

SECOND REGULAR SESSION

# SENATE BILL NO. 895

95TH GENERAL ASSEMBLY

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INTRODUCED BY SENATORS DEMPSEY, SHOEMYER, GRIESHEIMER, SCHAEFER, RIDGEWAY, VOGEL,  
CHAMPION, JUSTUS, DAYS, WILSON, CALLAHAN, BRAY AND BARNITZ.

Read 1st time February 4, 2010, and ordered printed.

TERRY L. SPIELER, Secretary.

4472S.021

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## AN ACT

To repeal sections 196.1115, 348.251, 348.253, 348.256, 348.261, 348.262, 348.263, 348.264, and 348.271, RSMo, and to enact in lieu thereof eleven new sections relating to science and innovation.

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

Section A. Sections 196.1115, 348.251, 348.253, 348.256, 348.261, 348.262, 2 348.263, 348.264, and 348.271, RSMo, are repealed and eleven new sections 3 enacted in lieu thereof, to be known as sections 196.1115, 348.250, 348.251, 4 348.256, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, and 348.271, to 5 read as follows:

196.1115. 1. The moneys appropriated to the life sciences research board 2 that are not distributed by the board in any fiscal year to a center for excellence 3 or a center for excellence endorsed program pursuant to section 196.1112, if any, 4 shall be held in reserve by the board or shall be awarded on the basis of peer 5 review panel recommendations for capacity building initiatives proposed by public 6 and private not-for-profit academic, research, or health care institutions or 7 organizations, or individuals engaged in competitive research in targeted fields 8 consistent with the provisions of sections 196.1100 to 196.1130.

9 2. The life sciences research board may, in view of the limitations 10 expressed in section 196.1130:

11 (1) Award and enter into grants or contracts relating to increasing 12 Missouri's research capacity at public or private not-for-profit institutions;

13 (2) Make provision for peer review panels to recommend and review 14 research projects;

15 (3) Contract for administrative and support services;

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

16 (4) Lease or acquire facilities and equipment;  
17 (5) Employ administrative staff; and  
18 (6) Receive, retain, hold, invest, disburse or administer any moneys that  
19 it receives from appropriations or from any other source.

20 **3. The Missouri technology corporation, established under**  
21 **section 348.251, shall serve as the administrative agent for the life**  
22 **sciences research board.**

23 **4. The life sciences research board shall utilize as much of the moneys as**  
24 **reasonably possible for building capacity at public and private not-for-profit**  
25 **institutions to do research rather than for administrative expenses. The board**  
26 **shall not in any fiscal year expend more than two percent of the total moneys**  
27 **appropriated to it and of the moneys that it has in reserve or has received from**  
28 **other sources for its own administrative expenses; provided, however, that the**  
29 **general assembly by appropriation from the life sciences research trust fund may**  
30 **authorize a limited amount of additional moneys to be expended for**  
31 **administrative costs.**

**348.250. Sections 348.250 to 348.275, may be cited as the "Missouri**  
2 **Science and Innovation Reinvestment Act".**

348.251. 1. As used in sections 348.251 to 348.266, the following terms  
2 mean:

3 (1) **"Applicable percentage", six percent for the fiscal year**  
4 **beginning July 1, 2011, and the next fourteen consecutive fiscal years;**  
5 **five percent for the immediately subsequent five fiscal years; and four**  
6 **percent for the immediately subsequent five fiscal years;**

7 (2) **"Applied research", any activity that seeks to utilize,**  
8 **synthesize, or apply existing knowledge, information, or resources to**  
9 **the resolution of a specific problem, question, or issue of science and**  
10 **innovation, including but not limited to translational research;**

11 (3) **"Base year", fiscal year ending June 30, 2010;**

12 (4) **"Base year gross wages", gross wages paid by science and**  
13 **innovation companies to science and innovation employees during**  
14 **fiscal year ending June 30, 2010;**

15 (5) **"Basic research", any original investigation for the**  
16 **advancement of scientific or technical knowledge;**

17 (6) **"Commercialization", any of the full spectrum of activities**  
18 **required for a new technology, product, or process to be developed**  
19 **from the basic research or conceptual stage through applied research**  
20 **or development to the marketplace, including without limitation, the**

21 steps leading up to and including licensing, sales, and service;

22 (7) "Corporation", the Missouri technology corporation  
23 established under this section;

24 (8) "Fields of applicable expertise", any of the following fields:  
25 science and innovation research, development, or commercialization,  
26 including basic research and applied research; corporate finance,  
27 venture capital, and private equity related to science and innovation;  
28 the business and management of science and innovation companies;  
29 education related to science and innovation; or civic or corporate  
30 leadership in areas related to science and innovation;

31 (9) "Inherent conflict of interest", a fundamental or systematic  
32 conflict of interest that prevents a person from serving as a  
33 disinterested director of the corporation and from routinely performing  
34 his or her duties as a director of the corporation;

