

SECOND REGULAR SESSION

SENATE BILL NO. 733

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS RICHARD AND JUSTUS.

Read 1st time February 1, 2012, and ordered printed.

TERRY L. SPIELER, Secretary.

5568S.011

AN ACT

To repeal sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, 348.280, and 348.300, RSMo, and to enact in lieu thereof fourteen new sections relating to encouraging investment in science and technology, with an emergency clause.

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

Section A. Sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, 348.280, and 348.300, RSMo, are repealed and fourteen new sections enacted in lieu thereof, to be known as sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, and 348.300, to read as follows:

196.1109. All moneys that are appropriated by the general assembly from the life sciences research trust fund shall be appropriated to the life sciences research board to increase the capacity for quality of life sciences research at public and private not-for-profit institutions in the state of Missouri and to thereby:

(1) Improve the quantity and quality of life sciences research at public and private not-for-profit institutions, including but not limited to basic research (including the discovery of new knowledge), translational research (including translating knowledge into a usable form), and clinical research (including the literal application of a therapy or intervention to determine its efficacy), including but not limited to health research in human development and aging, cancer, endocrine, cardiovascular, neurological, pulmonary, and infectious disease, and plant sciences, including but not limited to nutrition and food safety; and

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

14 (2) Enhance technology transfer and technology commercialization derived
15 from research at public and private not-for-profit institutions within the centers
16 for excellence. For purposes of sections 196.1100 to 196.1130, "technology
17 transfer and technology commercialization" includes stages of the regular
18 business cycle occurring after research and development of a life science
19 technology, including but not limited to reduction to practice, proof of concept,
20 and achieving federal Food and Drug Administration, United States Department
21 of Agriculture, or other regulatory requirements in addition to the definition in
22 section 348.251. Funds received by the board may be used for purposes
23 authorized in sections 196.1100 to 196.1130 and shall be subject to the
24 restrictions of sections 196.1100 to 196.1130, including but not limited to the
25 costs of personnel, supplies, equipment, and renovation or construction of physical
26 facilities; provided that in any single fiscal year no more than thirty percent of
27 the moneys appropriated shall be used for the construction of physical facilities
28 and further provided that in any fiscal year up to eighty percent of the moneys
29 shall be appropriated to build research capacity at public and private
30 not-for-profit institutions and [at least] **no less than** twenty percent and no
31 more than fifty percent of the moneys shall be appropriated for grants to public
32 or private not-for-profit institutions to promote life science technology transfer
33 and technology commercialization. Of the moneys appropriated to build research
34 capacity, twenty percent of the moneys shall be appropriated to promote the
35 development of research of tobacco-related illnesses.

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 support services;
- 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 **administrative agent for the life sciences research board**
21 **shall be the** Missouri technology corporation, established under section 348.251[,
22 shall serve as the administrative agent for the life 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 for appropriations [equal to or
29 greater] **not less** than twenty million dollars; three percent for appropriations
30 less than twenty million dollars but equal to or greater than fifteen million
31 dollars; four percent for appropriations less than fifteen million dollars but equal
32 to or greater than ten million dollars; five percent for appropriations less than ten
33 million dollars; provided, however, that the general assembly by appropriation
34 from the life sciences research trust fund may authorize a limited amount of
35 additional moneys to be expended for administrative costs.

348.250. Sections 348.250 to 348.275 shall be known, and may be cited,
2 as the "Missouri 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 beginning July
4 1, 2012, and the next fourteen consecutive fiscal years; five percent for the
5 immediately subsequent five fiscal years; and four percent for the immediately
6 subsequent five fiscal years;

7 (2) "Applied research", any activity that seeks to utilize, synthesize, or
8 apply existing knowledge, information, or resources to the resolution of a specific
9 problem, question, or issue of science and innovation, including but not limited
10 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 innovation
13 companies to science and innovation employees during fiscal year ending June 30,

14 2010;

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

17 (6) "Commercialization", any of the full spectrum of activities required for
18 a new technology, product, or process to be developed from the basic research or
19 conceptual stage through applied research or development to the marketplace,
20 including without limitation, the steps leading up to and including licensing,
21 sales, and service;

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

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

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

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

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

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

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

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

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

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

80 (15) "Technology development", strategically focused research directed at
81 developing investment-grade technologies which are important for market
82 competitiveness.

