

FIRST REGULAR SESSION

HOUSE BILL NO. 468

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DIEHL (Sponsor), TALBOY, ZERR, COLONA, LONG, JONES (63), BERRY, McGHEE, KRATKY, BRANDOM, SWEARINGEN, GRISAMORE, SILVEY, SCHUPP, KELLY (24), GATSCHENBERGER, HODGES, BROWN (50), DENISON, SMITH (71) AND McNARY (Co-sponsors).

1352L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 196.1109, 196.1115, 348.251, 348.253, 348.256, 348.261, 348.262, 348.263, 348.264, 348.271, and 348.300, RSMo, and to enact in lieu thereof fourteen new sections relating to science and innovation.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 196.1109, 196.1115, 348.251, 348.253, 348.256, 348.261, 348.262, 2 348.263, 348.264, 348.271, and 348.300, RSMo, are repealed and fourteen new sections enacted 3 in lieu thereof, to be known as sections 196.1109, 196.1115, 348.250, 348.251, 348.256, 4 348.257, 348.261, 348.262, 348.263, 348.264, 348.265, 348.269, 348.271, and 348.300, to read 5 as follows:

196.1109. All moneys that are appropriated by the general assembly from the life 2 sciences research trust fund shall be appropriated to the life sciences research board to increase 3 the capacity for quality of life sciences research at public and private not-for-profit institutions 4 in the state of Missouri and to thereby:

5 (1) Improve the quantity and quality of life sciences research at public and private 6 not-for-profit institutions, including but not limited to basic research (including the discovery 7 of new knowledge), translational research (including translating knowledge into a usable form), 8 and clinical research (including the literal application of a therapy or intervention to determine 9 its efficacy), including but not limited to health research in human development and aging, 10 cancer, endocrine, cardiovascular, neurological, pulmonary, and infectious disease, and plant 11 sciences, including but not limited to nutrition and food safety; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

12 (2) Enhance technology transfer and technology commercialization derived from
13 research at public and private not-for-profit institutions within the centers for excellence. For
14 purposes of sections 196.1100 to 196.1130, "technology transfer and technology
15 commercialization" includes stages of the regular business cycle occurring after research and
16 development of a life science technology, including but not limited to reduction to practice, proof
17 of concept, and achieving federal Food and Drug Administration, United States Department of
18 Agriculture, or other regulatory requirements in addition to the definition in section 348.251.
19 Funds received by the board may be used for purposes authorized in sections 196.1100 to
20 196.1130 and shall be subject to the restrictions of sections 196.1100 to 196.1130, including but
21 not limited to the costs of personnel, supplies, equipment, and renovation or construction of
22 physical facilities; provided that in any single fiscal year no more than [ten] **thirty** percent of the
23 moneys appropriated shall be used for the construction of physical facilities and further provided
24 that in any fiscal year **up to** eighty percent of the moneys shall be appropriated to build research
25 capacity at public and private not-for-profit institutions and **at least** twenty percent **and no more**
26 **than fifty percent** of the moneys shall be appropriated for grants to public or private not-for-
27 profit institutions to promote life science technology transfer and technology commercialization.
28 Of the moneys appropriated to build research capacity, twenty percent of the moneys shall be
29 appropriated to promote the development of research of tobacco-related illnesses.

196.1115. 1. The moneys appropriated to the life sciences research board that are not
2 distributed by the board in any fiscal year to a center for excellence or a center for excellence
3 endorsed program pursuant to section 196.1112, if any, shall be held in reserve by the board or
4 shall be awarded on the basis of peer review panel recommendations for capacity building
5 initiatives proposed by public and private not-for-profit academic, research, or health care
6 institutions or organizations, or individuals engaged in competitive research in targeted fields
7 consistent with the provisions of sections 196.1100 to 196.1130.

8 2. The life sciences research board may, in view of the limitations expressed in section
9 196.1130:

- 10 (1) Award and enter into grants or contracts relating to increasing Missouri's research
11 capacity at public or private not-for-profit institutions;
- 12 (2) Make provision for peer review panels to recommend and review research projects;
- 13 (3) Contract for [administrative and] support services;
- 14 (4) Lease or acquire facilities and equipment;
- 15 (5) Employ administrative staff; and
- 16 (6) Receive, retain, hold, invest, disburse or administer any moneys that it receives from
17 appropriations or from any other source.

