

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1928
93RD GENERAL ASSEMBLY

Reported from the Committee on Small Business March 16, 2006 with recommendation that House Committee Substitute for House Bill No. 1928 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

STEPHEN S. DAVIS, Chief Clerk

5337L.03C

AN ACT

To repeal sections 135.400, 135.403, 348.251, 348.253, 348.256, 348.261, 348.262, 348.263, 348.264, 348.266, 348.271, 348.272, 348.275, 620.030, 620.500, 620.503, 620.1003, and 620.1007, RSMo, and to enact in lieu thereof nineteen new sections relating to small businesses.

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

Section A. Sections 135.400, 135.403, 348.251, 348.253, 348.256, 348.261, 348.262, 2 348.263, 348.264, 348.266, 348.271, 348.272, 348.275, 620.030, 620.500, 620.503, 620.1003, 3 and 620.1007, RSMo, are repealed and nineteen new sections enacted in lieu thereof, to be 4 known as sections 135.400, 135.403, 348.251, 348.253, 348.256, 348.261, 348.262, 348.263, 5 348.264, 348.266, 348.271, 348.273, 348.274, 348.275, 620.030, 620.500, 620.503, 620.1003, 6 and 620.1007, to read as follows:

135.400. As used in sections 135.400 to 135.430, the following terms mean:

2 (1) "Certificate", a tax credit certificate issued by the department of economic
3 development in accordance with sections 135.400 to 135.430;

4 (2) ["Community bank", either a bank community development corporation or
5 development bank, which are financial organizations which receive investments from
6 commercial financial institutions regulated by the federal reserve, the office of the comptroller
7 of the currency, the office of thrift supervision, or the Missouri division of finance. Community
8 banks, in addition to their other privileges, shall be allowed to make loans to businesses or equity

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

9 investments in businesses or in real estate provided that such transactions have associated public
10 benefits;

11 (3) "Community development corporation", a not-for-profit corporation whose board of
12 directors is composed of businesses, civic and community leaders, and whose primary purpose
13 is to encourage and promote the industrial, economic, entrepreneurial, commercial, and civic
14 development or redevelopment of a community or area, including the provision of housing and
15 community development projects that benefit low-income individuals and communities;

16 (4) "Department", the Missouri department of economic development;

17 [(5)] (3) "Director", the director of the department of economic development, or a person
18 acting under the supervision of the director;

19 [(6)] (4) "Investment", a transaction in which a Missouri small business [or a community
20 bank] receives a monetary benefit from an investor pursuant to the provisions of sections
21 135.403 to 135.414;

22 [(7)] (5) "Investor", an individual, partnership, financial institution, trust or corporation
23 meeting the eligibility requirements of sections 135.403 to 135.414. In the case of partnerships
24 and nontaxable trusts, the individual partners or beneficiaries shall be treated as the investors;

25 (6) **"Missouri innovation center", an innovation center created under 348.271,**
26 **RSMo;**

27 [(8)] (7) "Missouri small business", an independently owned and operated business as
28 defined in Title 15 U.S.C. Section 632(a) and as described by Title 13 CFR Part 121, which is
29 headquartered in Missouri and which employs at least eighty percent of its employees in
30 Missouri, except that no such small business shall employ more than one hundred employees.
31 Such businesses must be involved in interstate or intrastate commerce for the purpose of
32 manufacturing, processing or assembling products, conducting research and development, or
33 providing services in interstate commerce, but excluding retail, real estate, insurance or
34 professional services[. For the purpose of qualifying for the tax credit pursuant to sections
35 135.400 to 135.430, "Missouri small business" shall include cooperative marketing associations
36 organized pursuant to chapter 274, RSMo, which are engaged in the business of producing and
37 marketing fuels derived from agriculture commodities, without regard for whether a cooperative
38 marketing association has more than one hundred employees. Cooperative marketing
39 associations organized pursuant to chapter 274, RSMo, shall not be required to comply with the
40 requirements of section 135.414];

41 [(9)] (8) "Primary employment", work which pays at least the [minimum] **county**
42 **average** wage and which is not seasonal or part-time;

43 [(10)] **(9)** "Principal owners", one or more persons who own an aggregate of fifty percent
44 or more of the Missouri small business and who are involved in the operation of the business as
45 a full-time professional activity;

46 [(11)] **(10)** "Project", any commercial or industrial business or other economic
47 development activity undertaken in a target area, designed to reduce conditions of blight,
48 unemployment or widespread reliance on public assistance which creates permanent primary
49 employment opportunities;

50 **(11) "Rural area", a county with a population of less than seventy-five thousand**
51 **inhabitants or that does not contain an individual city with a population greater than fifty**
52 **thousand inhabitants according to the most recent federal consensus;**

53 **(12) "Small business development center", a center as referenced in 620.1003,**
54 **RSMo;**

