

# SB0107



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

SB0107

Introduced 1/27/2011, by Sen. Dan Kotowski

#### SYNOPSIS AS INTRODUCED:

30 ILCS 265/11 new

Amends the Technology Development Act. Authorizes the State Treasurer to segregate up to 3% of the Treasurer's investment portfolio in the Technology Development Account IIa. Authorizes investments from the account to provide venture capital to help attract, assist, and retain quality technology businesses in Illinois. Provides that the Treasurer may solicit proposals from entities to manage and be the General Partner of Technology Development Account IIb, a separate fund consisting of investments from private sector investors that must invest, at the direction of the Treasurer, in tandem with TDA IIa. Sets restrictions and conditions. Effective immediately.

LRB097 06114 PJG 46187 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Technology Development Act is amended by  
5 adding Section 11 as follows:

6 (30 ILCS 265/11 new)

7 Sec. 11. Technology Development Account II.

8 (a) In addition to the amount provided in Section 10 of  
9 this Act, the State Treasurer may segregate a portion of the  
10 Treasurer's investment portfolio, that at no time shall be  
11 greater than 3% of the portfolio, in the Technology Development  
12 Account IIa ("TDA IIa"), an account that shall be maintained  
13 separately and apart from other moneys invested by the  
14 Treasurer. Distributions from the investments in TDA IIa may be  
15 reinvested into TDA IIa without being counted against the 3%  
16 cap. The Treasurer may make investments from TDA IIa that help  
17 attract, assist, and retain quality technology businesses in  
18 Illinois. The earnings on TDA IIa shall be accounted for  
19 separately from other investments made by the Treasurer.

20 (b) The Treasurer may solicit proposals from entities to  
21 manage and be the General Partner of a separate fund  
22 ("Technology Development Account IIb" or "TDA IIb") consisting  
23 of investments from private sector investors that must invest,

1 at the direction of the Treasurer, in tandem with TDA IIa in a  
2 pro-rata portion. The Treasurer may enter into an agreement  
3 with the entity managing TDA IIb to advise on the investment  
4 strategy of TDA IIa and TDA IIb (collectively "Technology  
5 Development Account II" or "TDA II") and fulfill other mutually  
6 agreeable terms. Funds in TDA IIb shall be kept separate and  
7 apart from moneys in the State treasury.

8 (c) Moneys in TDA IIa may be invested by the State  
9 Treasurer to provide venture capital to technology businesses  
10 seeking to locate, expand, or remain in Illinois by placing  
11 money with Illinois venture capital firms for investment by the  
12 venture capital firms in technology businesses. "Venture  
13 capital", as used in this Section, means equity financing that  
14 is provided for starting up, expanding, or relocating a  
15 company, or related purposes such as financing for seed  
16 capital, research and development, introduction of a product or  
17 process into the marketplace, or similar needs requiring risk  
18 capital. "Technology business", as used in this Section, means  
19 a company that has as its principal function the providing of  
20 services, including computer, information transfer,  
21 communication, distribution, processing, administrative,  
22 laboratory, experimental, developmental, technical, or testing  
23 services, manufacture of goods or materials, the processing of  
24 goods or materials by physical or chemical change, computer  
25 related activities, robotics, biological or pharmaceutical  
26 industrial activity, or technology oriented or emerging

1 industrial activity. "Illinois venture capital firm", as used  
2 in this Section, means an entity that has a majority of its  
3 employees in Illinois or that has at least one managing partner  
4 or member of the general partner domiciled in Illinois, and  
5 that provides equity financing for starting up or expanding a  
6 company, or related purposes such as financing for seed  
7 capital, research and development, introduction of a product or  
8 process into the marketplace, or similar needs requiring risk  
9 capital. "Illinois venture capital firm" may also mean an  
10 entity that has a track record of identifying, evaluating, and  
11 investing in Illinois companies and that provides equity  
12 financing for starting up or expanding a company, or related  
13 purposes such as financing for seed capital, research and  
14 development, introduction of a product or process into the  
15 marketplace, or similar needs requiring risk capital. For  
16 purposes of this Section, "track record" means having made, on  
17 average, at least one investment in an Illinois company in each  
18 of its funds if the Illinois venture capital firm has multiple  
19 funds or at least 2 investments in Illinois companies if the  
20 Illinois venture capital firm has only one fund. In no case  
21 shall more than 10% of the capital in the TDA IIa be invested  
22 in firms based outside of Illinois.

23 (d) Any fund created by an Illinois venture capital firm in  
24 which the State Treasurer places money pursuant to this Section  
25 shall be required by the State Treasurer to seek investments in  
26 technology businesses seeking to locate, expand, or remain in

1 Illinois.

2 (e) Notwithstanding the limitation found in subsection (d)  
3 of Section 10 of this Act, the investment of the State  
4 Treasurer in any fund created by an Illinois venture capital  
5 firm in which the State Treasurer places money pursuant to this  
6 Section shall not exceed 15% of the total investments in the  
7 fund.

8 (f) The State Treasurer shall not invest more than  
9 one-third of Technology Development Account II in any given  
10 calendar year. If in any calendar year less than one-third of  
11 Technology Development Account II is invested, 50% of the  
12 shortfall may be invested in the following calendar year in  
13 addition to the regular one-third investment.

14 (g) The Treasurer may deposit no more than 10% of the  
15 earnings of the investments in the Technology Development  
16 Account IIa into the Technology Development Fund.

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.