18 3. **The Missouri technology corporation, established under section 348.251, shall**
19 **serve as the administrative agent for the life sciences research board.**

20 4. The life sciences research board shall utilize as much of the moneys as reasonably
21 possible for building capacity at public and private not-for-profit institutions to do research rather
22 than for administrative expenses. The board shall not in any fiscal year expend more than two
23 percent of the total moneys appropriated to it and of the moneys that it has in reserve or has
24 received from other sources for its own administrative expenses **for appropriations over twenty**
25 **million dollars; three percent for appropriations less than twenty million dollars but more**
26 **than fifteen million dollars; four percent for appropriations less than fifteen million dollars**
27 **but more than ten million dollars; five percent for appropriations less than ten million**
28 **dollars; provided, however, that the general assembly by appropriation from the life sciences**
29 **research trust fund may authorize a limited amount of additional moneys to be expended for**
30 **administrative costs.**

348.250. Sections 348.250 to 348.275 shall be known and may be cited as the
2 **"Missouri Science and Innovation Reinvestment Act".**

 348.251. 1. As used in sections 348.251 to 348.266, the following terms mean:

2 (1) **"Applicable percentage", six percent for the fiscal year beginning July 1, 2012,**
3 **and the next fourteen consecutive fiscal years; five percent for the immediately subsequent**
4 **five fiscal years; and four percent for the immediately subsequent five fiscal years;**

5 (2) **"Applied research", any activity that seeks to utilize, synthesize, or apply**
6 **existing knowledge, information, or resources to the resolution of a specific problem,**
7 **question, or issue of science and innovation, including but not limited to translational**
8 **research;**

9 (3) **"Base year", fiscal year ending June 30, 2011;**

10 (4) **"Base year gross wages", gross wages paid by science and innovation companies**
11 **to science and innovation employees during fiscal year ending June 30, 2011;**

12 (5) **"Basic research", any original investigation for the advancement of scientific**
13 **or technical knowledge of science and innovation;**

14 (6) **"Commercialization", any of the full spectrum of activities required for a new**
15 **technology, product, or process to be developed from the basic research or conceptual stage**
16 **through applied research or development to the marketplace, including without limitation,**
17 **the steps leading up to and including licensing, sales, and service;**

18 (7) **"Corporation", the Missouri technology corporation established under this**
19 **section;**

20 (8) **"Fields of applicable expertise", any of the following fields: science and**
21 **innovation research, development, or commercialization, including basic research and**

22 applied research; corporate finance, venture capital, and private equity related to science
23 and innovation; the business and management of science and innovation companies;
24 education related to science and innovation; or civic or corporate leadership in areas
25 related to science and innovation;

26 (9) "Inherent conflict of interest", a fundamental or systematic conflict of interest
27 that prevents a person from serving as a disinterested director of the corporation and from
28 routinely performing his or her duties as a director of the corporation;

29 (10) "NAICS industry groups" or "NAICS codes", the North American Industry
30 Classification System developed under the auspices of the United States Office of
31 Management and Budget and adopted in 1997, as may be amended, revised, or replaced
32 by similar classification systems for similar uses from time to time;

33 (11) "Science and innovation", the use of compositions and methods in research,
34 development, and manufacturing processes for such diverse areas as agriculture-
35 biotechnology, animal health, biochemistry, bioinformatics, energy, environment, forestry,
36 homeland security, information technology, medical devices, medical diagnostics, medical
37 instruments, medical therapeutics, microbiology, nanotechnology, pharmaceuticals, plant
38 biology, and veterinary medicine, including future developments in such areas;

39 (12) "Science and innovation company", a corporation, limited liability company,
40 S corporation, partnership, registered limited liability partnership, foundation, association,
41 nonprofit entity, sole proprietorship, business trust, person, group, or other entity that is:

42 (a) Engaged in the research, development, commercialization, or business of science
43 and innovation in the state, including, without limitation, research, development, or
44 production directed toward developing or providing science and innovation products,
45 processes, or services for specific commercial or public purposes, including hospitals,
46 nonprofit research institutions, incubators, accelerators, and universities currently located
47 or involved in the research, development, commercialization, or business of science and
48 innovation in the state; or

49 (b) Identified by the following NAICS industry groups or NAICS codes or any
50 amended or successor code sections covering such areas of research, development, and
51 commercial endeavors: 3251; 3253; 3254; 3391; 51121; 54138; 54171; 62231; 111191;
52 111421; 111920; 111998; 311119; 311211; 311221; 311222; 311223; 325193; 325199;
53 325221; 325222; 325611; 325612; 325613; 325311; 325312; 325314; 325320; 325411;
54 325412; 325414; 333298; 334510; 334516; 334517; 339111; 339112; 339113; 339114;
55 339115; 339116; 424910; 541710; 621511; and 621512.