55 [(12)] **(13)** "State tax liability", any liability incurred by a taxpayer pursuant to the
56 provisions of chapter 143, RSMo, chapter 147, RSMo, chapter 148, RSMo, section 375.916,
57 RSMo, and chapter 153, RSMo, exclusive of the provisions relating to the withholding of tax
58 as provided for in sections 143.191 to 143.265, RSMo, and related provisions;

59 [(13)] "Target area", a group of blocks or a self-defined neighborhood where the rate of
60 poverty in the area is greater than twice the national poverty rate and as defined by the
61 department of social services in conjunction with the department of economic development.
62 Areas of the state satisfying the criteria of this subdivision may be designated as a "target area"
63 following appropriate findings made and certified by the departments of economic development
64 and social services. In making such findings, the departments of economic development and
65 social services may use any commonly recognized records and statistical indices published or
66 made available by any agency or instrumentality of the federal or state government. No area of
67 the state shall be a target area until so certified by the department of social services and the
68 revitalization plan submitted pursuant to section 208.335, RSMo, has received approval.]

69 **(14) "Small business tax credit review committee", a committee consisting of two**
70 **representatives from the department of economic development, two representatives from**
71 **the Missouri small business development centers, and one representative from a Missouri**
72 **innovation center. This committee shall review all applications for the Missouri small**
73 **business investment tax credit and make recommendations to the department of economic**
74 **development on the authorization of such tax credits.**

135.403. 1. Any investor who makes a qualified investment **up to one hundred**
2 **thousand dollars** in a Missouri small business [shall be entitled to receive] **may be issued** a tax
3 credit equal to [forty] **thirty** percent of the amount of the investment [or, in the case of a
4 qualified investment in a Missouri small business in a distressed community as defined by

5 section 135.530, a credit equal to sixty percent of the amount of the investment, and any investor
6 who makes a qualified investment in a community bank or a community development
7 corporation shall be entitled to receive a tax credit equal to fifty percent of the amount of the
8 investment if the investment is made in a community bank or community development
9 corporation for direct investment]. **If the investment is in small businesses located in a**
10 **distressed community as defined in section 135.530 or in a rural area, the investor may be**
11 **issued tax credits equal to forty percent of the amount of the investment.** The total amount
12 of tax credits available for qualified investments in Missouri small businesses shall not exceed
13 [thirteen] **ten** million dollars [and at least four million dollars of the amount authorized by this
14 section and certified by the department of economic development shall be for investment in
15 Missouri small businesses in distressed communities. Authorization for all or any part of this
16 four-million-dollar amount shall in no way restrict the eligibility of Missouri small businesses
17 in distressed communities, as defined in section 135.530, for the remaining amounts authorized
18 within this section. No more than twenty percent of the tax credits available each year for
19 investments in community banks or community development corporations for direct investment
20 shall be certified for any one project, as defined in section 135.400]. The tax credit shall be
21 evidenced by a tax credit certificate in accordance with the provisions of sections 135.400 to
22 135.430 and may be used to satisfy the state tax liability of the owner of the certificate that
23 becomes due in the tax year in which the qualified investment is made, or in any of the ten tax
24 years thereafter. [When the qualified small business is in a distressed community, as defined in
25 section 135.530, the tax credit may also be used to satisfy the state tax liability of the owner of
26 the certificate that was due during each of the previous three years in addition to the year in
27 which the investment is made and any of the ten years thereafter.] No investor may receive a tax
28 credit pursuant to sections 135.400 to 135.430 unless that person presents a tax credit certificate
29 to the department of revenue for payment of such state tax liability. The department of revenue
30 shall grant tax credits in the same order as established by subsection 1 of section 32.115, RSMo.
31 Subject to the provisions of sections 135.400 to 135.430, certificates of tax credit issued in
32 accordance with these sections may be transferred, sold or assigned by notarized endorsement
33 thereof which names the transferee.

34 2. [Five hundred thousand dollars in tax credits shall be available annually from the total
35 amount of tax credits authorized by section 32.110, RSMo, and subdivision (4) of subsection 2
36 of section 32.115, RSMo, as a result of investments in community banks or community
37 development corporations. Aggregate investments eligible for tax credits in any one Missouri
38 small business shall not be more than one million dollars. Aggregate investments eligible for
39 tax credits in any one Missouri small business shall not be less than five thousand dollars as of
40 the date of issuance of the first tax credit certificate for investment in that business.] **All**

41 **applications for the Missouri small business investment tax credit shall be submitted to the**
42 **department of economic development. The small business tax credit review committee**
43 **shall review and qualify all applications for the small business investment tax credit. The**
44 **department of economic development shall not issue any certificates without the approval**
45 **of the committee.**

