

3226--A

2013-2014 Regular Sessions

I N S E N A T E

January 31, 2013

Introduced by Sens. PARKER, ADDABBO -- read twice and ordered printed, and when printed to be committed to the Committee on Commerce, Economic Development and Small Business -- recommitted to the Committee on Commerce, Economic Development and Small Business in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public authorities law, in relation to creating the small business technology investment fund

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The public authorities law is amended by adding a new
2 section 3154-a to read as follows:

3 S 3154-A. THE SMALL BUSINESS TECHNOLOGY INVESTMENT FUND. 1. DEFI-
4 NITIONS. FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING WORDS AND TERMS
5 SHALL HAVE THE FOLLOWING MEANINGS UNLESS THE CONTEXT SHALL INDICATE
6 ANOTHER OR DIFFERENT MEANING OR INTENT:

7 (A) "REGIONAL INVESTMENT FUND" SHALL MEAN A LIMITED PARTNERSHIP, A
8 LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY COMPANY OR A
9 NOT-FOR-PROFIT FUND THAT IS PROFESSIONALLY MANAGED BY AN EXPERIENCED
10 FUND MANAGER, IS FORMED FOR THE PURPOSE OF PROVIDING PRIVATE EQUITY TO
11 TECHNOLOGY-BASED COMPANIES IN THEIR FORMATIVE STAGES, ENCOMPASSES AT
12 LEAST TWO COUNTIES, AND INVESTS IN QUALIFIED ENTERPRISES LOCATED WITHIN
13 NEW YORK STATE.

14 (B) "QUALIFIED ENTERPRISE" SHALL MEAN A COMPANY OR A PROPOSED COMPANY
15 THAT HAS OR WILL LOCATE ITS PRINCIPAL PLACE OF BUSINESS IN NEW YORK
16 STATE, THAT IS, OR PROPOSES TO BE, ENGAGED IN THIS STATE IN RESEARCH AND
17 DEVELOPMENT OR MANUFACTURING, AND THAT DEMONSTRATES THE POTENTIAL FOR
18 SUBSTANTIAL GROWTH AND JOB DEVELOPMENT IN AN EMERGING TECHNOLOGY FIELD
19 AS DEFINED IN SECTION THIRTY-ONE HUNDRED TWO-E OF THIS ARTICLE OR AS
20 ADOPTED BY THE BOARD.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 (C) "SEED CAPITAL" SHALL MEAN FINANCIAL ASSISTANCE TO A QUALIFIED
2 ENTERPRISE, WHICH HAS FORMULATED A DETAILED BUSINESS PLAN, FOR
3 PROOF-OF-CONCEPT OR INITIAL PRODUCT COMMERCIALIZATION.

4 2. INVESTMENTS IN REGIONAL INVESTMENT FUNDS. (A) THE FOUNDATION IS
5 AUTHORIZED TO MAKE INVESTMENTS TO ENCOURAGE AND FACILITATE THE CREATION
6 OR EXPANSION OF REGIONAL INVESTMENT FUNDS THAT SERVE THE PURPOSES OF
7 THIS SECTION. THE FOUNDATION'S BOARD OF DIRECTORS SHALL ADOPT CRITERIA
8 AND GUIDELINES GOVERNING SUCH INVESTMENTS, WHICH SHALL REQUIRE THAT:

9 (I) THERE EXISTS A NEED FOR SEED CAPITAL IN THE REGION SERVED OR TO BE
10 SERVED BY A REGIONAL INVESTMENT FUND;

11 (II) SUPPORT FOR A REGIONAL INVESTMENT FUND EXISTS FROM LOCAL GOVERN-
12 MENTS, ECONOMIC DEVELOPMENT AGENCIES, AND BUSINESS COMMUNITIES WITHIN
13 THE REGION OR AREA TO BE SERVED BY SUCH FUND;

14 (III) THE REGIONAL INVESTMENT FUND HAS THE CAPACITY TO PROVIDE MANAGE-
15 MENT EXPERTISE AND OTHER VALUE-ADDED SERVICES TO ITS PORTFOLIO COMPA-
16 NIES;

17 (IV) THE REGIONAL INVESTMENT FUND ESTABLISHES CONFLICT-OF-INTEREST
18 PROVISIONS ACCEPTABLE TO THE FOUNDATION;

19 (V) TO THE MAXIMUM EXTENT FEASIBLE, THE REGIONAL INVESTMENT FUND WILL
20 INVEST IN FIRMS WHICH HAVE THE GREATEST POTENTIAL FOR JOB CREATION;

21 (VI) INVESTMENTS MADE BY THE FOUNDATION IN A REGIONAL INVESTMENT FUND
22 SHALL NOT EXCEED TWO MILLION DOLLARS AND SHALL BE MATCHED BY THE
23 REGIONAL FUND ON AT LEAST A ONE-TO-ONE BASIS WITH MONIES, OTHER THAN
24 STATE MONIES; AND

25 (VII) INVESTMENTS MADE BY A REGIONAL INVESTMENT FUND THAT INCLUDE
26 FUNDS RECEIVED FROM THE FOUNDATION SHALL BE MADE ONLY FOR THE FINANCING
27 AUTHORIZED BY SUBDIVISION THREE OF THIS SECTION.

28 (B) THE FOUNDATION SHALL MAKE INVESTMENTS IN QUALIFIED REGIONAL
29 INVESTMENT FUNDS VIA THE ISSUANCE OF A REQUEST FOR PROPOSALS TO REGIONAL
30 AND LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS, TECHNOLOGY DEVELOPMENT
31 ORGANIZATIONS, RESEARCH UNIVERSITIES, AND INVESTMENT FUNDS THAT PROVIDE
32 SMALL-SCALE INVESTMENTS IN HIGH-TECHNOLOGY COMPANIES IN NEW YORK STATE.