56

57 Each of the above listed four-digit and five-digit codes shall include all six-digit codes in
58 such four-digit and five-digit industry; however, each six-digit code shall stand alone and
59 not indicate the inclusion of other omitted six-digit codes that also are subsets of the
60 pertinent four-digit or five-digit industry to which the included six-digit code belongs;

61 (13) "Science and innovation employee", any employee, officer, or director of a
62 science and innovation company who is a state income taxpayer and any employee of a
63 university who is associated with or supports the research, development,
64 commercialization, or business of science and technology in the state and is obligated to pay
65 state income tax to the state;

66 (14) "Technology application", the introduction and adaptation of refined management
67 practices in fields such as scheduling, inventory management, marketing, product development,
68 and training in order to improve the quality, productivity and profitability of an existing firm.
69 Technology application shall be considered a component of business modernization;

70 [(2) "Technology commercialization", the process of moving investment-grade
71 technology from a business, university or laboratory into the marketplace for application;

72 (3)] (15) "Technology development", strategically focused research directed at
73 developing investment-grade technologies which are important for market competitiveness.

74 2. The governor may, on behalf of the state and in accordance with chapter 355, RSMo,
75 establish a private not-for-profit corporation named the "Missouri Technology Corporation", to
76 carry out the provisions of sections 348.251 to 348.266. As used in sections [348.251 to
77 348.266] **348.250 to 348.275** the word "corporation" means the Missouri technology corporation
78 authorized by this section. Before certification by the governor, the corporation shall conduct
79 a public hearing for the purpose of giving all interested parties an opportunity to review and
80 comment [upon] **on** the articles of incorporation, bylaws and [method] **methods** of operation of
81 the corporation. Notice of the hearing shall be given at least fourteen days prior to the hearing.

348.256. **1.** The articles of incorporation [and] , bylaws, **and methods of operation** of
2 the Missouri technology corporation shall [provide that:] **be consistent with the provisions of**
3 **sections 348.250 to 348.275.**

4 [(1)] **2.** The purposes of the corporation are to contribute to the strengthening of the
5 economy of the state through the development of science and [technology] **innovation**, to
6 promote the modernization of Missouri businesses by supporting the transfer of science,
7 technology and quality improvement methods to the workplace[, and] ; to enhance the
8 productivity and modernization of Missouri businesses by providing leadership in the
9 establishment of methods of technology application, technology commercialization and
10 technology development; **to make Missouri businesses, institutions, and universities more**
11 **competitive and increase their likelihood of success; to support and enhance local and**

12 **regional strategies and initiatives that capitalize on the unique science and innovation**
13 **assets across the state; to make Missouri a highly desirable state in which to conduct,**
14 **facilitate, support, fund, and perform science and innovation research, development, and**
15 **commercialization; to facilitate and effect the creation, attraction, retention, growth, and**
16 **enhancement of both existing and new science and innovation companies in the state; to**
17 **make Missouri a national and international leader in economic activity based on science**
18 **and innovation; to enhance workforce development; to create and retain quality jobs; to**
19 **advance scientific knowledge; and to improve the quality of life for the citizens of the state**
20 **of Missouri in both urban and rural communities.**

21 [(2)] **3.** The board of directors of the corporation [is] **shall be** composed of fifteen
22 persons. The governor shall annually appoint one of its members, who must be from the private
23 sector, as [chairman] **chairperson**. The board shall consist of the following members:

24 [(a)] **(1)** The director of the department of economic development, or the director's
25 designee;

26 [(b)] **(2)** The president of the University of Missouri system, or the president's designee;

27 [(c)] **(3)** A member of the state senate, appointed by the president pro tem of the senate;

28 [(d)] **(4)** A member of the house of representatives, appointed by the speaker of the
29 house;

30 [(e)] **(5)** Eleven members appointed by the governor, [two of which shall be from the
31 public sector and nine members from the private sector who shall include, but shall not be
32 limited to, individuals who represent technology-based businesses and industrial interests;