35 (10) "NAICS industry groups" or "NAICS codes", the North  
36 American Classification System developed under the auspices of the  
37 United States Office of Management and Budget and adopted in 1997,  
38 as may be amended, revised, or replaced by similar classification  
39 systems for similar uses from time to time;

40 (11) "Science and innovation", the use of compositions and  
41 methods in research, development, and manufacturing processes for  
42 such diverse areas as agriculture-biotechnology, animal health,  
43 biochemistry, bioinformatics, energy, environment, forestry, homeland  
44 security, information technology, medical devices, medical diagnostics,  
45 medical instruments, medical therapeutics, microbiology,  
46 nanotechnology, pharmaceuticals, plant biology, and veterinary  
47 medicine, including future developments in such areas;

48 (12) "Science and innovation company", a corporation, limited  
49 liability company, S corporation, partnership, registered limited  
50 liability partnership, foundation, association, non-profit entity, sole  
51 proprietorship, business trust, person, group, or other entity that is:

52 (a) Engaged in the research, development, commercialization, or  
53 business of science and innovation in the state, including, without  
54 limitation, research, development, or production directed toward  
55 developing or providing science and innovation products, processes, or  
56 services for specific commercial or public purposes, including  
57 hospitals, nonprofit research institutions, incubators, accelerators, and  
58 universities currently located, or involved, in the research,

59 **development, commercialization, or business of science and innovation**  
60 **in the state; or**

61 **(b) Identified by the following NAICS industry groups or NAICS**  
62 **codes: 3251; 3253; 3254; 3391; 51121; 621311; 62231; 54138; 54171; 333298;**  
63 **424910; 311119; 311221; 311222; 311223; 325193; 325199; 325221; 325222;**  
64 **325611; 325612; 325613; 325311; 325312; 325314; 325320; 325414; 325411;**  
65 **325412; 325414; 334510; 334516; 334517; 339111; 339112; 339113; 339114;**  
66 **339115; 339116; 541380; 541710; 621511; 621512; 111191; 111421; 111920;**  
67 **111998; and 311211. Each of the above listed four-digit codes shall**  
68 **include all six-digit codes in such four-digit industry; however, each**  
69 **six-digit code shall stand alone and not indicate the inclusion of other,**  
70 **omitted six-digit codes that also are subsets of the pertinent four-digit**  
71 **industry to which the included six-digit code belongs;**

72 **(13) "Science and innovation employee", any employee, officer, or**  
73 **director of a science and innovation company who is a state income**  
74 **taxpayer and any employee of a university who is associated with or**  
75 **supports the research, development, commercialization, or business of**  
76 **science and technology in the state and is obligated to pay state income**  
77 **tax to the state;**

78 **(14) "Technology application", the introduction and adaptation of refined**  
79 **management practices in fields such as scheduling, inventory management,**  
80 **marketing, product development, and training in order to improve the quality,**  
81 **productivity and profitability of an existing firm. Technology application shall**  
82 **be considered a component of business modernization;**

83 **[(2)] (15) "Technology commercialization", the process of moving**  
84 **investment-grade technology from a business, university or laboratory into the**  
85 **marketplace for application;**

86 **[(3)] (16) "Technology development", strategically focused research**  
87 **directed at developing investment-grade technologies which are important for**  
88 **market competitiveness.**

89 **2. The governor may, on behalf of the state and in accordance with**  
90 **chapter 355, RSMo, establish a private not-for-profit corporation named the**  
91 **"Missouri Technology Corporation", to carry out the provisions of sections 348.251**  
92 **to 348.266. As used in sections 348.251 to 348.266 the word "corporation" means**  
93 **the Missouri technology corporation authorized by this section. Before**  
94 **certification by the governor, the corporation shall conduct a public hearing for**  
95 **the purpose of giving all interested parties an opportunity to review and comment**  
96 **upon the articles of incorporation, bylaws and method of operation of the**

97 corporation. Notice of the hearing shall be given at least fourteen days prior to  
98 the hearing.

348.256. 1. The articles of incorporation [and], bylaws, **and methods** of  
2 the Missouri technology corporation shall **be consistent with the provisions**  
3 **of sections 348.250 to 348.275 and** provide that:

4 (1) The purposes of the corporation are to contribute to the strengthening  
5 of the economy of the state through the development of science and [technology]  
6 **innovation**, to promote the modernization of Missouri businesses by supporting  
7 the transfer of science, technology and quality improvement methods to the  
8 workplace, and to enhance the productivity and modernization of Missouri  
9 businesses by providing leadership in the establishment of methods of technology  
10 application, technology commercialization and technology development;

11 (2) The board of directors of the corporation is composed of fifteen  
12 persons. The governor shall annually appoint one of its members, who must be  
13 from the private sector, as chairman. The board shall consist of the following  
14 members:

15 (a) The director of the department of economic development, or the  
16 director's designee;

17 (b) The president of the University of Missouri system, or the president's  
18 designee;

19 (c) A member of the state senate, appointed by the president pro tem of  
20 the senate;

21 (d) A member of the house of representatives, appointed by the speaker  
22 of the house;

23 (e) Eleven members appointed by the governor, [two of which shall be  
24 from the public sector and nine members from the private sector who shall  
25 include, but shall not be limited to, individuals who represent technology-based  
26 businesses and industrial interests;] **with the advice and consent of the**  
27 **senate, who are recognized for outstanding knowledge, leadership, and**  
28 **expertise in one or more of the fields of applicable expertise. Each of**  
29 **the directors of the corporation who is appointed by the governor shall**  
30 **serve for a term of four years and until a successor is duly appointed.**

31 [(f) Each of the directors of the corporation who is appointed by the  
32 governor shall serve for a term of four years and until a successor is duly  
33 appointed; except that, of the directors serving on the corporation as of August  
34 28, 1995, three directors shall be designated by the governor to serve a term of  
35 four years, three directors shall be designated to serve a term of three years,  
36 three directors shall be designated to serve a term of two years, and two directors

37 shall be designated to serve a term of one year. Each director shall continue to  
38 serve until a successor is duly appointed by the governor;

39 (3) The corporation may receive money from any source, may borrow  
40 money, may enter into contracts, and may expend money for any activities  
41 appropriate to its purpose;

42 (4) The corporation may appoint staff and do all other things necessary  
43 or incidental to carrying out the functions listed in section 348.261;

44 (5) Any changes in the articles of incorporation or bylaws must be  
45 approved by the governor;

46 (6) The corporation shall submit an annual report to the governor and to  
47 the Missouri general assembly. The report shall be due on the first day of  
48 November for each year and shall include detailed information on the structure,  
49 operation and financial status of the corporation. The corporation shall conduct  
50 an annual public hearing to receive comments from interested parties regarding  
51 the report, and notice of the hearing shall be given at least fourteen days prior  
52 to the hearing; and

53 (7) The corporation is subject to an annual audit by the state auditor and  
54 that the corporation shall bear the full cost of the audit.]

55 **2. Each of the directors of the corporation provided for in**  
56 **paragraphs (a) and (b) of subdivision (2) of subsection 1 of this section**  
57 **shall remain a director until the designating individual specified in**  
58 **such subdivisions designates a replacement by sending a written**  
59 **communication to the governor and the chairperson of the board of the**  
60 **corporation; provided however, that if the director of economic**  
61 **development or the president of the University of Missouri system**  
62 **designates himself or herself to the corporation board, such person's**  
63 **service as a corporation director shall cease immediately when that**  
64 **person no longer serves as the director of economic development or as**  
65 **the president of the University of Missouri system. Each of the**  
66 **directors of the corporation provided for in paragraphs (c) and (d) of**  
67 **subdivision (2) of subsection 1 of this section shall remain a director**  
68 **until the appointing member of the general assembly specific in such**  
69 **subdivisions appoints a replacement by sending a written**  
70 **communication to the governor and the chairperson of the corporation**  
71 **board; provided however, that if the speaker of the house or the**  
72 **president pro tem of the senate appoints himself or herself to the**  
73 **corporation board, such person's service as a corporation director shall**  
74 **cease immediately when that person no longer serves as the speaker of**

75 the house or the president pro tem of the senate.

76 3. Each of the eleven members of the board appointed by the  
77 governor shall:

78 (1) Hold office for the term of appointment and until the  
79 governor duly appoints his or her successor; provided that if a vacancy  
80 is created by the death, permanent disability, resignation, or removal  
81 of a director, such vacancy shall become immediately effective;

82 (2) Be eligible for reappointment, but members of the board shall  
83 not be eligible to serve more than two consecutive four-year terms and  
84 may not be reappointed to the board until they have not served on the  
85 board for a period of at least four interim years;

86 (3) Not have a known inherent conflict of interest at the time of  
87 appointment; and

88 (4) Not have served in an elected office or a cabinet position in  
89 state government for a period of two years prior to appointment, unless  
90 otherwise provided in this section.

91 4. Any member of the board may be removed by affirmative vote  
92 of eleven members of the board for malfeasance or misfeasance in  
93 office, regularly failing to attend meetings, failure to comply with the  
94 corporation's conflicts of interest policy, conviction of a felony, or for  
95 any cause that renders the member incapable of, or unfit to, discharge  
96 the duties of a director of the corporation.

97 5. The board shall meet at least four times per year and at such  
98 other times as it deems appropriate, or upon call by the president or  
99 the chairperson, or upon written request of a majority of the directors  
100 of the board. Unless otherwise restricted by Missouri law, the directors  
101 may participate in a meeting of the board by means of telephone  
102 conference or other electronic communications equipment whereby all  
103 persons participating in the meeting can communicate clearly with  
104 each other, and participation in a meeting in such manner will  
105 constitute presence in person at such meeting.