83 2. The governor may, on behalf of the state and in accordance with
84 chapter 355, establish a private not-for-profit corporation named the "Missouri
85 Technology Corporation", to carry out the provisions of sections 348.251 to

86 348.266. As used in sections 348.250 to 348.275 the word "corporation" means the
87 Missouri technology corporation authorized by this section. Before certification
88 by the governor, the corporation shall conduct a public hearing for the purpose
89 of giving all interested parties an opportunity to review and comment on the
90 articles of incorporation, bylaws and methods of operation of the
91 corporation. Notice of the hearing shall be given at least fourteen days prior to
92 the hearing.

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

4 2. The purposes of the corporation are to contribute to the strengthening
5 of the economy of the state through the development of science and innovation,
6 to promote the modernization of Missouri businesses by supporting the transfer
7 of science, technology and quality improvement methods to the workplace; to
8 enhance the productivity and modernization of Missouri businesses by providing
9 leadership in the establishment of methods of technology application, technology
10 commercialization and technology development; to make Missouri businesses,
11 institutions, and universities more competitive and increase their likelihood of
12 success; to support and enhance local and regional strategies and initiatives that
13 capitalize on the unique science and innovation assets across the state; to make
14 Missouri a highly desirable state in which to conduct, facilitate, support, fund,
15 and perform science and innovation research, development, and
16 commercialization; to facilitate and effect the creation, attraction, retention,
17 growth, and enhancement of both existing and new science and innovation
18 companies in the state; to make Missouri a national and international leader in
19 economic activity based on science and innovation; to enhance workforce
20 development; to create and retain quality jobs; to advance scientific knowledge;
21 and to improve the quality of life for the citizens of the state of Missouri in both
22 urban and rural communities.

23 3. The board of directors of the corporation shall be composed of fifteen
24 persons. The governor shall annually appoint one of its members, who must be
25 from the private sector, as chairperson. The board shall consist of the following
26 members:

27 (1) The director of the department of economic development, or the
28 director's designee;

29 (2) The president of the University of Missouri system, or the president's

30 designee;

31 (3) A member of the state senate, appointed by the president pro tem of
32 the senate;

33 (4) A member of the house of representatives, appointed by the speaker
34 of the house;

35 (5) Eleven members appointed by the governor, with the advice and
36 consent of the senate, who are recognized for outstanding knowledge, leadership,
37 and expertise in one or more of the fields of applicable expertise. Each of the
38 directors of the corporation who is appointed by the governor shall serve for a
39 term of four years and until a successor is duly appointed.

40 4. Any changes in the articles of incorporation or bylaws must be
41 approved by the governor.

42 5. At the discretion of the state auditor, the corporation is subject to an
43 audit by the state auditor and the corporation shall bear the full cost of the audit.

44 6. Each of the directors of the corporation provided for in subdivisions (1)
45 and (2) of subsection 3 of this section shall remain a director until the designating
46 individual specified in such subdivisions designates a replacement by sending a
47 written communication to the governor and the chairperson of the board of the
48 corporation; provided, however, that if the director of economic development or
49 the president of the University of Missouri system designates himself or herself
50 to the corporation board, such person's service as a corporation director shall
51 cease immediately when that person no longer serves as the director of economic
52 development or as the president of the University of Missouri system. Each of
53 the directors of the corporation provided for in subdivisions (3) and (4) of
54 subsection 3 of this section shall remain a director until the appointing member
55 of the general assembly specified in such subdivisions appoints a replacement by
56 sending a written communication to the governor and the chairperson of the
57 corporation board; provided, however, that if the speaker of the house or the
58 president pro tem of the senate appoints himself or herself to the corporation
59 board, such person's service as a corporation director shall cease immediately
60 when that person no longer serves as the speaker of the house or the president
61 pro tem of the senate.

62 7. Each of the eleven members of the board appointed by the governor
63 shall:

64 (1) Hold office for the term of appointment and until the governor duly
65 appoints his or her successor; provided that if a vacancy is created by the death,

66 permanent disability, resignation, or removal of a director, such vacancy shall
67 become immediately effective;

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

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

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

77 8. Any member of the board may be removed by affirmative vote of eleven
78 members of the board for malfeasance or misfeasance in office, regularly failing
79 to attend meetings, failure to comply with the corporation's conflicts of interest
80 policy, conviction of a felony, or for any cause that renders the member incapable
81 of or unfit to discharge the duties of a director of the corporation.