33 [(f)] **with the advice and consent of the senate, who are recognized for outstanding**
34 **knowledge, leadership, and expertise in one or more of the fields of applicable expertise.**
35

36 Each of the directors of the corporation who is appointed by the governor shall serve for a term
37 of four years and until a successor is duly appointed[; except that, of the directors serving on the
38 corporation as of August 28, 1995, three directors shall be designated by the governor to serve
39 a term of four years, three directors shall be designated to serve a term of three years, three
40 directors shall be designated to serve a term of two years, and two directors shall be designated
41 to serve a term of one year. Each director shall continue to serve until a successor is duly
42 appointed by the governor;

43 (3) The corporation may receive money from any source, may borrow money, may enter
44 into contracts, and may expend money for any activities appropriate to its purpose;

45 (4) The corporation may appoint staff and do all other things necessary or incidental to
46 carrying out the functions listed in section 348.261;

47 (5)].

48 **4.** Any changes in the articles of incorporation or bylaws must be approved by the
49 governor[;].

50 [(6) The corporation shall submit an annual report to the governor and to the Missouri
51 general assembly. The report shall be due on the first day of November for each year and shall
52 include detailed information on the structure, operation and financial status of the corporation.
53 The corporation shall conduct an annual public hearing to receive comments from interested
54 parties regarding the report, and notice of the hearing shall be given at least fourteen days prior
55 to the hearing; and

56 (7)] **5. At the discretion of the state and auditor,** the corporation is subject to an
57 [annual] audit [by the state auditor] and [that] the corporation shall bear the full cost of the audit.

58 **6. Each of the directors of the corporation provided for in subdivisions (1) and (2)**
59 **of subsection 3 of this section shall remain a director until the designating individual**
60 **specified in such subdivisions designates a replacement by sending a written**
61 **communication to the governor and the chairperson of the board of the corporation;**
62 **provided however, that if the director of economic development or the president of the**
63 **University of Missouri system designates himself or herself to the corporation board, such**
64 **person's service as a corporation director shall cease immediately when that person no**
65 **longer serves as the director of economic development or as the president of the University**
66 **of Missouri system. Each of the directors of the corporation provided for in subdivisions**
67 **(3) and (4) of subsection 3 of this section shall remain a director until the appointing**
68 **member of the general assembly specific in such subdivisions appoints a replacement by**
69 **sending a written communication to the governor and the chairperson of the corporation**
70 **board; provided however, that if the speaker of the house or the president pro tem of the**
71 **senate appoints himself or herself to the corporation board, such person's service as a**
72 **corporation director shall cease immediately when that person no longer serves as the**
73 **speaker of the house or the president pro tem of the senate.**

74 **7. Each of the eleven members of the board appointed by the governor shall:**

75 **(1) Hold office for the term of appointment and until the governor duly appoints**
76 **his or her successor; provided that if a vacancy is created by the death, permanent**
77 **disability, resignation, or removal of a director, such vacancy shall become immediately**
78 **effective;**

79 **(2) Be eligible for reappointment, but members of the board shall not be eligible to**
80 **serve more than two consecutive four-year terms and shall not be reappointed to the board**
81 **until they have not served on the board for a period of at least four interim years;**

82 **(3) Not have a known inherent conflict of interest at the time of appointment; and**

83 **(4) Not have served in an elected office or a cabinet position in state government**
84 **for a period of two years prior to appointment, unless otherwise provided in this section.**

85 **8. Any member of the board may be removed by affirmative vote of eleven**
86 **members of the board for malfeasance or misfeasance in office, regularly failing to attend**
87 **meetings, failure to comply with the corporation's conflicts of interest policy, conviction**
88 **of a felony, or for any cause that renders the member incapable of or unfit to discharge the**
89 **duties of a director of the corporation.**

90 **9. The board shall meet at least four times per year and at such other times as it**
91 **deems appropriate, or upon call by the president or the chairperson, or upon written**
92 **request of a majority of the directors of the board. Unless otherwise restricted by Missouri**
93 **law, the directors may participate in a meeting of the board by means of telephone**
94 **conference or other electronic communications equipment whereby all persons**
95 **participating in the meeting can communicate clearly with each other, and participation**
96 **in a meeting in such manner will constitute presence in person at such meeting.**

