

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1495

AN ACT

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

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

4 620.2700. 1. Beginning in fiscal year 2015, for four
5 consecutive fiscal years, the state shall be authorized to pay,
6 subject to appropriation each of those four years, the sum of
7 nine million dollars per year to no more than six Early Stage
8 Business Development Corporations (ESBDCs), which are Missouri
9 not-for-profit corporations designated by the Missouri Technology
10 Corporation (MTC) in amounts as follows:

11 (1) Two million dollars for each fiscal year for one ESBDC
12 with its operating headquarters the largest metropolitan
13 statistical area (MSA) in the state;

14 (2) Two million dollars for each fiscal year for one ESBDC
15 with its operating headquarters in each of the following
16 locations:

1 (a) The second largest MSA in the state;

2 (b) The third largest MSA in the state;

3 (c) A home rule city with more than one hundred eight
4 thousand but fewer than one hundred sixteen thousand inhabitants;

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

11 2. An ESBDC is a Missouri not-for-profit corporation
12 designated by the MTC as a recipient of funds under this section
13 which provides grants to early stage businesses selected from an
14 application process with substantial operations in Missouri or
15 which will begin operating in Missouri upon receipt of the grant
16 and have potential regional, national, or international sales, or
17 potential development of new technologies. To be eligible for
18 designation under this section, the Missouri not-for-profit
19 corporation shall have a program providing financial assistance
20 or business services to early stage for-profit companies without
21 taking an equity interest in the for-profit companies. Grants
22 shall not be in the form of loans, except in the case of ESBDCs
23 designated under subdivision (3) of subsection 1 of this section;
24 ESBDCs so designated may provide loans or grants. Grants
25 provided by an ESBDC to for-profit early stage companies shall
26 not exceed two hundred thousand dollars per company. For ESBDCs
27 designated under subdivision (3) of subsection 1 of this section,
28 loans may not exceed two hundred thousand dollars per company.

1 ESBDCs designated by the MTC under subdivision (3) of subsection
2 1 of this section may, in addition to the other purposes
3 authorized herein, provide grants to early stage companies for
4 marketing agricultural products, conducting agricultural
5 research, and providing services to improve crop or livestock
6 production.

7 3. (1) In order to be eligible for designation by the MTC
8 under this section, a Missouri not-for-profit corporation
9 described in subdivision (1) of subsection 1 of this section
10 shall have received donations of at least two million dollars in
11 the thirty months prior to applying for designation from sources
12 other than the state, MTC, or public funds, such donations to
13 provide grants to early stage businesses with substantial
14 operations in Missouri or which will begin operating in Missouri
15 upon receipt of the grant and have potential regional, national,
16 or international sales, or potential development of new
17 technologies.

18 (2) In order to be eligible for designation by the MTC
19 under this section, a Missouri not-for-profit corporation
20 described in subdivision (2) of subsection 1 of this section
21 shall have received in donations at least the sum of five hundred
22 thousand dollars in the thirty months prior to applying for
23 designation, to provide grants to early stage businesses with
24 substantial operations in Missouri or which will begin operating
25 in Missouri upon receipt of the grant and have potential
26 regional, national or international sales, or potential
27 development of new technologies. In the event a Missouri not-
28 for-profit corporation described in this subdivision has received

1 five hundred thousand dollars in such donations in the thirty
2 months prior to applying for designation, the state shall be
3 authorized to pay to that Missouri not-for-profit corporation,
4 subject to appropriation, five hundred thousand dollars per year
5 pursuant to this section. If a Missouri not-for-profit
6 corporation described in this subdivision has received more than
7 five hundred thousand dollars in such donations, in the thirty
8 months prior to applying for designation, the state shall be
9 authorized to pay, subject to appropriation, an amount equal to
10 the qualifying donations received, up to two million dollars per
11 year to that Missouri not-for-profit corporation pursuant to this
12 section.

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

20 4. (1) In order to continue to be designated by the MTC,
21 an ESBDC described in subdivision (1) of subsection 1 of this
22 section shall receive donations from sources other than the
23 state, MTC, or public funds an amount of at least one million
24 dollars every four years after designation.

25 (2) In order to continue to be designated by the MTC, an
26 ESBDC described in subdivision (2) of subsection 1 of this
27 section shall receive donations from sources other than the
28 state, MTC, or public funds an amount of at least two hundred

1 fifty thousand dollars every four years after designation.
2 Qualifying donations received in excess of fifty percent of the
3 amount such ESBDC was previously eligible to receive under this
4 section shall increase the amount such ESBDC is eligible to
5 receive, up to two million dollars per fiscal year. If an ESBDC
6 receives donations in an amount less than fifty percent of the
7 amount such ESBDC was previously eligible to receive under this
8 section, such ESBDC shall become eligible to receive an amount
9 not more than twice the amount of eligible donations received in
10 the previous four years.

11 (3) In order to continue to be designated by the MTC, an
12 ESBDC described in subdivision (3) of subsection 1 of this
13 section shall receive donations from sources other than the
14 state, MTC, or public funds an amount of at least seventy-five
15 thousand dollars every four years after designation.