82 9. The board shall meet at least four times per year and at such other
83 times as it deems appropriate, or upon call by the president or the chairperson,
84 or upon written request of a majority of the directors of the board. Unless
85 otherwise restricted by Missouri law, the directors may participate in a meeting
86 of the board by means of telephone conference or other electronic communications
87 equipment whereby all persons participating in the meeting can communicate
88 clearly with each other, and participation in a meeting in such manner will
89 constitute presence in person at such meeting.

90 10. A majority of the total voting membership of the board shall constitute
91 a quorum for meetings. The board may act by a majority of those at any meeting
92 where a quorum is present, except upon such issues as the board may determine
93 shall require a vote of more members of the board for approval or as required by
94 law. All resolutions and orders of the board shall be recorded and authenticated
95 by the signature of the secretary or any assistant secretary of the board.

96 11. Members of the board shall serve without compensation. Members of
97 the board attending meetings of the board, or attending committee or advisory
98 meetings thereof, shall be paid mileage and all other applicable expenses,
99 provided that such expenses are reasonable, consistent with policies established
100 from time to time by the board, and not otherwise inconsistent with law.

101 12. The board may adopt, repeal, and amend such articles of

102 incorporation, bylaws, and methods of operation that are not contrary to law or
103 inconsistent with sections 348.250 to 348.275, as it deems expedient for its own
104 governance and for the governance and management of the corporation and its
105 committees and advisory boards; provided that any changes in the articles of
106 incorporation or bylaws approved by the board must also be approved by the
107 governor.

108 13. A president shall direct and supervise the administrative affairs and
109 the general management of the corporation. The president shall be a person of
110 national prominence that has expertise and credibility in one or more of the fields
111 of applicable expertise with a demonstrated track record of success in leading a
112 mission-driven organization. The president's salary and other terms and
113 conditions of employment shall be set by the board. The board may negotiate and
114 enter into an employment agreement with the president of the corporation, which
115 may provide for compensation, allowances, benefits, and expenses. The president
116 of the corporation shall not be eligible to serve as a member of the board until two
117 years after the end of his or her employment with the corporation. The president
118 of the corporation shall be bound by, and agree to obey, the corporation's conflicts
119 of interest policy, including annually completing and submitting to the board a
120 disclosure and compliance certificate in accordance with such conflicts of interest
121 policy.

122 14. The corporation may employ such employees as it may require and
123 upon such terms and conditions as it may establish that are consistent with state
124 and federal law. The corporation may establish personnel, payroll, benefit, and
125 other such systems as authorized by the board, and provide death and disability
126 benefits. Corporation employees, including the president, shall be considered
127 state employees for the purposes of membership in the Missouri state employees'
128 retirement system and the Missouri consolidated health care plan. Compensation
129 paid by the corporation shall constitute pay from a department for purposes of
130 accruing benefits under the Missouri state employees' retirement system. The
131 corporation may also adopt, in accordance with requirements of the federal
132 Internal Revenue Code of 1986, as amended, a defined contribution plan
133 sponsored by the corporation with respect to employees, including the president,
134 employed by the corporation. Nothing in sections 348.250 to 348.275 shall be
135 construed as placing any officer or employee of the corporation or member of the
136 board in the classified or the unclassified service of the state of Missouri under
137 Missouri laws and regulations governing civil service. No employee of the

138 corporation shall be eligible to serve as a member of the board until two years
139 immediately following the end of his or her employment with the corporation. All
140 employees of the corporation shall be bound by, and agree to obey, the
141 corporation's conflicts of interest policy, including annually completing and
142 submitting to the board a disclosure and compliance certificate in accordance with
143 such conflicts of interest policy.

144 15. No later than the first day of January each year, the corporation shall
145 submit an annual report to the governor and to the Missouri general assembly
146 which the corporation may contract with a third party to prepare and which shall
147 include:

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

150 (2) Complete and detailed information about the distributions from the
151 Missouri science and innovation reinvestment fund and from any income of the
152 corporation;

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

155 (4) Information regarding financial or performance audits performed in
156 such year, including any recommendations with reference to additional legislation
157 or other action that may be necessary to carry out the purposes of the
158 corporation; and

159 (5) Whether or not the corporation made any distribution during the prior
160 fiscal year to a research project or other project for which a report shall be filed
161 under subsection 4 of section 38(d) of article III of the Constitution of the State
162 of Missouri. If such a distribution was made, the corporation shall disclose in the
163 annual report the amount of the distribution, the recipient of the distribution,
164 and the project description.

