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CS/HB 705

2013 Legislature

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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 requiring professional managers to manage the fund;
18 providing for an investor advisory board to advise and
19 guide the managers and to make funding
20 recommendations; providing for certain administrative
21 costs of the fund; requiring the institute to
22 administer 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.

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

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30 Section 1. Subsections (2), (9), (10), and paragraph (a)
31 of 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

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57 subsidiaries;

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

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

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

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

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

84 (a) Information on any assistance ~~and activities~~ provided

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85 | by the institute to an innovation business, as defined in s.
 86 | 288.1089; a publicly supported college, university, or research
 87 | institute; or any other publicly supported organization ~~assist~~
 88 | ~~publicly supported universities, colleges, research institutes,~~
 89 | ~~and other publicly supported organizations~~ in the state.

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

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

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

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

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. Administrative
 111 | costs paid out of the fund shall be determined by the investor
 112 | advisory board.

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

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

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

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

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

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

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

138 (b) Additional seed funds may be invested in a company if
139 approved by the institute. The cumulative total of investment in
140 a single company may not exceed \$500,000. Any additional

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141 investment amount requires a two-to-one, private-sector match of
142 investment.

143 (6) The institute may:

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

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

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

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

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

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