16 5. A not-for-profit corporation seeking to be designated or
17 to continue to be designated may include funds received by
18 partners of a coalition, provided such funds are designated by
19 the partners of the coalition to be expended for grants to early
20 stage businesses.

21 6. Each Missouri not-for-profit corporation seeking to be
22 designated by the MTC under this section as an ESBDC shall apply
23 for such designation by no later than December thirty-first of
24 the fiscal year for which funds are sought. The MTC shall make a
25 decision regarding whether to approve such application for
26 designation within sixty days of the date of application and may
27 extend the time for designation a maximum of an additional thirty
28 days.

1 7. Designation by the MTC under this section of an ESBDC
2 shall be for a period of two consecutive years of funding.

3 (1) No more than one Missouri not-for-profit corporation
4 shall be designated by the MTC as an ESBDC in each of the three
5 largest MSAs in Missouri, and no other ESBDC shall be designated
6 by the MTC for that MSA for such two-year period.

7 (2) No more than one Missouri not-for-profit corporation
8 shall be designated by the MTC as an ESBDC in a home rule city
9 with more than one hundred eight thousand but fewer than one
10 hundred sixteen thousand inhabitants, and no other ESBDC shall be
11 designated by the MTC for that city for such two-year period.

12 (3) No more than two Missouri not-for-profit corporations
13 shall be designated by the MTC as an ESBDC in rural areas or in
14 MSAs other than those listed in subdivisions (1) and (2) of
15 subsection 1 of this section. If two Missouri not-for-profit
16 corporations are designated by the MTC under subdivision (3) of
17 subsection 1 of this section, no other ESBDC shall be designated
18 by the MTC from rural areas or from MSAs which are not those
19 listed in subdivisions (1) and (2) of subsection 1 of this
20 section for such two-year period.

21 8. (1) If, in any year, no Missouri not-for-profit
22 corporation is designated in one of the three largest MSAs in the
23 state, the funds for that year which otherwise would have been
24 paid to an ESBDC in such MSA under subdivision (1) of subsection
25 1 of this section, shall be paid by the MTC to the ESBDCs which
26 are designated under this section, in equal amounts.

27 (2) If, in any year, no Missouri not-for-profit corporation
28 is designated under this section by the MTC for a home rule city

1 with more than one hundred eight thousand but fewer than one
2 hundred sixteen thousand inhabitants, then the funds which
3 otherwise would have been paid to such an ESBDC shall be paid by
4 the MTC to the ESBDCs which are designated under this section in
5 equal amounts.

6 (3) In the event less than two ESBDCs listed in subdivision
7 (3) of subsection 1 of this section are designated by the MTC,
8 the funds which otherwise would have been paid by the MTC to a
9 designated ESBDCs under subdivision (3) of subsection 1 of this
10 section shall be paid to the ESBDCs which are designated under
11 this section in equal amounts.

12 9. Missouri not-for-profit corporations meeting the
13 requirements of this section, including those previously
14 designated under this section by the MTC, may apply for
15 designation for an additional two-year period following the first
16 two-year period. The same standards for designation and
17 requirements for ESBDCs and timing of applications and MTC
18 designations set forth in this section shall apply to the second
19 two-year period.

20 10. The MTC shall evaluate the following criteria in
21 determining whether to designate a Missouri not-for-profit
22 corporation under this section:

23 (1) Potential growth of jobs in Missouri;

24 (2) Development of Missouri early stage businesses which
25 can lead to regional, national, or international sales;

26 (3) Total of donations received from sources other than the
27 state;

28 (4) Level of business support services provided to grant

1 recipients by the community in which the applicant operates; and
2 (5) History, if any, of success of companies funded by the
3 not-for-profit in building revenue and attracting capital.

4 11. In the event multiple applications are submitted to the
5 MTC by Missouri not-for-profit corporations for designation under
6 this section for the same area, and if such Missouri not-for-
7 profit corporations comply with the requirements set forth in
8 this section, then the MTC shall designate as the ESBDC for that
9 area the Missouri not-for-profit applicant which has the best
10 record of success based on the criteria set forth in subsection
11 10 of this section.

12 12. If funds are appropriated by the state under this
13 section, such funds shall be segregated by the MTC and paid
14 solely under this section and for no other purpose. In the event
15 that less than nine million dollars is appropriated under this
16 section in any one year, then the funds appropriated shall be
17 paid by the MTC to designated ESBDCs in proportion to the amount
18 of funds each ESBDC is eligible to receive.

19 13. Funds provided under this section may be used by the
20 ESBDCs for grants or for building a long-term endowment for
21 grants. No more than ten percent of funds provided under this
22 section may be used by ESBDCs for administrative expenses or
23 operations.

24 14. Companies that have received a grant under this section
25 shall repay such amount if the company moves its headquarters out
26 of this state or moves a substantial number of jobs created in
27 this state to a location outside of this state within one year of
28 receiving funds under this section.

1 15. This section shall be subject to the provisions of
2 section 196.1127.

3 16. The provisions of section 23.253 notwithstanding:

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

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

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