

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Bill No. 112, Page 38, Section 620.1039, Line 70,
2 by inserting after all of said line the following:

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4 "620.2700. 1. Beginning in fiscal year 2014, for four consecutive fiscal years, the state shall
5 pay the sum of eight million dollars per year to the Missouri department of economic development
6 (DED) for the sole purpose of paying such funds to no more than five Early Stage Business
7 Development Corporations (ESBDCs), which are Missouri not-for-profit corporations designated by
8 DED under this section, in amounts as follows:

9 (1) Two million dollars for each fiscal year to one ESBDC operating in each of the three
10 largest metropolitan statistical areas (MSAs) in the state if designated by DED as an ESBDC.

11 (2) One million dollars for each fiscal year to two ESBDCs operating in either rural areas of
12 Missouri or in MSAs other than the three largest MSAs in the state if designated by DED as an
13 ESBDC.

14 2. An ESBDC is a Missouri not-for-profit corporation designated by DED as a recipient of
15 funds under this section that provides grants to winners of a national or international competition for
16 early stage businesses with substantial operations in Missouri or that begin operating in Missouri and
17 have potential national or international sales, or potential development of new technologies. To be
18 eligible for designation under this section, the Missouri not-for-profit corporation must provide
19 grants to early stage for-profit companies without taking an equity interest in the for-profit
20 companies. The grants shall not be in the form of loans, except in the case of Missouri not-for-profit
21 companies operating in rural areas or in MSAs other than the three largest MSAs in the state. Grants
22 provided by an ESBDC to for-profit early stage companies must not exceed two hundred thousand
23 dollars per company. Notwithstanding anything else herein to the contrary, ESBDCs designated by
24 the DED which operate in rural areas or in MSAs other than the three largest in the state may, in
25 addition to other purposes, provide grants to early stage companies for marketing agricultural
26 products, conducting agricultural research or providing services to improve crop or livestock
27 production.

28 3. In order to be eligible for designation by DED under this section, a Missouri not-for-profit
29 corporation operating in one of the three largest MSAs must have raised at least two million dollars
30 to be used for grants as set forth in subsection 2 of this section from sources other than the state at
31 any point before applying. Failure to raise this required sum makes a Missouri not-for-profit
32 corporation ineligible for DED designation under this section. Once such sum is raised, there shall
33 be no further requirement to raise additional funds in order to be designated or continue to be
34 designated by DED under this section.

35 4. In order to be eligible for designation by DED under this section, a Missouri not-for-profit
36 corporation operating in rural areas or in MSAs other than the three largest in the state must have
37 raised at least the sum of one hundred fifty thousand dollars to be used for grants as set forth in

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subsection 2 of this section in funds at any point before applying. Failure to raise this required sum makes a Missouri not-for-profit corporation ineligible for DED designation under this section. For such a Missouri not-for-profit corporation operating in rural areas or in MSAs outside the three largest in Missouri, once such sum is raised, there shall be no further requirement to raise additional funds in order to be designated or continue to be designated by DED under this section.

5. Each Missouri not-for-profit corporation seeking to be designated by the DED under this section as an ESBDC must apply for such designation by no later than October fifteenth of the fiscal year for which funds are sought or it shall not be designated. The DED shall make a decision regarding whether or not to approve such application for designation within sixty days of the date of application and can extend the time for decision a maximum of an additional thirty days. Designation by DED shall not be unreasonably withheld or delayed.

6. Designation by DED under this section of an ESBDC shall be for a period of two consecutive years of funding.

(1) No more than one Missouri not-for-profit corporation, if any, shall be designated by DED as an ESBDC in an MSA which is one of the three largest in Missouri, and no other ESBDC shall be designated by DED for that MSA for such two-year period.

(2) No more than two Missouri not-for-profit corporations, if any, shall be designated by DED as an ESBDC in rural areas or in MSAs other than the three largest in the state and if two in such areas are designated by DED, no other ESBDC shall be designated by DED from rural areas or from MSAs other than the three largest in the state during that period.

7. If, in any year, no Missouri not-for-profit corporation is designated under this section by the DED as an ESBDC for one of the three largest MSAs in a year, the two million dollars in funds for that year, which otherwise would have gone to an ESBDC in such area, shall be paid by DED to the ESBDCs designated in the remaining two largest MSAs in equal amounts. In the event that, for any year in which there is no designation by DED of an ESBDC in two of the largest MSAs, the two million dollars in funds for that year for each such MSA shall be paid by DED to the ESBDC which has been designated by DED in the remaining MSA, which is one of the three largest in the state. In the event no Missouri not-for-profit corporation is designated for any year in any of the three largest MSAs, the funds, which otherwise would have gone to ESBDCs in such MSAs, shall be paid by DED to the ESBDCs operating in rural areas or in an MSA outside the three largest in the state.

8. In the event only one ESBDC is designated by the DED operating in rural areas or in a MSA other than the three largest MSAs, the one million dollars otherwise payable to a second ESBDC in such areas shall be paid by DED to the designated ESBDC operating in rural areas or in an MSA other than the three largest. In the event no ESBDC is designated by the DED in rural areas or in an MSA other than the three largest, the two million dollars for such ESBDCs in such areas shall be paid by DED to those ESBDCs that have been designated, in one or more of the three largest MSAs, in equal amounts.

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

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

(1) Potential growth of jobs in Missouri;

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

(3) Level of business support services provided to grant recipients by the community in

1 which the applicant operates; and

2 (4) Level of funds raised from sources other than the state.

3 11. In the event multiple applications are submitted to DED by Missouri not-for-profit
4 corporations for designation under this section for the same area, and, if such Missouri not-for-profit
5 corporations comply with the requirements set forth in this section, then the DED shall designate as
6 the ESBDC for that area the Missouri not-for-profit applicant that has a history of having raised the
7 largest total of funds, other than from the state, as of the date of the application.

8 12. DED shall be required to pay the sum as required by this section to those ESBDCs as set
9 forth in this section and shall have no discretion to withhold all or any portion of the payments
10 received by DED under this section to such ESBDCs.

11 13. Funds provided by this section may be used by the ESBDC for administrative expenses,
12 grants, operations, and building a long-term endowment for grants.

13 14. Funding under this section shall end unless renewed, after the sum of thirty-two million
14 dollars has been paid to DED for payment to ESBDCs under this section. In the event that eight
15 million dollars in funding is paid to DED for payment to ESBDCs under this section in four
16 consecutive years, then no further funding under this section shall be approved without this section
17 being renewed."; and

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19
20 Further amend said bill by amending the title, enacting clause, and intersectional references
21 accordingly.