46 3. [This section and section 620.1039, RSMo, shall become effective January 1, 2001.]
47 **If the investor is an individual, partnership, trust, or corporation meeting the eligibility**
48 **requirements of sections 135.403 to 135.414, a tax credit shall be issued if approved. In the**
49 **case of partnerships and nontaxable trusts, the individual partners or beneficiaries shall**
50 **be treated as the investors. If the investor is a financial institution that has made a loan not**
51 **to exceed one million dollars to the qualified Missouri small business, the tax credit shall**
52 **be held as a guarantee on the loan and shall only be issued and redeemed by the financial**
53 **institution if the small business defaults on the loan within the first five years of the loan.**

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

2 (1) **"Alliance", the Missouri discovery alliance authorized under this section;**
3 (2) **"Technology application", the introduction and adaptation of refined management**
4 **practices in fields such as scheduling, inventory management, marketing, product development,**
5 **and training in order to improve the quality, productivity and profitability of an existing firm.**
6 **Technology application shall be considered a component of business modernization;**
7 (3) **"Technology business recruitment", to assist the department of economic**
8 **development with the recruitment, relocation, and expansion of technology businesses to**
9 **locate in this state;**

10 [(2)] (4) **"Technology commercialization", the process of moving investment-grade**
11 **technology from a business, university or laboratory into the marketplace for application;**

12 [(3)] (5) **"Technology development", strategically focused research directed at**
13 **developing investment-grade technologies which are important for market competitiveness.**

14 2. [The governor may, on behalf of the state and in accordance with chapter 355, RSMo,
15 establish a private not-for-profit corporation named the "Missouri Technology Corporation", to
16 carry out the provisions of sections 348.251 to 348.266. As used in sections 348.251 to 348.266
17 the word "corporation" means the Missouri technology corporation authorized by this section.
18 Before certification by the governor, the corporation shall conduct a public hearing for the
19 purpose of giving all interested parties an opportunity to review and comment upon the articles
20 of incorporation, bylaws and method of operation of the corporation. Notice of the hearing shall
21 be given at least fourteen days prior to the hearing.] **There is hereby created within the**
22 **department of economic development the "Missouri Discovery Alliance" which shall**

23 **constitute a body corporate and politic. The Missouri discovery alliance shall carry out the**
24 **provisions of sections 348.251 to 348.266.**

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

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

12 (2) Technology commercialization[, as defined in subdivision (2) of section 348.251];

13 (3) [The establishment of a finance corporation to assist in the implementation of section
14 348.261] **The enhancement of technology development;** and

15 (4) The enhancement of technology [application, as defined in subdivision (1) of section
16 348.251] **business recruitment.**

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

348.256. The articles of incorporation and bylaws of the Missouri [technology
2 corporation] **discovery alliance** shall provide that:

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

10 (2) The board of directors of the [corporation] **alliance** is composed of [fifteen] **thirteen**
11 persons. The governor shall [annually] appoint [one of its members, who must be from the
12 private sector, as chairman] **at will one member as chairperson to be confirmed by the senate.**
13 [The board shall consist of the following members:

- 14 (a) The director of the department of economic development, or the director's designee;
15 (b) The president of the University of Missouri system, or the president's designee;
16 (c) A member of the state senate, appointed by the president pro tem of the senate;
17 (d) A member of the house of representatives, appointed by the speaker of the house;
18 (e) Eleven members appointed by the governor, two of which shall be from the public
19 sector and nine members from the private sector who shall include, but shall not be limited to,
20 individuals who represent technology-based businesses and industrial interests;
21 (f) Each of the directors of the corporation who is appointed by the governor shall serve
22 for a term of four years and until a successor is duly appointed; except that, of the directors
23 serving on the corporation as of August 28, 1995, three directors shall be designated by the
24 governor to serve a term of four years, three directors shall be designated to serve a term of three
25 years, three directors shall be designated to serve a term of two years, and two directors shall be
26 designated to serve a term of one year. Each director shall continue to serve until a successor
27 is duly appointed by the governor] **The governor shall appoint twelve members to the board,**
28 **and the members shall be confirmed by the senate. At least four of such members shall be**
29 **from research institutions, universities, or colleges in this state, and at least four of such**
30 **members shall be from technology-based businesses in this state. Each of the directors of**
31 **the alliance who is appointed by the governor shall serve for a term of four years and shall**
32 **continue to serve until a successor is duly appointed, except that of all the directors serving**
33 **on the alliance as of August 28, 2006, four directors shall be designated to serve a term of**
34 **three years, and four directors shall be designated to serve a term of two years. Each**
35 **director shall continue to serve until a successor is duly appointed by the governor;**
36 (3) The [corporation] **alliance** may receive money from any source, may borrow money,
37 may enter into contracts, and may expend money for any activities appropriate to its purpose;
38 (4) The [corporation] **alliance** may appoint staff and do all other things necessary or
39 incidental to carrying out the functions listed in section 348.261;
40 (5) Any changes in the articles of incorporation or bylaws must be approved by the
41 governor;
42 (6) The [corporation] **alliance** shall submit an annual report to the governor and to the
43 Missouri general assembly. The report shall be due on the first day of November for each year
44 and shall include detailed information on the structure, operation and financial status of the
45 [corporation. The corporation shall conduct an annual public hearing to receive comments from
46 interested parties regarding the report, and notice of the hearing shall be given at least fourteen
47 days prior to the hearing] **alliance;** and
48 (7) The [corporation] **alliance** is subject to an annual audit by the state auditor and that
49 the [corporation] **alliance** shall bear the full cost of the audit.