106 6. A majority of the total voting membership of the board shall  
107 constitute a quorum for meetings. The board may act by a majority of  
108 those at any meeting where a quorum is present, except upon such  
109 issues as the board may determine shall require a vote of more  
110 members of the board for approval or as required by law. All  
111 resolutions and orders of the board shall be recorded and  
112 authenticated by the signature of the secretary or any assistant

113 secretary of the board.

114           7. Members of the board shall serve without  
115 compensation. Members of the board attending meetings of the board,  
116 or attending a committee or advisory meetings thereof that, shall be  
117 paid mileage and all other applicable expenses, provided that such  
118 expenses are reasonable, consistent with policies established from time  
119 to time by the board, and not otherwise inconsistent with law.

120           8. The board may adopt, repeal, and amend such articles of  
121 incorporation, bylaws, and methods of operation that are not contrary  
122 to law or inconsistent with sections 348.250 to 348.275, as it deems  
123 expedient for its own governance and for the governance and  
124 management of the corporation and its committees and advisory  
125 boards; provided that any changes in the articles of incorporation or  
126 bylaws approved by the board must also be approved by the governor.

127           9. A president shall direct and supervise the administrative  
128 affairs and the general management of the corporation. The president  
129 shall be a person of national prominence that has expertise and  
130 credibility in one or more of the fields of applicable expertise with a  
131 demonstrated track record of success in leading a mission-driven  
132 organization. The president's salary and other terms and conditions of  
133 employment shall be set by the board. The board may negotiate and  
134 enter into an employment agreement with the president of the  
135 corporation, which may provide for compensation, allowances, benefits,  
136 and expenses. The president of the corporation shall not be eligible to  
137 serve as a member of the board until two years after the end of his or  
138 her employment with the corporation. The president of the corporation  
139 shall be bound by, and agree to obey, the corporation's conflicts of  
140 interest policy, including annually completing and submitting to the  
141 board a disclosure and compliance certificate in accordance with such  
142 conflicts of interest policy.

143           10. The corporation may employ such employees as it may  
144 require and upon such terms and conditions as it may establish that  
145 are consistent with state and federal law. The corporation may  
146 establish personnel, payroll, benefit, and other such systems as  
147 authorized by the board, and provide death and disability  
148 benefits. Corporation employees, including the president, shall be  
149 considered state employees for the purposes of membership in the  
150 Missouri state employees retirement system and the Missouri

151 consolidated health care plan. The corporation may also adopt, in  
152 accordance with requirements of the federal Internal Revenue Code, a  
153 retirement plan or plans sponsored by the corporation with respect to  
154 employees, including the president, employed by the  
155 corporation. Nothing in sections 348.250 to 348.275 shall be construed  
156 as placing any officer or employee of the corporation or member of the  
157 board in the classified or the unclassified service of the state of  
158 Missouri under Missouri laws and regulations governing civil service.  
159 No employee of the corporation shall be eligible to serve as a member  
160 of the board until two years immediately following the end of his or her  
161 employment with the corporation. All employees of the corporation  
162 shall be bound by, and agree to obey, the corporation's conflicts of  
163 interest policy, including annually completing and submitting to the  
164 board a disclosure and compliance certificate in accordance with such  
165 conflicts of interest policy.

166 11. No later than the first day of January each year, the  
167 corporation shall submit a report to the governor and to the Missouri  
168 general assembly which shall include:

169 (1) A complete and detailed description of the operating and  
170 financial conditions of the corporation during the prior fiscal year;

171 (2) Complete and detailed information about the distributions  
172 from the Missouri science and innovation reinvestment fund and from  
173 any income of the corporation;

174 (3) Information about the growth of science and innovation  
175 research and industry in the state; and

176 (4) Information regarding financial or performance audits  
177 performed in such year, including any recommendations with reference  
178 to additional legislation or other action that may be necessary to carry  
179 out the purposes of the corporation.

180 12. The corporation shall keep its books and records in  
181 accordance with generally accepted accounting procedures. Within  
182 four months following the end of each fiscal year, the corporation shall  
183 cause a firm of independent certified public accountants of national  
184 repute to conduct, and deliver to the board, an audit of the financial  
185 statements of the corporation and an opinion thereon.

186 13. Within four months following the end of every odd numbered  
187 fiscal year, beginning with fiscal year 2015, the corporation shall cause  
188 an independent firm of national repute that has expertise in science

189 and innovation research and industry to conduct, and deliver to the  
190 board, an audit of the performance of the corporation for the prior two  
191 fiscal years, including detailed recommendations for improving the  
192 performance of the corporation.

193       14. The corporation shall provide the state auditor a copy of the  
194 financial and performance audit reports prepared pursuant to this  
195 section.

