

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 the Missouri technology
8 corporation (MTC) for payments pursuant to this section to Early
9 Stage Business Development Corporations (ESBDCs) in six regions
10 of the state in the following amounts:

11 (1) Two million dollars for each fiscal year for each of
12 the following metropolitan statistical areas (MSAs), with the
13 funds being split between ESBDCs operating in the MSA:

- 14 (a) The largest MSA in the state;
- 15 (b) The second largest MSA in the state;
- 16 (c) The third largest MSA in the state; and

1 (d) A MSA containing a home rule city with more than one
2 hundred eight thousand but fewer than one hundred sixteen
3 thousand inhabitants; and

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

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

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

6 3. (1) In order to be eligible for designation by the MTC
7 under this section, a Missouri not-for-profit corporation
8 described in subdivision (1) of subsection 1 of this section
9 shall have received in donations at least the sum of five hundred
10 thousand dollars at any time prior to designation from sources
11 other than the state, MTC, or public funds, such donations to
12 provide grants to early stage businesses with substantial
13 operations in Missouri or which will begin operating in Missouri
14 upon receipt of the grant and have potential regional, national,
15 or international sales, or potential development of new
16 technologies. In the event a Missouri not-for-profit corporation
17 described in this subdivision has received five hundred thousand
18 dollars in such donations prior to designation, the MTC shall be
19 authorized to pay to that Missouri not-for-profit corporation,
20 subject to appropriation, five hundred thousand dollars per year
21 pursuant to this section. If a Missouri not-for-profit
22 corporation described in this subdivision has received more than
23 five hundred thousand dollars in such donations prior to
24 designation, the MTC shall be authorized to pay, subject to
25 appropriation, an amount equal to the qualifying donations
26 received, up to two million dollars per year to that Missouri
27 not-for-profit corporation pursuant to this section.

28 (2) In order to be eligible for designation by the MTC

1 under this section, a Missouri not-for-profit corporation
2 described in subdivision (2) of subsection 1 of this section
3 shall have received in donations at least the sum of one hundred
4 fifty thousand dollars from sources other than the state, MTC, or
5 public funds at any time prior to designation, such donations to
6 provide grants or loans to early stage businesses.

7 4. (1) In order to continue to be designated by the MTC,
8 an ESBDC described in subdivision (1) of subsection 1 of this
9 section shall receive donations from sources other than the
10 state, MTC, or public funds an amount of at least five hundred
11 thousand dollars every four years after designation. Qualifying
12 donations received in excess of the annual amount such ESBDC was
13 previously eligible to receive under this section shall increase
14 the annual amount such ESBDC is eligible to receive, up to two
15 million dollars per fiscal year. If an ESBDC receives donations
16 in an amount less than the annual amount such ESBDC was
17 previously eligible to receive under this section, such ESBDC
18 shall become eligible to receive an annual amount not more than
19 the amount of eligible donations received in the previous four
20 years.

21 (2) In order to continue to be designated by the MTC, an
22 ESBDC described in subdivision (2) of subsection 1 of this
23 section shall receive donations from sources other than the
24 state, MTC, or public funds an amount of at least seventy-five
25 thousand dollars every four years after designation.

26 5. A not-for-profit corporation seeking to be designated or
27 to continue to be designated may include funds received by
28 partners of a coalition, provided such funds are designated by

1 the partners of the coalition to be expended for grants to early
2 stage businesses.

3 6. The amount of money appropriated to a MSA described in
4 subdivision (1) of subsection 1 of this section shall be split
5 between designated ESBDCs in the MSA in proportion to the amount
6 each ESBDC is eligible to receive.

7 7. If, in any year, an ESBDC is not designated in one of
8 the six regions described in subsection 1 of this section, the
9 amount that would have been paid to such region shall be split
10 evenly among the regions with a designated ESBDC. In the event
11 that less than nine million dollars is appropriated under this
12 section in any one year, then the funds appropriated shall be
13 distributed as follows:

14 (1) Each MSA described in subdivision (1) of subsection 1
15 of this section receiving two-ninths of the amount appropriated;
16 and

17 (2) Each ESBDC described in subdivision (2) of subsection 1
18 of this section receiving one-eighteenth of the amount
19 appropriated.

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

1 that the MTC may rescind a designation after the first year if in
2 its discretion it finds that an ESBDC is misusing funds or not
3 following the provisions of this section. The MTC may, at its
4 discretion, approve an application for a provisional designation
5 as an ESBDC for a period of six months. No provisionally
6 designated ESBDC shall receive funds authorized by this section
7 prior to its full designation.

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

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

19 (1) Potential growth of jobs in Missouri;

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

22 (3) Total of donations received from sources other than the
23 state, MTC, or public funds;

24 (4) Level of business support services provided by the
25 community in which the applicant operates; and

26 (5) History, if any, of success of companies funded by the
27 not-for-profit in building revenue and attracting capital.

28 11. If funds are appropriated by the state under this

1 section, such funds shall be segregated by the MTC and paid
2 solely under this section and for no other purpose.

3 12. No more than ten percent of funds provided under this
4 section to an ESBDC may be used for administrative expenses or
5 operations. Funds provided under this section may not be used by
6 ESBDCs for building a long-term endowment.

7 13. Companies that have received a grant under this section
8 shall repay such amount if the company moves its headquarters out
9 of this state or moves a substantial number of jobs created in
10 this state to a location outside of this state within one year of
11 receiving funds under this section.

12 14. State funds under this section shall not be expended,
13 paid, or granted to or on behalf of an existing or proposed
14 activity that involves abortion services, as that term is defined
15 in section 196.1127. Any business that engages in an activity
16 that involves abortion services, as that term is defined in
17 section 196.1127, shall not be eligible for funds under this
18 section. This section shall be subject to the provisions of
19 section 38(d) of article III of the Missouri Constitution.

20 15. The provisions of section 23.253 notwithstanding:

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

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

28 (3) This section shall terminate on September first of the

1 calendar year immediately following the calendar year in which
2 the programs authorized under this section sunset.