348.261. The [corporation, after being certified by the governor as provided by section 2 348.251,] **alliance** may:

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

5 (2) Identify scientific and technological problems and opportunities related to the
6 economy of Missouri and formulate proposals to overcome those problems or realize those
7 opportunities;

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

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

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

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

19 (7) Advise universities of the research needs of Missouri business and improve the
20 exchange of scientific and technological information for the mutual benefit of universities and
21 private business;

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

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

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

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

31 (12) Contract with innovation centers, as established in section 348.271, small business
32 development corporations, as established in sections 620.1000 to 620.1007, RSMo, [centers for
33 advanced technology, as established in section 348.272,] and other entities or organizations for
34 the provision of technology application, technology commercialization [and], technology
35 development services, **and technology business recruitment**. Such contracting procedures
36 shall not be subject to the provisions of chapter 34, RSMo; [and]

37 (13) Make direct seed capital or venture capital investments in Missouri business
38 investment funds or businesses which demonstrate the promise of growth and job creation.
39 Investments from the [corporation] **alliance** may be in the form of debt or equity in the
40 respective businesses; and

41 **(14) Authorize tax credits as established in section 348.274.**

348.262. In order to assist the [corporation] **alliance** in achieving the objectives
2 identified in section 348.261, the department of economic development may contract with the
3 [corporation] **alliance** for activities consistent with the [corporation's] **alliance's** purpose, as
4 specified in section 348.256. When contracting with the [corporation] **alliance** under the
5 provisions of this section, the department of economic development may directly enter into
6 agreements with the [corporation] **alliance** and shall not be bound by the provisions of chapter
7 34, RSMo.

348.263. [1.] The Missouri [business modernization and technology corporation]
2 **discovery alliance** shall replace the **Missouri technology** corporation [for science and
3 technology]. All moneys, property or any other assets remaining with the **Missouri technology**
4 corporation [for science and technology] after all obligations are satisfied on August 28, [1993]
5 **2006**, shall be transferred to the Missouri [business modernization and technology corporation]
6 **discovery alliance**. All powers, duties and functions performed by the Missouri **technology**
7 corporation [of science and technology] on August 28, [1993] **2006**, shall be transferred to the
8 Missouri [business modernization and technology corporation] **discovery alliance**.

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

348.264. 1. There is hereby established in the state treasury a special fund to be known
2 as the "Missouri [Technology Investment] **Discovery Fund**", which shall consist of all moneys
3 which may be appropriated to it by the general assembly, and also any gifts, contributions, grants
4 or bequests received from federal, private or other sources. Such moneys shall include **but not**
5 **be limited to** federal funds which may be received from the National Institute for Science and
6 Technology, the Small Business Administration and the Department of Defense through its
7 Technology Reinvestment Program. Money in the Missouri [technology investment program]
8 **discovery fund** shall be used to carry out the provisions of sections 348.251 to 348.275. Moneys
9 for [business modernization programs,] technology application programs, technology
10 commercialization programs [and], technology development programs, **and technology business**

11 **recruitment programs** established pursuant to the provisions of sections 348.251 to 348.275
12 shall be available from appropriations made by the general assembly from the Missouri
13 [technology investment] **discovery** fund. Any moneys remaining in the Missouri [technology
14 investment] **discovery** fund at the end of any fiscal year shall not lapse to the general revenue
15 fund, as provided in section 33.080, RSMo, but shall remain in the Missouri [technology
16 investment] **discovery** fund.

17 2. Notwithstanding the provisions of sections 173.500 to 173.565, RSMo, the Missouri
18 [technology investment] **discovery** fund shall be utilized to fund projects which would
19 previously have been funded through the [higher education applied projects] **Missouri**
20 **technology investment** fund.

348.266. 1. Debts incurred by the Missouri [technology corporation] **discovery alliance**
2 established pursuant to the authority of sections 348.251 to 348.275 do not represent or constitute
3 a debt of this state within the meaning of the provisions of the constitution or statutes of this
4 state.

5 2. The Missouri [technology corporation] **discovery alliance** established pursuant to
6 sections 348.251 to 348.275 shall be subject to all provisions of chapter 355, RSMo, which do
7 not conflict with the provisions of sections 348.251 to 348.275.