165 16. The corporation shall keep its books and records in accordance with
166 generally accepted accounting procedures. Within four months following the end
167 of each fiscal year, the corporation shall cause a firm of independent certified
168 public accountants of national repute to conduct and deliver to the board an audit
169 of the financial statements of the corporation and an opinion thereon, to be
170 conducted in accordance with generally accepted audit standards, provided,
171 however, that this section shall be inapplicable if the board of directors of the
172 corporation determines that insufficient funds have been appropriated to pay for
173 the costs of compliance with these requirements.

174 17. Within four months following the end of every odd numbered fiscal
175 year, beginning with fiscal year 2016, the corporation shall cause an independent
176 firm of national repute that has expertise in science and innovation research and
177 industry to conduct and deliver to the board an evaluation of the performance of
178 the corporation for the prior two fiscal years, including detailed recommendations
179 for improving the performance of the corporation, provided, however, that this
180 section shall be inapplicable if the board of directors of the corporation
181 determines that insufficient funds have been appropriated to pay for the costs of
182 compliance with these requirements.

183 18. The corporation shall provide the state auditor a copy of the financial
184 and performance evaluations prepared under subsections 16 and 17 of this
185 section.

186 19. The corporation shall have perpetual existence until an act of law
187 expressly dissolves the corporation; provided that no such law shall take effect
188 so long as the corporation has obligations or bonds outstanding unless adequate
189 provision has been made for the payment or retirement of such debts or
190 obligations. Upon any such dissolution of the corporation, all property, funds,
191 and assets thereof shall be vested in the state.

192 20. Except as provided under section 348.266, the state hereby pledges to,
193 and agrees with, recipients of corporation funding or beneficiaries of corporation
194 programs under sections 348.250 to 348.275 that the state shall not limit or alter
195 the rights vested in the corporation under sections 348.250 to 348.275 to fulfill
196 the terms of any agreements made or obligations incurred by the corporation with
197 or to such third parties, or in any way impair the rights and remedies of such
198 third parties until the obligations of the corporation and the state are fully met
199 and discharged in accordance with sections 348.250 to 348.275.

200 21. The corporation shall be exempt from:

201 (1) Any general ad valorem taxes upon any property of the corporation
202 acquired and used for its public purposes;

203 (2) Any taxes or assessments upon any projects or upon any operations of
204 the corporation or the income therefrom;

205 (3) Any taxes or assessments upon any project or any property or local
206 obligation acquired or used by the corporation under the provisions of sections
207 348.250 to 348.275, or upon income therefrom. Purchases by the corporation to
208 be used for its public purposes shall not be subject to sales or use tax under
209 chapter 144. The exemptions hereby granted shall not extend to persons or

210 entities conducting business on the corporation's property for which payment of
211 state and local taxes would otherwise be required.

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

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

348.257. 1. The board shall establish an executive committee of the
2 corporation, to be composed of the chairperson, the vice chairperson, and the
3 secretary of the corporation, and two additional directors. The chairperson of the
4 corporation shall serve as the chairperson of the executive committee.

5 2. The executive committee, in intervals between meetings of the board,
6 may transact any business of the board that has been expressly delegated to the
7 executive committee by the board. If so stipulated by the board, action delegated
8 to the executive committee may be subject to subsequent ratification by the board;
9 provided, however, that until ratified or rejected by the board, any action
10 delegated to, and taken by, the executive committee between meetings of the
11 board will be binding upon the corporation as if ratified, and may be relied upon
12 by third parties.

13 3. The board shall establish an audit committee of the corporation, to be
14 composed of the chairperson of the corporation and four additional directors. The
15 secretary of the corporation shall serve as the chairperson of the audit
16 committee. The audit committee shall be responsible for oversight of the
17 administration of the conflicts of interest policy, working with the president of the
18 corporation to facilitate communications with the corporation's contract auditors,
19 and such other responsibilities delegated to it by the board.

