missouri not-for-profit
198 corporations comply with the requirements set forth in this section,
199 then the MTC shall designate as the ESBDC for that area the Missouri
200 not-for-profit applicant which has the best record of success based on
201 the criteria set forth in subsection 11 of this section.

202 13. If funds are appropriated by the state under this section,
203 such funds shall be segregated by the MTC and paid solely under this
204 section and for no other purpose. In the event that less than nine
205 million dollars is appropriated under this section in any one year, then

206 the funds appropriated shall be paid by the MTC to designated ESBDCs
207 in the same proportions as the appropriation is to nine million dollars.

208 14. Funds provided under this section may be used by the
209 ESBDCs for grants or for building a long-term endowment for grants.
210 No more than twenty-five percent of funds provided under this section
211 may be used by ESBDCs for administrative expenses or operations.

212 15. Companies that have received a grant under this section shall
213 repay such amount if the company moves its headquarters out of this
214 state or moves a substantial number of jobs created in this state to a
215 location outside of this state within two years of receiving funds under
216 this section.

217 16. Public funds shall not be expended, paid, or granted to or on
218 behalf of an existing or proposed research project that involves
219 abortion services, human cloning, or prohibited human research as
220 those terms are defined in section 196.1127. Any business that performs
221 or induces abortions, assists in the performing or inducing of abortions,
222 refers for abortions or engages in or performs human cloning as those
223 terms are defined in section 196.1127 or human embryonic stem cell
224 research are not eligible for state moneys and incentives.

225 17. The provisions of section 23.253 notwithstanding:

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

229 (2) If such program is reauthorized, the program authorized
230 under this section shall automatically sunset eight years after the
231 effective date of the reauthorization of this section; and

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

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