348.271. 1. In order to foster the growth of Missouri's economy and to stimulate the
2 creation of new jobs in technology-based industry for the state's work force, the [Missouri
3 technology corporation] **department of economic development, on behalf of the Missouri**
4 **discovery alliance**, in accordance with the provisions of this section and within the limits of
5 appropriations therefor is authorized to contract with Missouri not-for-profit corporations for the
6 operation of innovation centers within the state. The primary emphasis of some, if not of all
7 innovation centers, shall be in the areas of technology commercialization, finance and business
8 modernization. Innovation centers operated under the provisions of this section shall provide
9 assistance to individuals and business organizations during the early stages of the development
10 of new technology-based business ventures. Such assistance may include the provision of
11 facilities, equipment, administrative and managerial support, planning assistance, and such other
12 services and programs that enhance the development of such ventures and such assistance may
13 be provided for fees or other consideration.

14 2. The innovation centers operated under this section shall counsel and assist the new
15 technology-based business ventures in finding a suitable site in the state of Missouri for location
16 of the business upon its graduation from the innovation program. Each innovation center shall
17 annually submit a report of its activities to the department of economic development and the
18 Missouri [technology corporation which] **discovery alliance no later than the first of October**
19 **of each year. The mission and goals of the innovation center program shall be outlined**

20 **annually by the Missouri discovery alliance and** shall include, but not be limited to, **the**
21 **number of businesses having a technology commercialized into a viable product or service,**
22 **the number of new jobs created by the business client of the center,** the success rate of the
23 businesses graduating from the [center] **incubator,** the progress and locations of businesses
24 which have graduated from the [center the types of businesses which have graduated from the
25 center, and the number of jobs created by the businesses involved in the center.] **incubator, the**
26 **number and types of businesses assisted by the center, and the location of businesses**
27 **assisted by the center. The report shall also include an operational plan to detail the**
28 **coordination between the innovation centers and the small business development centers**
29 **if one exists in the same city or region in order to maximize the services to small businesses**
30 **and entrepreneurs. The report shall be approved by the department of economic**
31 **development and the Missouri discovery alliance.**

32 **3. The innovation center shall be required to provide at least one hundred percent**
33 **match for any funding received from the discovery fund established in section 348.264.**

34 **4. If the innovation center annual report or operational plans do not meet the**
35 **requirements of the department of economic development and the Missouri discovery**
36 **alliance, the department of economic development may withhold allocated center funds in**
37 **an amount equal to seventy-five percent of the state allocated center funding until such**
38 **report is made accurate and complete per the approval of the department of economic**
39 **development and the Missouri discovery alliance.**

40 **5. Beginning July 1, 2008, no existing innovation center shall receive funding**
41 **through the Missouri discovery fund, as established in section 348.264, for more than five**
42 **additional years. No innovation center established after July 1, 2008, shall receive funding**
43 **through the discovery fund, as established in section 348.264, for more than five years.**

348.273. As used in sections 348.273 and 348.274, the following terms shall mean:

2 **(1) "Collaborative research project", a research project conducted by a public**
3 **research institution or private not-for-profit research institution on behalf of and funded**
4 **by a private company;**

5 **(2) "Distressed community", as defined in section 135.530, RSMo;**

6 **(3) "Qualifying company", an independently owned and operated business which**
7 **is headquartered and located in this state and which is in need of venture capital and**
8 **cannot obtain conventional financing. Such business shall have no more than two hundred**
9 **employees, eighty percent of which are employed in this state. Such business shall be**
10 **involved in commerce for the purpose of manufacturing, processing, or assembling**
11 **products, conducting research and development, or providing services in interstate**
12 **commerce but excluding retail, real estate, real estate development, insurance, and**

13 professional services provided by accountants, lawyers, or physicians. At the time
14 approval is sought, such business shall be a small business concern that meets the
15 requirements of the United States Small Business Administration's qualification size
16 standards for its venture capital program, as defined in the Small Business Investment Act
17 of 1958, as amended, and rules promulgated in 13 CFR 121.301(c), as amended;

18 (4) "Rural area", any city, town, or village with fewer than fifteen thousand
19 inhabitants and located in any county that is not part of a standard metropolitan statistical
20 area as defined by the United States Department of Commerce or its successor agency.
21 However, any such city, town, or village located in any county so defined as a standard
22 metropolitan statistical area may be designated a rural area by the office of rural
23 development if:

24 (a) A substantial number of persons in such county derive their income from
25 agriculture;

26 (b) The county has only one city within the county having a population of more
27 than fifteen thousand and is classified as a standard metropolitan statistical area; and

28 (c) All other cities, towns, and villages in that county have a population of less than
29 fifteen thousand;

30 (5) "Taxpayer", any person, partnership, corporation, trust, or limited liability
31 company;

32 (6) "Technology commercialization infrastructure project", the construction of or
33 improvements to an incubator, accelerator, or instrument center;

34 (7) "Venture capital", risk capital provided to a qualified Missouri company for
35 research, development, operating capital, commercialization activities, or marketing
36 thereof in exchange for some level of ownership and control of the business.

348.274. 1. The Missouri discovery alliance may authorize up to ten million dollars
2 in tax credits per fiscal year. The tax credits may be allotted to one or more of the
3 categories listed in this section.