20 4. The board shall establish and maintain a research alliance of Missouri
21 to be comprised of the chief research officers[, or their designee,] of the state's

22 leading research universities, **or their designees**, and a representative of other
23 leading not-for-profit research institutes headquartered in Missouri. Members
24 of the research alliance of Missouri shall be selected for such terms of
25 membership under such terms and conditions as the board deems necessary and
26 appropriate to advance the purposes of sections 348.250 to 348.275 and as
27 comparable to other similar public sector bodies. The research alliance of
28 Missouri shall elect a chairperson on an annual basis. The research alliance of
29 Missouri shall prepare annual reports at the direction of the corporation that:

30 (1) Evaluate the specific areas of Missouri's research strengths and
31 weaknesses and outline current research priorities of the state;

32 (2) Evaluate the ability of each member to realign their research and
33 development resources, policies, and practices to seize emerging opportunities;

34 (3) Evaluate and summarize the best national and international practices
35 for technology commercialization of university research and describe efforts that
36 each university member has undertaken to implement best practices, including
37 a description of the specific outcomes university members have achieved in
38 technology commercialization; and

39 (4) Describe research collaborations by and between members and identify
40 collaboration best practices that can or should be instituted in Missouri.

41 5. The board may establish other committees, both permanent and
42 temporary, as it deems necessary. Such committees may include national
43 strategic, scientific and/or commercialization advisory boards comprised of
44 individuals of national or international prominence in science and innovation
45 and/or the business and commercialization of science and innovation.

46 6. The board may establish rules, policies, and procedures for the selection
47 and conduct of committees and advisory boards, and the research alliance of
48 Missouri; provided, however, that the members of such committees and advisory
49 boards agree to be bound by a conflict of interest policy consistent with the
50 highest ethical standards that is suitable for such advisory roles and annually
51 complete and certify to the board a disclosure and compliance certificate in
52 accordance with such conflicts of interest policy.

348.261. 1. The corporation shall have all of the powers necessary or
2 convenient to carry out the purposes and provisions of sections 348.250 to
3 348.275, including the powers as specified therein, and without limitation, the
4 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, centers for advanced technology, as established in section 348.272, and
39 other entities or organizations for the provision of technology application,
40 technology commercialization and technology development services;

41 (13) Make direct seed capital or venture capital investments in Missouri

42 business investment funds or businesses [that] **which** demonstrate the promise
43 of growth and job creation. Investments from the corporation may be in the form
44 of debt or equity in the respective businesses;

45 (14) Make and execute contracts, guarantees, or any other instruments
46 and agreements necessary or convenient for the exercise of its powers and
47 functions;

48 (15) Contract for and to accept any gifts, grants, and loans of funds,
49 property, or any other aid in any form from the federal government, the state, any
50 state agency, or any other source, or any combination thereof, and to comply with
51 the provisions of the terms and conditions thereof;

52 (16) Procure such insurance, participate in such insurance plans, or
53 provide such self insurance or both as it deems necessary or convenient; provided,
54 however, the purchase of insurance, participation in an insurance plan, or
55 creation of a self-insurance fund by the corporation shall not be deemed as a
56 waiver or relinquishment of any sovereign immunity to which the corporation or
57 its officers, directors, employees, or agents are otherwise entitled;

58 (17) Partner with universities or other research institutions in Missouri
59 to attract and recruit world-class science and innovation talent to Missouri;

60 (18) Expend any and all funds from the Missouri science and innovation
61 reinvestment fund and all other assets and resources of the corporation for the
62 exclusive purpose of fulfilling any purpose, power, or duty of the corporation
63 under sections 348.250 to 348.275, including but not limited to implementing the
64 powers, purposes, and duties of the corporation as enumerated in this section;

65 (19) Participate in joint ventures and collaborate with any taxpayer,
66 governmental body or agency, insurer, university, or college of the state, or any
67 other entity to facilitate any activities or programs consistent with the purpose
68 and intent of sections 348.250 to 348.275; and

69 (20) In carrying out any activities authorized by sections 348.250 to
70 348.275, the corporation provides appropriate assistance, including the making
71 of investments, grants, and loans, and providing time of employees, to any
72 taxpayer, governmental body, or agency, insurer, university, or college of the
73 state, or any other entity, whether or not any such taxpayer, governmental body
74 or agency, insurer, university, or college of the state, or any other entity, is owned
75 or controlled in whole or in part, directly or indirectly, by the corporation.

76 2. The corporation shall endeavor to maximize the amount of leveraging
77 of nonstate resources, including public and private, cash and in-kind, attained

78 with its investments, grants, loans, or other forms of support. In the case of
79 investments, grants, loans, or other forms of support that emphasize or are
80 specifically intended to impact a particular Missouri county, municipality, or
81 other geographic subdivision of the state, or are otherwise local in nature, the
82 corporation shall give consideration and weight to local matching funds and other
83 matching resources, public and private.

