

CHAPTER 2013-120

Committee Substitute for House Bill No. 705

An act relating to targeted economic development; amending s. 288.9625, F.S.; expanding the purpose of the Institute for the Commercialization of Public Research to include the commercialization of products developed by an innovation business; authorizing the institute to create corporate subsidiaries; providing conditions under which the institute may develop or accrue certain interests in companies or products; specifying conditions under which the institute may deliver and charge for services; expanding the institute's reporting requirements to include information on assistance given to an innovation business; creating s. 288.96255, F.S.; requiring that the institute create the Florida Technology Seed Capital Fund; providing for the purpose of the fund; requiring professional managers to manage the fund; providing for an investor advisory board to advise and guide the managers and to make funding recommendations; providing for certain administrative costs of the fund; requiring the institute to administer the fund and providing criteria for its administration; providing for responsibilities of the institute; providing for an annual evaluation of the activities and results of funding; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (2), (9), (10), and paragraph (a) of subsection (11) of section 288.9625, Florida Statutes, are amended to read:

288.9625 Institute for the Commercialization of Public Research.—There is established at a public university or research center in this state the Institute for the Commercialization of Public Research.

(2) The purpose of the institute is to assist in the commercialization of products developed by the research and development activities of an innovation business, as defined in s. 288.1089; a publicly supported college, university, or research institute; or any other publicly supported organization in this ~~universities and colleges, research institutes, and publicly supported organizations within the state.~~ The institute shall operate to fulfill its purpose and in the best interests of the state. The institute:

(a) ~~Is~~ Shall be a corporation primarily acting as an instrumentality of the state pursuant to s. 768.28(2), for the purposes of sovereign immunity;

(b) Is not an agency within the meaning of s. 20.03(11);

(c) Is subject to the open records and meetings requirements of s. 24, Art. I of the State Constitution, chapter 119, and s. 286.011;

(d) Is not subject to the provisions of chapter 287;

(e) Shall be governed by the code of ethics for public officers and employees as set forth in part III of chapter 112;

(f) ~~May Is not authorized to~~ create corporate subsidiaries;

(g) Shall support existing commercialization efforts at state universities; and

(h) ~~May~~ Shall not supplant, replace, or direct existing technology transfer operations or other commercialization programs, including incubators and accelerators.

(9) The institute ~~may shall~~ not develop or accrue any ownership, royalty, patent, or other such rights over or interest in companies or products in the institute except in connection with financing provided directly to client companies and shall maintain the confidentiality ~~secrecy~~ of proprietary information.

(10) The institute ~~may shall~~ not charge for services ~~provided rendered~~ to state universities and affiliated organizations, community colleges, or state agencies; however, the institute may deliver and charge for services to private companies and affiliated organizations if providing a service does not interfere with the core mission of the institute. The institute may not use its capital in support of private companies or affiliated organizations whose products were not developed by research and development activities of a publicly supported college, university, or research institute, or any other organization.

(11) By December 1 of each year, the institute shall issue an annual report concerning its activities to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report shall include the following:

(a) Information on any assistance ~~and activities~~ provided by the institute to an innovation business, as defined in s. 288.1089; a publicly supported college, university, or research institute; or any other publicly supported organization ~~assist publicly supported universities, colleges, research institutes, and other publicly supported organizations in the state.~~

Section 2. Section 288.96255, Florida Statutes, is created to read:

288.96255 Florida Technology Seed Capital Fund; creation; duties.—

(1) The Institute for the Commercialization of Public Research shall create the Florida Technology Seed Capital Fund as a corporate subsidiary. The purpose of the fund is to foster greater private-sector investment funding, to encourage seed-stage investments in start-up companies, and to advise companies about how to restructure existing management, operation, or production to attract advantageous business opportunities. The proceeds of a sale of the equity held by the fund shall be returned to the fund for reinvestment.

(2) The institute shall administer the Florida Technology Seed Capital Fund.

(3) The institute shall employ professionals who have both technical and business expertise to manage fund activity. The institute shall establish an investor advisory board comprised of venture capital professionals and early-stage investors from this and other states who shall advise and guide the fund management and make funding recommendations. Administrative costs paid out of the fund shall be determined by the investor advisory board.

(4) The institute shall use a thorough and detailed process that is modeled after the best practices of the investment industry to evaluate a proposal. In order to approve a company for investment, the institute must consider if:

(a) The company has a strong intellectual property position, a capable management team, readily identifiable paths to market or commercialization, significant job-growth potential, the ability to provide other sources of capital to leverage the state’s investment, and the potential to attract additional funding;

(b) The company has been identified by a publicly funded research institution;

(c) The start-up company is a target industry business as defined in s. 288.106(2);

(d) The company has been identified by an approved private-sector lead investor who has demonstrated due diligence typical of start-up investments in evaluating the potential of the company; and

(e) The advisory board and fund manager have reviewed the company’s proposal and recommended it.

(5)(a) Seed funds may be invested if the institute approves a company and the initial seed-stage investment. The initial seed-stage investment must be at least \$50,000, but no more than \$300,000. The initial seed-stage investment requires a one-to-one, private-sector match of investment.

(b) Additional seed funds may be invested in a company if approved by the institute. The cumulative total of investment in a single company may not exceed \$500,000. Any additional investment amount requires a two-to-one, private-sector match of investment.

(6) The institute may:

(a) Provide a company with value-added support services in the areas of business plan development and strategy, the preparation of investor presentations, and other critical areas identified by the institute to increase its chances for long-term viability and success.

(b) Encourage appropriate investment funds to become preapproved to match investment funds;

(c) Market the attractiveness of the state as an early-stage investment location; and

(d) Collaborate with state economic-development organizations, national associations of seed and angel funds, and other innovation-based associations to create an enhanced state entrepreneurial ecosystem.

(7) The institute shall annually evaluate the activities and results of the funding, taking into consideration that seed investment horizons span from 3 to 7 years.

Section 3. This act shall take effect July 1, 2013.

Approved by the Governor June 5, 2013.

Filed in Office Secretary of State June 5, 2013.