4 2. If a qualifying company is approved by the Missouri discovery alliance, the
5 investors who contribute the first five hundred thousand dollars in venture capital to the
6 qualifying company may be issued a tax credit for thirty percent of such investment in the
7 year the investment is made. However, if the company invested in is located in a rural area
8 or a distressed community, the taxpayer may be issued a tax credit for forty percent of
9 such investment.

10 3. If a qualifying company is approved by the Missouri discovery alliance, the
11 alliance may reserve tax credits for investors who contributed the initial five million dollars
12 in venture capital to the company. The credit shall be thirty percent of the amount

13 **invested, unless the company is located in a rural or distressed company, in which case the**
14 **credit shall be forty percent. No credits shall be reserved with respect to investors who**
15 **received a credit under subsection 2 of this section. The reserved credits shall be issued**
16 **only for net loss of investment within five years of investing in the qualified company. No**
17 **credits shall be issued if the company relocates to another state.**

18 **4. If a technology commercialization infrastructure project is approved by the**
19 **Missouri discovery alliance, a taxpayer may be issued a tax credit in the amount of fifty**
20 **percent of any amount contributed to the project.**

21 **5. If a collaborative research project is approved by the Missouri discovery alliance,**
22 **a business firm may receive a tax credit of up to fifty percent of expenditures for industrial**
23 **research conducted at a public research institution or private not-for-profit research**
24 **institution.**

25 **6. The credit may be used against the tax otherwise due under chapter 143, RSMo,**
26 **not including sections 143.191 to 143.265, RSMo. The tax credit may be used in the tax**
27 **year issued or any of the next three consecutive tax years.**

28 **7. Any tax credits issued under this section may be sold, assigned, exchanged, or**
29 **otherwise transferred.**

348.275. 1. The department of economic development may draft and promulgate rules
2 and regulations consistent with the provisions of sections 348.251 to [348.272] **348.274** as are
3 necessary or useful to carry out the provisions of those sections.

4 2. No rule or portion of a rule promulgated under the authority of sections 348.251 to
5 [348.272] **348.274** shall become effective until it has been approved by the joint committee on
6 administrative rules in accordance with the procedures provided in this section, and the
7 delegation of the legislative authority to enact law by the adoption of such rules is dependent
8 upon the power of the joint committee on administrative rules to review and suspend rules
9 pending ratification by the senate and the house of representatives as provided in this section.

10 3. Upon filing any proposed rule with the secretary of state, the department shall
11 concurrently submit such proposed rule to the committee, which may hold hearings upon any
12 proposed rule or portion thereof at any time.

13 4. A final order of rulemaking shall not be filed with the secretary of state until thirty
14 days after such final order of rulemaking has been received by the committee. The committee
15 may hold one or more hearings upon such final order of rulemaking during the thirty-day period.
16 If the committee does not disapprove such order of rulemaking within the thirty-day period, the
17 department may file such order of rulemaking with the secretary of state and the order of
18 rulemaking shall be deemed approved.

19 5. The committee may, by majority vote of the members, suspend the order of
20 rulemaking or portion thereof by action taken prior to the filing of the final order of rulemaking
21 only for one or more of the following grounds:

- 22 (1) An absence of statutory authority for the proposed rule;
23 (2) An emergency relating to public health, safety or welfare;
24 (3) The proposed rule is in conflict with state law;
25 (4) A substantial change in circumstance since enactment of the law upon which the
26 proposed rule is based.

27 6. If the committee disapproves any rule or portion thereof, the department shall not file
28 such disapproved portion of any rule with the secretary of state and the secretary of state shall
29 not publish in the Missouri Register any final order of rulemaking containing the disapproved
30 portion.

31 7. If the committee disapproves any rule or portion thereof, the committee shall report
32 its findings to the senate and the house of representatives. No rule or portion thereof disapproved
33 by the committee shall take effect so long as the senate and the house of representatives ratify
34 the act of the joint committee by resolution adopted in each house within thirty legislative days
35 after such rule or portion thereof has been disapproved by the joint committee.

36 8. Upon adoption of a rule as provided in this section, any such rule or portion thereof
37 may be suspended or revoked by the general assembly either by bill or, pursuant to section 8,
38 article IV of the Constitution of Missouri, by concurrent resolution upon recommendation of the
39 joint committee on administrative rules. The committee shall be authorized to hold hearings and
40 make recommendations pursuant to the provisions of section 536.037, RSMo. The secretary of
41 state shall publish in the Missouri Register, as soon as practicable, notice of the suspension or
42 revocation.

 620.030. The department of economic development shall have the authority to contract
2 directly with the Missouri [technology corporation] **discovery alliance**, as established in section
3 348.251, RSMo, innovation centers, as established in section 348.271, RSMo, small business
4 development centers, as established in sections 620.1000 to 620.1007, [centers for advanced
5 technology, as established in section 348.272, RSMo,] and other entities or organizations for the
6 provision of technology application, technology commercialization and technology development
7 services. Such contracting procedures shall not be subject to the provisions of chapter 34,
8 RSMo.