84 3. Except as expressly provided in sections 348.250 to 348.275, all moneys
85 earned or received by the corporation, including all funds derived from the
86 commercialization of science and innovation products, methods, services, and
87 technology by the corporation, or any affiliate or subsidiary thereof, or from the
88 Missouri science and innovation reinvestment fund, shall belong exclusively to
89 and be subject to the exclusive control of the corporation.

90 4. The corporation shall have all the powers of a not-for-profit corporation
91 established under Missouri law.

92 5. The corporation shall assume all moneys, property, or other assets
93 remaining with the Missouri seed capital investment board, established in section
94 620.641. All powers, duties, and functions performed by the Missouri seed capital
95 investment board shall be transferred to the Missouri technology corporation.

96 6. The corporation shall not be subject to the provisions of chapter 34.

97 7. At least ten days prior to releasing funds to a recipient of financial
98 assistance pursuant to the powers established in this section, the corporation
99 shall submit to the president pro tem of the senate and the speaker of the house
100 of representatives the name of the recipient of such assistance, and post such
101 information on the corporation's website.

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] **provided under** 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.

348.263. 1. Except as otherwise provided [in] **under** sections 348.250 to
2 348.275, the corporation shall be subject to requirements applicable to
3 governmental bodies and records contained in sections 610.010 to 610.225.

4 2. In addition to the exceptions available under sections 610.010 to
5 610.225, the records of the corporation shall not be subject to the provisions of

6 sections 610.010 to 610.225, when, upon determination by the corporation, the
7 disclosure of the information in [the] **such** records would be harmful to the
8 competitive position of the corporation and such records contain:

9 (1) Proprietary information gathered by, or in the possession of, the
10 corporation from third parties pursuant to a promise of confidentiality;

11 (2) Contract cost estimates prepared for confidential use in awarding
12 contracts for research, development, construction, renovation, commercialization,
13 or the purchase of goods or services;

14 (3) Data, records, or information of a proprietary nature produced or
15 collected by, or for, the corporation, its employees, officers, or members of its
16 board;

17 (4) Third-party financial statements, records, and related data not
18 publicly available that may be shared with the corporation;

19 (5) Consulting or other reports paid for by the corporation to assist the
20 corporation in connection with its strategic planning and goals; or

21 (6) The determination of marketing and operational strategies where
22 disclosure of such strategies would be harmful to the competitive position of the
23 corporation.

24 3. In addition to the exceptions available under sections 610.010 to
25 610.225, the corporation, including the board, executive committee, audit
26 committee, and research alliance of Missouri, or other such committees or boards
27 that the corporation may authorize from time to time, may discuss, consider, and
28 take action on any of the following in closed session, when upon determination
29 by the corporation, including as appropriate the board, executive committee, audit
30 committee, and research alliance of Missouri, or other such committees or boards
31 that the corporation may authorize from time to time, disclosure of such items
32 would be harmful to the competitive position of the corporation:

33 (1) Plans that could affect the value of property, real or personal, owned,
34 or desirable for ownership by the corporation;

35 (2) The condition, acquisition, use, or disposition of real or personal
36 property; or

37 (3) Contracts for applied research; basic research; science and innovation
38 product development, manufacturing, or commercialization; construction and
39 renovation of science and innovation facilities; or marketing or operational
40 strategies.

348.264. There is hereby established in the state treasury a special fund

2 to be known as the "Missouri Science and Innovation Reinvestment Fund",
3 previously established as the Missouri technology investment fund in this section,
4 which shall consist of all moneys which may be appropriated to it by the general
5 assembly based on the applicable percentage of the amount by which science and
6 innovation employees' gross wages for the year exceeds the base year gross wages
7 [pursuant to] **under** section 348.265, other funds appropriated to it by the
8 general assembly, and also any gifts, contributions, grants or bequests received
9 from federal, private or other sources. Money in the Missouri science and
10 innovation reinvestment fund shall be used to carry out the provisions of sections
11 348.250 to 348.275. Moneys for business modernization programs, technology
12 application programs, technology commercialization programs and technology
13 development programs established pursuant to the provisions of sections 348.250
14 to 348.275 shall be available from appropriations made by the general assembly
15 from the Missouri science and innovation reinvestment fund. Any moneys
16 remaining in the Missouri science and innovation reinvestment fund at the end
17 of any fiscal year shall not lapse to the general revenue fund, as provided in
18 section 33.080, but shall remain in the Missouri science and innovation
19 reinvestment fund.