196       15. The corporation shall have perpetual existence until an act  
197 of law expressly dissolves the corporation; provided that no such law  
198 shall take effect so long as the corporation has obligations or bonds  
199 outstanding unless adequate provision has been made for the payment  
200 or retirement of such debts or obligations. Upon any such dissolution  
201 of the corporation, all property, funds, and assets thereof shall be  
202 vested in the state.

203       16. Except as provided under section 348.266, the state hereby  
204 pledges to, and agrees with, recipients of corporation funding or  
205 beneficiaries of corporation programs under sections 348.250 to 348.275  
206 that the state shall not limit or alter the rights vested in the  
207 corporation under sections 348.250 to 348.275 to fulfill the terms of any  
208 agreements made or obligations incurred by the corporation with or to  
209 such third parties, or in any way impair the rights and remedies of  
210 such third parties until the obligations of the corporation and the state  
211 are fully met and discharged in accordance with sections 348.250 to  
212 348.275.

213       17. No funds of the corporation shall be distributed to its  
214 employees or members of the board, except that the corporation may  
215 make reasonable payments for expenses incurred on its behalf relating  
216 to any of its lawful purposes and the corporation shall be authorized  
217 and empowered to pay reasonable compensation for services rendered  
218 to, or for, its benefit relating to any of its lawful purposes, including to  
219 pay its employees reasonable compensation.

220       18. The corporation shall adopt and maintain a conflicts of  
221 interest policy to protect the corporation's interests by requiring  
222 disclosure by an interested party, appropriate recusal by such person,  
223 and appropriate action by the interested party or the board where a  
224 conflict of interest may exist or arise between the corporation and a  
225 director, officer, employee, or agent of the corporation.

348.261. The corporation[, after being certified by the governor as

2 provided by section 348.251, may] **shall have all of the powers necessary or**  
3 **convenient to carry out the purposes and provisions of sections 348.250**  
4 **to 348.275, including, but not limited to, the power to:**

5 (1) Establish a statewide business modernization network to assist  
6 Missouri businesses in identifying ways to enhance productivity and market  
7 competitiveness;

8 (2) Identify scientific and technological problems and opportunities related  
9 to the economy of Missouri and formulate proposals to overcome those problems  
10 or realize those opportunities;

11 (3) Identify specific areas where scientific research and technological  
12 investigation will contribute to the improvement of productivity of Missouri  
13 manufacturers and farmers;

14 (4) Determine specific areas in which financial investment in scientific  
15 and technological research and development from private businesses located in  
16 Missouri could be enhanced or increased if state resources were made available  
17 to assist in financing activities;

18 (5) Assist in establishing cooperative associations of universities in  
19 Missouri and of private enterprises for the purpose of coordinating research and  
20 development programs that will, consistent with the primary educational function  
21 of the universities, aid in the creation of new jobs in Missouri;

22 (6) Assist in financing the establishment and continued development of  
23 technology-intensive businesses in Missouri;

24 (7) Advise universities of the research needs of Missouri business and  
25 improve the exchange of scientific and technological information for the mutual  
26 benefit of universities and private business;

27 (8) Coordinate programs established by universities to provide Missouri  
28 businesses with scientific and technological information;

29 (9) Establish programs in scientific education which will support the  
30 accelerated development of technology-intensive businesses in Missouri;

31 (10) Provide financial assistance through contracts, grants and loans to  
32 programs of scientific and technological research and development;

33 (11) Determine how public universities can increase income derived from  
34 the sale or licensure of products or processes having commercial value that are  
35 developed as a result of university sponsored research programs;

36 (12) Contract with innovation centers, as established in section 348.271,  
37 small business development corporations, as established in sections 620.1000 to  
38 620.1007, RSMo, centers for advanced technology, as established in section  
39 348.272, and other entities or organizations for the provision of technology

40 application, technology commercialization and technology development  
41 services. Such contracting procedures shall not be subject to the provisions of  
42 chapter 34, RSMo; [and]

43 (13) Make direct seed capital or venture capital investments in Missouri  
44 business investment funds or businesses which demonstrate the promise of  
45 growth and job creation. Investments from the corporation may be in the form  
46 of debt or equity in the respective businesses;

47 (14) **Assume all moneys, property, or other assets remaining with**  
48 **the Missouri seed capital investment board, established in section**  
49 **620.641. All powers, duties, and functions performed by the Missouri**  
50 **seed capital investment board on August 28, 2010, shall be transferred**  
51 **to the Missouri technology corporation;**

52 (15) **Establish a proof of concept finance program to make proof**  
53 **of concept loans to early-stage science and innovation companies;**