33 3. REGIONAL INVESTMENT FUNDS. (A) REGIONAL INVESTMENT FUNDS RECEIVING
34 INVESTMENTS FROM THE FOUNDATION UNDER THIS SECTION SHALL USE SUCH FUNDS
35 AND THE REQUIRED MATCHING FUNDS TO PROVIDE SEED CAPITAL AND FOLLOW-ON
36 FINANCING TO QUALIFIED ENTERPRISES, PROVIDED THAT THE REGIONAL INVEST-
37 MENT FUND SHALL NOT: (I) INVEST AN AMOUNT IN ANY SINGLE QUALIFIED ENTER-
38 PRISE THAT EXCEEDS FIFTY PERCENT OF THE TOTAL INVESTMENT FROM ALL OTHER
39 SOURCES IN ANY SUCH ENTERPRISE; OR (II) INVEST OVER FIVE HUNDRED THOU-
40 SAND DOLLARS IN ANY ONE COMPANY.

41 (B) A REGIONAL INVESTMENT FUND, BEFORE APPROVING ANY APPLICATION FOR
42 FINANCIAL ASSISTANCE UNDER THIS SECTION SHALL FIND THAT: (I) THE QUALI-
43 FIED ENTERPRISE AND ITS PRODUCT OR PROCESS HAVE A REASONABLE CHANCE OF
44 BEING COMMERCIALY SUCCESSFUL; AND (II) THE EMPLOYMENT CREATED OR MAIN-
45 TAINED AS A RESULT OF THE FUND'S INVESTMENT WILL BE IN NEW YORK STATE.
46 THE REGIONAL INVESTMENT FUND SHALL FURTHER ENSURE THAT PROVISIONS ARE IN
47 PLACE FOR THE REPAYMENT OF THE FUNDS IF THE COMPANY RECEIVING ASSISTANCE
48 LEAVES THE STATE.

49 4. REGIONAL INVESTMENT FUND REPORTING. THE FOUNDATION SHALL REQUIRE
50 ANY REGIONAL INVESTMENT FUND RECEIVING INVESTMENTS UNDER THIS SECTION TO
51 FILE A REPORT WITH THE FOUNDATION BY DECEMBER FIRST, TWO THOUSAND
52 SIXTEEN AND ANNUALLY THEREAFTER UNTIL DECEMBER FIRST, TWO THOUSAND TWEN-
53 TY-ONE. SUCH REPORT SHALL INCLUDE:

54 (A) THE TOTAL AMOUNT OF FUNDS COMMITTED TO THE REGIONAL INVESTMENT
55 FUND AND THE AMOUNT THAT HAS BEEN INVESTED;

56 (B) THE NET ASSET VALUE OF THE FUND;

1 (C) THE AMOUNT INVESTED IN EACH PORTFOLIO COMPANY FROM THE FUND AND
2 FROM OTHER SOURCES;

3 (D) THE TYPE OF PRODUCT OR TECHNOLOGY BEING DEVELOPED BY EACH PORTFO-
4 LIO COMPANY;

5 (E) THE LOCATION OF EACH PORTFOLIO COMPANY;

6 (F) THE NUMBER OF JOBS PROJECTED TO BE CREATED AND RETAINED; AND

7 (G) SUCH OTHER INFORMATION AS THE FOUNDATION DEEMS NECESSARY.

8 5. ASSETS AND LIABILITIES. ALL OF THE ASSETS AND LIABILITIES OF THE
9 SMALL BUSINESS TECHNOLOGY INVESTMENT FUND SHALL BE MADE AVAILABLE FOR
10 THE PURPOSES OF THIS SECTION. THE BOARD SHALL PREPARE A PLAN WITHIN
11 NINETY DAYS FOLLOWING THE EFFECTIVE DATE OF THIS SECTION TO LIQUIDATE
12 ALL CURRENT ASSETS AND LIABILITIES OF THE FUND. THE PUBLICLY-TRADED
13 ASSETS AND ANY WORKING CAPITAL SHALL BE MADE FULLY AVAILABLE FOR ALLO-
14 CATION TO REGIONAL INVESTMENT FUNDS AS SOON AS PRACTICABLE. THE BOARD
15 SHALL ALSO TAKE WHATEVER ACTIONS ARE NECESSARY TO LIQUIDATE THE REMAIN-
16 ING ASSETS OF THE SMALL BUSINESS TECHNOLOGY INVESTMENT FUND AS SOON AS
17 PRACTICABLE, BUT NOT MORE THAN TWO YEARS FOLLOWING THE EFFECTIVE DATE OF
18 THIS SECTION.

19 6. REPORT OF THE FOUNDATION. THE FOUNDATION SHALL SUBMIT TO THE GOVER-
20 NOR AND THE LEGISLATURE A SUMMARY AND EVALUATION OF THE REPORTS SUBMIT-
21 TED TO THE FOUNDATION PURSUANT TO SUBDIVISION FOUR OF THIS SECTION AND
22 AN EVALUATION OF THE PERFORMANCE OF THE REGIONAL INVESTMENT FUNDS ON OR
23 BEFORE FEBRUARY FIRST, TWO THOUSAND SEVENTEEN AND ANNUALLY THEREAFTER
24 UNTIL FEBRUARY FIRST, TWO THOUSAND TWENTY-TWO.

25 S 2. The opening paragraph of section 3150 of the public authorities
26 law, as amended by section 4 of part C of chapter 63 of the laws of
27 2005, is amended to read as follows:

28 As used in this [section] TITLE:

29 S 3. This act shall take effect immediately.