348.265. 1. As soon as practicable after February 3, 2012, the director of
2 the department of economic development, with the assistance of the director of
3 the department of revenue, shall establish the base year gross wages and report
4 the amount of the base year gross wages to the president and board of the
5 corporation, the governor, and the general assembly. Within one hundred eighty
6 days after the end of each fiscal year beginning with the fiscal year ending June
7 30, 2011, and for each subsequent fiscal year prior to the end of the last funding
8 year, the director of economic development, with the assistance of the director of
9 the department of revenue, shall determine and report to the president and board
10 of the corporation, governor, and general assembly the amount by which
11 aggregate science and innovation employees' gross wages for the fiscal year
12 exceeds the base year gross wages. The director of economic development and the
13 director of the department of revenue may consider any verifiable evidence,
14 including but not limited to the NAICS codes assigned or recorded by the United
15 States Department of Labor for companies with employees in the state, when
16 determining which organizations should be classified as science and innovation
17 companies.

18 2. Notwithstanding **provisions of** section 23.250 to the contrary, for each

19 of the twenty-five funding years, beginning July 1, 2012, subject to appropriation,
20 the director of revenue shall transfer to the Missouri science and innovation
21 reinvestment fund an amount not to exceed an amount equal to the product of the
22 applicable percentage multiplied by an amount equal to the increase in aggregate
23 science and innovation employees' gross wages for the prior fiscal year, over the
24 base year gross wages. The director of revenue may make estimated payments
25 to the Missouri science and innovation reinvestment fund more frequently based
26 on estimates provided by the director of revenue and reconciled annually.

27 3. Local political subdivisions may contribute to the Missouri science and
28 innovation reinvestment fund through a grant, contract, or loan by dedicating a
29 portion of any sales tax or property tax increase resulting from increases in
30 science and innovation company economic activity occurring after February 3,
31 2012, or other such taxes or fees as such local political subdivisions may
32 establish.

33 4. Funding generated by the provisions of this section shall be expended
34 by the corporation to further its purposes as specified in section 348.256.

35 5. Upon enactment of this section, the corporation shall prepare a
36 strategic plan for the use of the funding to be generated by the provisions of this
37 section, and may consult with science and innovation partners, including but not
38 limited to the research alliance of Missouri, as established in section 348.257; the
39 life sciences research board established in section 196.1103; and the innovation
40 centers or centers for advanced technology, as established in section 348.272. The
41 corporation shall make a draft strategic plan available for public comment prior
42 to publication of the final strategic plan.

348.269. 1. Nothing contained in sections 348.250 to 348.275 shall be
2 construed as a restriction or limitation upon any powers that the corporation
3 might otherwise have under chapter 355, and the provisions of sections 348.250
4 to 348.275 [are] **shall be** cumulative to such powers.

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

9 3. Notwithstanding the provisions of section 23.253 to the contrary, the
10 provisions of sections 348.250 to 348.275 shall not sunset.

11 4. The provisions of sections 348.250 to 348.275 shall not terminate before
12 the satisfaction of all outstanding obligations, notes, and bonds provided for

13 under sections 348.250 to 348.275.

14 5. If any provision of this act or the application thereof is held invalid, the
15 invalidity shall not affect other provisions or applications of the act that can be
16 given effect without the invalid provision or application, and to this end the
17 provisions of this act are severable. Insofar as the provisions of sections 348.250
18 to 348.275 are inconsistent with the provisions of any other law, general, specific
19 or local, the provisions of sections 348.250 to 348.275 shall be controlling.

 348.271. 1. In order to foster the growth of Missouri's economy and to
2 stimulate the creation of new jobs in science and innovation-based industry for
3 the state's work force, the Missouri technology corporation, in accordance with the
4 provisions of this section and within the limits of appropriations therefor, is
5 authorized to contract with Missouri not-for-profit corporations for the operation
6 of innovation centers within the state. The primary emphasis of some, if not of
7 all, innovation centers, shall be in the areas of science and innovation-based
8 business ventures. Such assistance may include the provision of facilities,
9 equipment, administrative and managerial support, planning assistance, and
10 such other services and programs that enhance the development of such ventures
11 and such assistance may be provided for fees or other consideration.

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

22 3. Any contract signed between the corporation and any not-for-profit
23 organization to operate an innovation center in accordance with the provisions of
24 this section shall require that the not-for-profit organization [must] provide at
25 least a one hundred percent match for the funding received from the corporation
26 pursuant to appropriation therefor.