54 (16) **Establish an angel investment finance program to make**  
55 **angel co-investments in science and innovation companies that meets**  
56 **the requirements of the United States Small Business Administration's**  
57 **qualification size standards for its business loan program, as defined**  
58 **in 13 CFR 121.301(a) of the Small Business Investment Act of 1958, as**  
59 **amended. An investment may be in the form of a traditional**  
60 **commercial loan, a loan convertible to equity, equity, a loan with stock**  
61 **subscription or similar warrants that are beneficially owned by the**  
62 **Missouri technology corporation, or such other form that is consistent**  
63 **with sections 348.250 to 348.275; and**

64 (17) **Establish a venture capital co-investment fund to make**  
65 **investments in professionally managed venture capital funds, including**  
66 **providing for the costs of organizing and promoting such a fund. Any**  
67 **such fund must set forth a clear investment strategy substantially**  
68 **focused on investing in science and innovation companies. Any such**  
69 **investments made pursuant to this subdivision by the corporation shall**  
70 **be leveraged at least three times by investments from sources other**  
71 **than those controlled by the corporation.**

348.262. In order to assist the corporation in achieving the objectives  
2 identified in section 348.261, the department of economic development may  
3 contract with the corporation for activities consistent with the corporation's  
4 purpose, as specified in [section 348.256] **sections 348.250 to 348.275**. When  
5 contracting with the corporation under the provisions of this section, the  
6 department of economic development may directly enter into agreements with the

7 corporation and shall not be bound by the provisions of chapter 34, RSMo.

348.263. 1. The Missouri business modernization and technology  
2 corporation shall replace the corporation for science and technology. All moneys,  
3 property or any other assets remaining with the corporation for science and  
4 technology after all obligations are satisfied on August 28, 1993, shall be  
5 transferred to the Missouri business modernization and technology corporation.  
6 All powers, duties and functions performed by the Missouri corporation of science  
7 and technology on August 28, 1993, shall be transferred to the Missouri business  
8 modernization and technology corporation.

9 2. The Missouri technology corporation shall replace the Missouri  
10 business modernization and technology corporation. All moneys, property or any  
11 other assets remaining with the Missouri business modernization and technology  
12 corporation after all obligations are satisfied on August 28, 1994, shall be  
13 transferred to the Missouri technology corporation. All powers, duties and  
14 functions performed by the Missouri business modernization and technology  
15 corporation on August 28, 1994, shall be transferred to the Missouri technology  
16 corporation.

17 **3. Except as otherwise provided in sections 348.250 to 348.275,**  
18 **the corporation shall be subject to requirements applicable to**  
19 **governmental bodies and records contained in sections 610.010 to**  
20 **610.225.**

21 **4. In addition to the exceptions available under sections 610.010**  
22 **to 610.225, the records of the corporation shall not be subject to the**  
23 **provisions of sections 610.010 to 610.225, when, in the opinion of the**  
24 **corporation, the disclosure of the information in the records would be**  
25 **harmful to the competitive position of the corporation and such records**  
26 **contain:**

27 **(1) Proprietary information gathered by, or in the possession of,**  
28 **the corporation from third parties pursuant to a promise of**  
29 **confidentiality;**

30 **(2) Contract cost estimates prepared for confidential use in**  
31 **awarding contracts for research, development, construction,**  
32 **renovation, commercialization, or the purchase of goods or services;**

33 **(3) Data, records, or information of a proprietary nature**  
34 **produced or collected by, or for, the corporation, its employees,**  
35 **officers, or members of its board;**

36 **(4) Third party financial statements, records, and related data**  
37 **not publicly available that may be shared with the corporation;**

38           **(5) Consulting or other reports paid for by the corporation to**  
39 **assist the corporation in connection with its strategic planning and**  
40 **goals; or**

41           **(6) The determination of marketing and operational strategies**  
42 **where disclosure of such strategies would be harmful to the**  
43 **competitive position of the corporation.**

44           **5. In addition to the exceptions available under sections 610.010**  
45 **to 610.225, the corporation, may discuss, consider, and take action on**  
46 **any of the following in closed session, when in the opinion of the**  
47 **corporation, disclosure of such items would be harmful to the**  
48 **competitive position of the corporation:**

49           **(1) Plans that could affect the value, condition, acquisition, use,**  
50 **or disposition of property, real or personal, owned or desirable for**  
51 **ownership by the corporation; or**

52           **(2) Contracts for applied research; basic research; science and**  
53 **innovation product development, manufacturing, or commercialization;**  
54 **construction and renovation of science and innovation facilities; or**  
55 **marketing or operational strategies.**

