

By the Committee on Commerce and Tourism; and Senator Ring

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1 A bill to be entitled

2 An act relating to targeted economic development;
3 amending s. 288.9625, F.S.; expanding the purpose of
4 the Institute for the Commercialization of Public
5 Research to include the commercialization of products
6 developed by an innovation business; authorizing the
7 institute to create corporate subsidiaries; providing
8 conditions under which the institute may develop or
9 accrue certain interests in companies or products;
10 specifying conditions under which the institute may
11 deliver and charge for services; expanding the
12 institute's reporting requirements to include
13 information on assistance given to an innovation
14 business; creating s. 288.96255, F.S.; requiring that
15 the institute create the Florida Technology Seed
16 Capital Fund; providing for the purpose of the fund;
17 providing for certain administrative costs of the
18 fund; requiring professional managers to manage the
19 fund; providing for an investor advisory board to
20 advise and guide the managers and to make funding
21 recommendations; requiring the institute to administer
22 the fund and providing criteria for its
23 administration; providing for responsibilities of the
24 institute; providing for an annual evaluation of the
25 activities and results of funding; providing an
26 effective date.

27
28 Be It Enacted by the Legislature of the State of Florida:
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577-02586A-13

2013546c1

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

33 288.9625 Institute for the Commercialization of Public
34 Research.—There is established at a public university or
35 research center in this state the Institute for the
36 Commercialization of Public Research.

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

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

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

50 (c) Is subject to the open records and meetings
51 requirements of s. 24, Art. I of the State Constitution, chapter
52 119, and s. 286.011;

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

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

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

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

577-02586A-13

2013546c1

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

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

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

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

83 (a) Information on any assistance ~~and activities~~ provided
84 by the institute to an innovation business, as defined in s.
85 288.1089; a publicly supported college, university, or research
86 institute; or any other publicly supported organization ~~assist~~
87 ~~publicly supported universities, colleges, research institutes,~~

577-02586A-13

2013546c1

88 ~~and other publicly supported organizations~~ in the state.

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

91 288.96255 Florida Technology Seed Capital Fund; creation;
92 duties.-

93 (1) The Institute for the Commercialization of Public
94 Research shall create the Florida Technology Seed Capital Fund
95 as a corporate subsidiary. The purpose of the fund is to foster
96 greater private-sector investment funding, to encourage seed-
97 stage investments in start-up companies, and to advise companies
98 on restructuring existing management, operations, or production
99 to attract advantageous business opportunities. The proceeds of
100 a sale of the equity held by the fund shall be returned to the
101 fund for reinvestment.

102 (2) The institute shall administer the Florida Technology
103 Seed Capital Fund. Administrative costs paid out of the fund
104 shall be determined by the investor advisory board.

105 (3) The institute shall employ professionals who have both
106 technical and business expertise to manage fund activity. The
107 institute shall establish an investor advisory board comprised
108 of venture capital professionals and early-stage investors from
109 this and other states who shall advise and guide the fund
110 management and make funding recommendations.

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

115 (a) The company has a strong intellectual property
116 position, a capable management team, readily identifiable paths

577-02586A-13

2013546c1

117 to market or commercialization, significant job-growth
118 potential, the ability to provide other sources of capital to
119 leverage the state's investment, and the potential to attract
120 additional funding;

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

123 (c) The start-up company operates in a target industry
124 designated pursuant to the procedure specified in s. 288.106(2);

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

129 (e) The advisory board and fund manager have reviewed and
130 recommended that the proposal be approved.

131 (5) (a) Seed funds may be invested if the institute approves
132 a company and the initial seed-stage investment. The initial
133 seed-stage investment must be at least \$50,000, but may not be
134 greater than \$300,000. The initial seed-stage investment
135 requires a one-to-one private-sector match of the investment.

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

141 (6) The institute may:

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

577-02586A-13

2013546c1

146 term viability and success.

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

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

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

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

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