 348.300. As used in sections 348.300 to 348.318, the following terms
2 mean:

3 (1) "Commercial activity located in Missouri", any research, development,

4 prototype fabrication, and subsequent precommercialization activity, or any
5 activity related thereto, conducted in Missouri for the purpose of producing a
6 service or a product or process for manufacture, assembly or sale or developing
7 a service based on such a product or process by any person, corporation,
8 partnership, joint venture, unincorporated association, trust or other organization
9 doing business in Missouri. Subsequent to January 1, 1999, a commercial activity
10 located in Missouri shall mean only such activity that is located within a
11 distressed community, as defined in section 135.530;

12 (2) "Follow-up capital", capital provided to a commercial activity located
13 in Missouri in which a qualified fund has previously invested seed capital or
14 start-up capital and which does not exceed ten times the amount of such seed and
15 start-up capital;

16 (3) "Person", any individual, corporation, partnership, or other entity,
17 including any charitable corporation which is exempt from federal income tax and
18 whose Missouri unrelated business taxable income, if any, would be subject to the
19 state income tax imposed under chapter 143;

20 (4) "Qualified contribution", cash contribution to a qualified fund;

21 (5) "Qualified economic development organization", any corporation
22 organized under the provisions of chapter 355 which has as of January 1, 1991,
23 obtained a contract with the department of economic development to operate an
24 innovation center to promote, assist and coordinate the research and development
25 of new services, products or processes in the state of Missouri; and the Missouri
26 technology corporation organized [pursuant to] **under** the provisions of sections
27 348.250 to 348.275;

28 (6) "Qualified fund", any corporation, partnership, joint venture,
29 unincorporated association, trust or other organization which is established under
30 the laws of Missouri after December 31, 1985, which meets all of the following
31 requirements established by this subdivision. The fund shall have as its sole
32 purpose and business the making of investments, of which at least ninety percent
33 of the dollars invested shall be qualified investments. The fund shall enter into
34 a contract with one or more qualified economic development organizations which
35 shall entitle the qualified economic development organizations to receive not less
36 than ten percent of all distributions of equity and dividends or other earnings of
37 the fund. Such contracts shall require the qualified fund to transfer to the
38 Missouri technology corporation organized [pursuant to] **under** the provisions of
39 sections 348.250 to 348.275 this interest and make corresponding distributions

40 thereto in the event the qualified economic development organization holding
41 such interest is dissolved or ceases to do business for a period of one year or
42 more;

43 (7) "Qualified investment", any investment of seed capital, start-up
44 capital, or follow-up capital in any commercial activity located in Missouri;

45 (8) "Seed capital", capital provided to a commercial activity located in
46 Missouri for research, development and precommercialization activities to prove
47 a concept for a new product or process or service, and for activities related
48 thereto;

49 (9) "Start-up capital", capital provided to a commercial activity located in
50 Missouri for use in preproduction product development or service development or
51 initial marketing thereof, and for activities related thereto;

52 (10) "State tax liability", any state tax liability incurred by a taxpayer
53 under the provisions of chapters 143, 147 and 148, exclusive of the provisions
54 relating to the withholding of tax as provided for [in] **under** sections 143.191 to
55 143.265 and related provisions;

56 (11) "Uninvested capital", the amount of any distribution, other than of
57 earnings, by a qualified fund made within five years of the issuance of a
58 certificate of tax credit as provided [by] **under** sections 348.300 to 348.318; or the
59 portion of all qualified contributions to a qualified fund which are not invested
60 as qualified investments within five years of the issuance of a certificate of tax
61 credit as provided by sections 348.300 to 348.318 to the extent that the amount
62 not so invested exceeds ten percent of all such qualified contributions.

[348.280. This act relating to science and innovation shall
2 not become effective except upon the passage and approval by
3 signature of the governor only of senate bill no. 8 relating to
4 taxation and enacted during the first extraordinary session of first
5 regular session of the ninety-sixth general assembly.]

Section B. Because immediate action is necessary to attract science and
2 innovation companies to our state to create high-paying jobs, section A of this act
3 is deemed necessary for the immediate preservation of the public health, welfare,
4 peace and safety, and is hereby declared to be an emergency act within the
5 meaning of the constitution, and section A of this act shall be in full force and
6 effect upon its passage and approval.