348.264. [1.] There is hereby established in the state treasury a special  
2 fund to be known as the "Missouri [Technology Investment] **Science and**  
3 **Innovation Reinvestment** Fund", which shall consist of all moneys which may  
4 be appropriated to it by the general assembly **based on the applicable**  
5 **percentage of the amount by which science and innovation employees'**  
6 **gross wages for the year exceeds the base year gross wages pursuant**  
7 **to section 348.265; other funds appropriated to it by the general**  
8 **assembly**, and also any gifts, contributions, grants or bequests received from  
9 federal, private or other sources. [Such moneys shall include federal funds which  
10 may be received from the National Institute for Science and Technology, the  
11 Small Business Administration and the Department of Defense through its  
12 Technology Reinvestment Program.] Money in the Missouri [technology  
13 investment program] **science and innovation reinvestment fund** shall be  
14 used to carry out the provisions of sections 348.251 to 348.275. Moneys for  
15 business modernization programs, technology application programs, technology  
16 commercialization programs and technology development programs established  
17 pursuant to the provisions of sections 348.251 to 348.275 shall be available from  
18 appropriations made by the general assembly from the Missouri [technology  
19 investment] **science and innovation reinvestment** fund. Any moneys  
20 remaining in the Missouri [technology investment] **science and innovation**

21 **reinvestment** fund at the end of any fiscal year shall not lapse to the general  
22 revenue fund, as provided in section 33.080, RSMo, but shall remain in the  
23 Missouri technology investment fund.

24 [2. Notwithstanding the provisions of sections 173.500 to 173.565, RSMo,  
25 the Missouri technology investment fund shall be utilized to fund projects which  
26 would previously have been funded through the higher education applied projects  
27 fund.]

348.265. 1. As soon as practicable after August 28, 2010, the  
2 director of the department of economic development, with the  
3 assistance of the director of the department of revenue, shall establish  
4 the base year gross wages and report the amount of the base year gross  
5 wages to the board of the corporation, the governor and the general  
6 assembly. Within one hundred eighty days after the end of each fiscal  
7 year beginning with the fiscal year ending June 30, 2010, and for each  
8 subsequent fiscal year prior to the end of the last funding year, the  
9 director of economic development, with the assistance of the director  
10 of the department of revenue, shall determine and report to the  
11 governor and the general assembly the amount by which aggregate  
12 science and innovation employees' gross wages for the fiscal year  
13 exceeds the base year gross wages. The director of economic  
14 development and the director of the department of revenue may  
15 consider any verifiable evidence, including but not limited to the  
16 NAICS codes assigned or recorded by the United States Department of  
17 Labor for companies with employees in the state, when determining  
18 which organizations should be classified as science and innovation  
19 companies.

20 2. Local political subdivisions may contribute to the Missouri  
21 science and innovation reinvestment fund through a grant, contract, or  
22 loan by dedicating a portion of any sales tax or property tax increase  
23 resulting from increases in science and innovation company economic  
24 activity occurring after August 28, 2010, or other such taxes or fees as  
25 such local political subdivisions may establish.

26 3. The corporation shall prepare a strategic plan for the use of  
27 the monies in the fund, and may consult with science and innovation  
28 partners, including the life sciences research board established in  
29 section 196.1003; and the innovation centers or centers for advanced  
30 technology, as established in section 348.272. The corporation shall  
31 make a draft strategic plan available for public comment prior to

32 **publication of the final strategic plan.**

33 **4. In order to receive a proof of concept loan, seed capital**  
34 **investment, or angel investments, established pursuant to section**  
35 **348.261, the corporation shall require an application that contains:**

36 **(1) A business plan including a description of the company and**  
37 **its management, product, and market;**

38 **(2) A statement of the amount, timing, and projected use of the**  
39 **capital required;**

40 **(3) A statement of the potential economic impact of the**  
41 **enterprise, including the number, location, and types of jobs expected**  
42 **to be created;**

43 **(4) A statement of any contribution made by local political**  
44 **subdivisions in which the company is located; and**

45 **(5) Such other information as the Missouri technology**  
46 **corporation shall request.**

47 **5. Approval of a loan or investment by the corporation, shall only**  
48 **be made following a finding by the board that the recipient:**

49 **(1) Is a science and innovation company that is sufficiently**  
50 **innovative to, or likely to, secure a competitive advantage in the**  
51 **marketplace;**

52 **(2) Has the potential for significant growth and the ability to**  
53 **create high-quality jobs in Missouri;**

54 **(3) Currently has, or will locate due to investment, fifty percent**  
55 **or more of its employees and assets in Missouri;**

56 **(4) Will provide average wages that are at least thirty-five**  
57 **percent higher than the average county wage as determined by the**  
58 **department of economic development for the most recently completed**  
59 **full calendar year;**

60 **(5) Will only use the proceeds to finance the proof of concept or**  
61 **seed capital needs of the science and innovation company;**

62 **(6) Has a reasonable probability of success;**

63 **(7) Requires the corporation's participation and assistance for**  
64 **the success of the company and its recruitment to, or retention within,**  
65 **the state;**

66 **(8) Has leveraged the corporation's loan or investment by at least**  
67 **one additional equity investment, debt investment, or grant in the**  
68 **company in an amount equal to or greater than the corporation's**  
69 **investment;**

70           **(9) Has registered any securities to be purchased, if required by**  
71 **law;**