 620.500. 1. There is created within the department of economic development a "Small
2 Business Assistance Office" which shall establish [regional business assistance offices which
3 shall be] one-stop guidance centers for entrepreneurs[. Such business assistance offices may be
4 located in each geographic region of the state, subject to appropriation of funding by the general

5 assembly. Where possible, each business assistance office shall be located] **and small**
6 **businesses** in conjunction with [a] **the** small business development [center, a regional planning
7 commission as defined in chapter 251, RSMo, or other existing agency or organization
8 performing economic development functions] **centers**.

9 2. The small business assistance [office's regional offices] **office** shall:

10 (1) Provide a focal point and assist and counsel small businesses in their dealings with
11 federal, state and local governments, including but not limited to providing ready access to
12 information regarding government requirements which affect small business;

13 (2) [Analyze current legislation and regulation as it affects small business within its
14 region for the purpose of determining methods of elimination or simplification of unnecessary
15 regulatory requirements;

16 (3)] Assist small businesses [within its region] **and entrepreneurs** in obtaining available
17 technical and financial assistance;

18 [(4)] (3) Initiate and encourage small business education programs, including programs
19 in cooperation with various public and private educational institutions;

20 [(5)] (4) Foster participation of small businesses **and entrepreneurs** in the procurement
21 activities of the state by providing a guide for businesses on the purchasing procedures and
22 practices of state agencies, assisting the state agencies in developing a comprehensive list of
23 small businesses capable of providing materials, supplies, equipment or contractual services to
24 the state, and advising state agencies with respect to methods for simplifying procurement forms
25 and procedures and other methods for increasing small business participation;

26 [(6) Receive complaints and recommendations concerning policies and activities of
27 federal, state and local governmental agencies which affect small businesses, and develop, in
28 cooperation with the agency involved, proposals for changes in policies or activities to alleviate
29 any unnecessary adverse effects to small business within its region or throughout the state;

30 (7)] (5) Establish and operate a separate and distinct "business permit system", which
31 shall provide comprehensive information on the federal, state and local requirements necessary
32 to begin a small business and make this information available to the public;

33 [(8) Make recommendations regarding business paperwork requirements and
34 simplification of forms and language and report to the director of the division of community and
35 economic development on the cost effectiveness of the business permit system;

36 (9)] (6) Work with local business leaders and government officials and help them
37 formulate and implement sound economic development decisions for their communities;

38 [(10)] (7) Provide assistance to entrepreneurs in the licensing and permitting process,
39 including the necessary applications and paperwork.

620.503. 1. The department of economic development may enter into [contracts] a
2 **contract** with any [institutions] **institution** of higher education within the state for the purpose
3 of providing ready access to all state forms, regulations, requirements and other information
4 necessary to conduct business in the state. [Each such] **The** office shall be known as [a] "**The**
5 **Small Business Assistance Office**" and shall coordinate services [with a regional business
6 assistance office] established pursuant to section 620.500.

7 2. [Each] **The small** business assistance office [may] **shall** provide research,
8 development or training programs for [new or alternative] small businesses[, industries, or high
9 technology businesses] within the state. [Each] **The small** business assistance office may also
10 provide needs assessment relating to small businesses[, industries or high technology businesses]
11 **and entrepreneurs**. [Each] **The** office may also provide feasibility studies relating to potential
12 markets and employment opportunities.

13 3. [Each party] **The institution of higher education** entering into a contract with the
14 department of economic development to provide or administer a **small** business assistance office
15 shall, prior to the issuance of such a contract, submit to the department of economic development
16 a detailed [description of] **work plan that includes** quantifiable performance appraisal measures
17 and goals pertaining to the proposed efforts and results in marketing services provided by the
18 **small** business assistance office. The department of economic development shall review [such
19 material] **and approve the work plan**. When a contract to establish [a] **the small** business
20 assistance office is renewed, renegotiated, or otherwise reissued, a contractor's actual efforts and
21 results pertaining to the performance appraisal measures and goals shall be a criterion in the
22 rewarding or renewal of a contract to establish or administer [a] **the small** business assistance
23 office.

620.1003. The Missouri small business development centers in cooperation with
2 appropriate department programs shall provide managerial and technical assistance to the small
3 businesses. The centers shall also:

4 (1) Furnish one-to-one business counseling, management training, and other related
5 services, with special emphasis on the development of management training programs using the
6 resources of the business community, including the development of management training
7 opportunities in existing business, and with emphasis in all cases of sufficient scope and duration
8 to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served;

9 (2) Assist in technology transfer, research and coupling from existing sources to small
10 businesses[, and provide technological] **by providing technical** assistance to small businesses;

11 (3) Maintain current information concerning federal, state and local regulations that
12 affect small businesses and counsel small businesses on methods of compliance;

13 (4) Maintain a working relationship and open communications with the governor, the
14 general assembly, and the department to address the various needs of the small business
15 community, and develop working relationships with federal departments and agencies, state
16 departments and agencies, **Missouri innovation centers**, the financial and investment
17 communities, legal associations, local and regional private consultants, and local and regional
18 small business groups and associations, or any other entity to the extent possible in order to help
19 address the various needs of the small business community;

20 (5) Provide and maintain a comprehensive library that contains current information and
21 statistical data needed by small businesses;

22 (6) Build and maintain a network which allows small businesses to identify experts who
23 can further assist their business with highly technical or specialized needs;

24 (7) Provide services, to the extent possible, at locations which are easily accessible to
25 the individuals and small businesses of this state. Basic counseling services shall be provided
26 free of charge, and other services may be provided on a cost-reimbursement basis;

27 (8) Continue to upgrade and modify their services, as needed, in order to meet the
28 changing and evolving needs of the small business community;

29 (9) Be authorized to enter into agreements with the department to provide services under
30 the provisions of sections 620.500 to 620.506; and

31 (10) Be authorized to provide any service authorized under the federal Small Business
32 Development Centers Act.

620.1007. The director shall annually prepare and submit to the department, the governor
2 and to the general assembly a report on the activities and financial expenditures of the Missouri
3 small business development centers program for the year. **The report shall also include an**
4 **operational plan to detail the coordination between the small business development centers**
5 **and the Missouri innovation centers. The report shall be approved by the department of**
6 **economic development.**

[348.272. 1. In order to encourage greater collaboration between private
2 industry and the universities of this state in the development and application of
3 new technologies, the director of the department of economic development is
4 authorized to designate centers for advanced technology. Each center so
5 designated shall conduct research in specific technological areas identified by the
6 Missouri business modernization and technology corporation as having
7 significant potential for economic growth in Missouri, or in which the application
8 of new technologies could significantly enhance the productivity and stability of
9 Missouri businesses. Such designations shall be made in accordance with the
10 standards and criteria set forth in subsection 3 of this section. Centers so

designated shall be eligible for support from the department of economic development in the manner provided for in subsection 4 of this section, and for such additional support as may otherwise be provided by law.

2. As used in this section, the following terms shall mean:

(1) "Applicant", a university or university-affiliated research institute, or a consortium of such institutions, which requests designation as a center in accordance with such requirements as are established by the corporation for this purpose;

(2) "Center for advanced technology" or "center", a university or university-affiliated research institute, or a consortium of such institutions, designated by the foundation, which conducts a continuing program of basic and applied research, development, and technology transfer in one or more technological areas, in collaboration with and through the support of private business and industry;

(3) "Corporation", the Missouri business modernization and technology corporation;

(4) "University", any institution of postsecondary education, including public and private universities, colleges, junior colleges, vocational and technical schools, and other postsecondary institutions.

3. The corporation shall:

(1) Identify technological areas for which centers should be designated, including, but not limited to, technological areas that are related to industries with significant potential for economic growth and development in Missouri and technological areas that are related to the enhancement of productivity in various industries located in Missouri;

(2) Establish criteria that applicants must satisfy for designation as a center, including, but not limited to, the following:

(a) An established record of research, development and instruction in the area or areas of technology involved;

(b) The capacity to conduct research and development activities in collaboration with business and industry;

(c) The capacity to secure substantial private and other governmental funding for the proposed center;

(d) The ability and willingness to cooperate with other institutions in this state in conducting research and development activities, and in disseminating research results; and to work with technical and community colleges in this state

to enhance the quality of technical education in the area or areas of technology involved;

(e) The ability and willingness to cooperate with the corporation, the department of economic development, and other economic development agencies in promoting the growth and development in Missouri of industries based upon or benefiting from the area or areas of technology involved;

(3) Establish such requirements as it deems appropriate for the format, content and filing of applications for designation as centers for advanced technology;

(4) Establish such procedures as it deems appropriate for the evaluation of applications for designation as centers for advanced technology, including the establishment of peer review panels composed of nationally recognized experts in the technological areas and industries to which the application is related.

4. From such funds as may be appropriated for this purpose by the general assembly, the department of economic development may provide financial support, through contracts or other means, to designated centers for advanced technology in order to enhance and accelerate the development of such centers. Funds received pursuant to this subsection may be used for the purchase of equipment and fixtures, employment of faculty and support staff, provision of graduate fellowships, and other purposes approved by the department of economic development, but may not be used for capital construction.

5. From such funds as may be appropriated for this purpose by the general assembly, the department of economic development may provide grants to any one university or university-affiliated research institution for purposes of planning and program development aimed at enabling such university or university-affiliated research institution to qualify for designation as a center. Such grants shall be awarded on a competitive basis, and shall be available only to those applicants which, in the judgment of the corporation and department of economic development, may reasonably be expected to be designated as centers.]

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