72           **(10) Has demonstrated a reasonable probability that the Missouri**  
73 **technology corporation will be repaid the loan, or recoup at least its**  
74 **initial investment or financial commitment; and**

75           **(11) Has made binding commitments to the Missouri technology**  
76 **corporation for adequate reporting of financial data to the corporation,**  
77 **which shall include an annual report, or if required by the board, an**  
78 **annual audit of the financial and operational records of the company,**  
79 **and for such control on the part of the Missouri technology corporation**  
80 **as the board of directors shall consider prudent over the management**  
81 **of the company, so as to protect the investment or financial**  
82 **commitment of the corporation, including in the discretion of the**  
83 **board, right of access to financial and other records of the company,**  
84 **and membership or representation on the board of directors of the**  
85 **company.**

**348.269. 1. Nothing contained in sections 348.250 to 348.275 shall**  
2 **be construed as a restriction or limitation upon any powers that the**  
3 **corporation might otherwise have under other laws of this state, and**  
4 **the provisions of sections 348.250 to 348.275 are cumulative to such**  
5 **powers.**

6           **2. Nothing in sections 348.250 to 348.275 should be construed as**  
7 **allowing the board to sell the corporation or substantially all of the**  
8 **assets of the corporation, or to merge the corporation with another**  
9 **institution, without prior authorization by the general assembly.**

10           **3. Notwithstanding the provisions of section 23.253 to the**  
11 **contrary, the provisions of sections 348.250 to 348.275 shall not**  
12 **sunset. The provisions of sections 348.250 to 348.275 shall not terminate**  
13 **before the satisfaction of all outstanding obligations, notes, and bonds**  
14 **provided for under sections 348.250 to 348.275.**

**348.271. 1. In order to foster the growth of Missouri's economy and to**  
2 **stimulate the creation of new jobs in [technology-based] science and**  
3 **innovation-based industry for the state's work force, the Missouri technology**  
4 **corporation, in accordance with the provisions of this section and within the**  
5 **limits of appropriations therefor is authorized to contract with Missouri**  
6 **not-for-profit corporations for the operation of innovation centers within the**  
7 **state. The primary emphasis of some, if not of all innovation centers, shall be in**  
8 **the areas of technology commercialization, finance and business**

9 modernization. Innovation centers operated under the provisions of this section  
10 shall provide assistance to individuals and business organizations during the  
11 early stages of the development of new [technology-based] **science and**  
12 **innovation-based** business ventures. Such assistance may include the provision  
13 of facilities, equipment, administrative and managerial support, planning  
14 assistance, and such other services and programs that enhance the development  
15 of such ventures and such assistance may be provided for fees or other  
16 consideration.

17 2. The innovation centers operated under this section shall counsel and  
18 assist the new [technology-based] **science and innovation-based** business  
19 ventures in finding a suitable site in the state of Missouri for location of the  
20 business upon its graduation from the innovation program. Each innovation  
21 center shall annually submit a report of its activities to the department of  
22 economic development and the Missouri technology corporation which shall  
23 include, but not be limited to, the success rate of the businesses graduating from  
24 the center, the progress and locations of businesses which have graduated from  
25 the center, the types of businesses which have graduated from the center, and the  
26 number of jobs created by the businesses involved in the center.

27 3. **Any contract signed between the corporation and any not-for-**  
28 **profit organization to operate an innovation center in accordance with**  
29 **the provisions of this section shall require that the not-for-profit**  
30 **organization must provide at least a one-hundred-percent match for the**  
31 **funding received from the corporation pursuant to appropriation**  
32 **therefor.**

[348.253. 1. The Missouri technology corporation may  
2 contract with not-for-profit organizations to carry out the  
3 provisions of sections 348.251 to 348.275. By entering into such  
4 contracts, the corporation shall attempt to achieve the following  
5 objectives:

6 (1) The establishment of a research alliance which shall  
7 advance technology development, as defined in subdivision (3) of  
8 section 348.251. The corporation, in this capacity, shall have the  
9 authority to contract directly with centers for advanced technology,  
10 as established by section 348.272, and other not-for-profit entities.  
11 In proceeding with this objective, the corporation and centers for  
12 advanced technology shall utilize the results of targeted industry  
13 studies commissioned by the department of economic development;

14 (2) Technology commercialization, as defined in subdivision

15 (2) of section 348.251;

16 (3) The establishment of a finance corporation to assist in  
17 the implementation of section 348.261; and

18 (4) The enhancement of technology application, as defined  
19 in subdivision (1) of section 348.251.

20 2. Any contract signed between the corporation and any  
21 not-for-profit organization, including innovation centers as defined  
22 in section 348.271, shall require that the not-for-profit organization  
23 must provide at least one-hundred-percent match for any funding  
24 received from the corporation through the technology investment  
25 fund, as established in section 348.264.]

✓

Bill

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