97 **10. A majority of the total voting membership of the board shall constitute a**
98 **quorum for meetings. The board may act by a majority of those at any meeting where a**
99 **quorum is present, except upon such issues as the board may determine shall require a vote**
100 **of more members of the board for approval or as required by law. All resolutions and**
101 **orders of the board shall be recorded and authenticated by the signature of the secretary**
102 **or any assistant secretary of the board.**

103 **11. Members of the board shall serve without compensation. Members of the board**
104 **attending meetings of the board, or attending committee or advisory meetings thereof, shall**
105 **be paid mileage and all other applicable expenses, provided that such expenses are**
106 **reasonable, consistent with policies established from time to time by the board, and not**
107 **otherwise inconsistent with law.**

108 **12. The board may adopt, repeal, and amend such articles of incorporation, bylaws,**
109 **and methods of operation that are not contrary to law or inconsistent with sections 348.250**
110 **to 348.275, as it deems expedient for its own governance and for the governance and**
111 **management of the corporation and its committees and advisory boards; provided that any**
112 **changes in the articles of incorporation or bylaws approved by the board must also be**
113 **approved by the governor.**

114 **13. A president shall direct and supervise the administrative affairs and the general**
115 **management of the corporation. The president shall be a person of national prominence**
116 **that has expertise and credibility in one or more of the fields of applicable expertise with**
117 **a demonstrated track record of success in leading a mission-driven organization. The**
118 **president's salary and other terms and conditions of employment shall be set by the board.**

119 The board may negotiate and enter into an employment agreement with the president of
120 the corporation, which may provide for compensation, allowances, benefits, and expenses.
121 The president of the corporation shall not be eligible to serve as a member of the board
122 until two years after the end of his or her employment with the corporation. The president
123 of the corporation shall be bound by, and agree to obey, the corporation's conflicts of
124 interest policy, including annually completing and submitting to the board a disclosure and
125 compliance certificate in accordance with such conflicts of interest policy.

126 **14.** The corporation may employ such employees as it may require and upon such
127 terms and conditions as it may establish that are consistent with state and federal law. The
128 corporation may establish personnel, payroll, benefit, and other such systems as authorized
129 by the board, and provide death and disability benefits. Corporation employees, including
130 the president, shall be considered state employees for the purposes of membership in the
131 Missouri state employees retirement system and the Missouri consolidated health care
132 plan. The corporation may also adopt, in accordance with requirements of the federal
133 Internal Revenue Code of 1986, as amended, a retirement plan or plans sponsored by the
134 corporation with respect to employees, including the president, employed by the
135 corporation. Nothing in sections 348.250 to 348.275 shall be construed as placing any
136 officer or employee of the corporation or member of the board in the classified or the
137 unclassified service of the state of Missouri under Missouri laws and regulations governing
138 civil service. No employee of the corporation shall be eligible to serve as a member of the
139 board until two years immediately following the end of his or her employment with the
140 corporation. All employees of the corporation shall be bound by, and agree to obey, the
141 corporation's conflicts of interest policy, including annually completing and submitting to
142 the board a disclosure and compliance certificate in accordance with such conflicts of
143 interest policy.

144 **15.** No later than the first day of January each year, the corporation shall submit
145 an annual report to the governor and to the Missouri general assembly which the
146 corporation may contract with a third party to prepare and which shall include:

147 **(1)** A complete and detailed description of the operating and financial conditions
148 of the corporation during the prior fiscal year;

149 **(2)** Complete and detailed information about the distributions from the Missouri
150 science and innovation reinvestment fund and from any income of the corporation;

151 **(3)** Information about the growth of science and innovation research and industry
152 in the state; and

153 **(4) Information regarding financial or performance audits performed in such year,**
154 **including any recommendations with reference to additional legislation or other action that**
155 **may be necessary to carry out the purposes of the corporation.**

156 **16. The corporation shall keep its books and records in accordance with generally**
157 **accepted accounting procedures. Within four months following the end of each fiscal year,**
158 **the corporation shall cause a firm of independent certified public accountants of national**
159 **repute to conduct and deliver to the board an audit of the financial statements of the**
160 **corporation and an opinion thereon, to be conducted in accordance with generally accepted**
161 **audit standards.**

162 **17. Within four months following the end of every odd numbered fiscal year,**
163 **beginning with fiscal year 2016, the corporation shall cause an independent firm of**
164 **national repute that has expertise in science and innovation research and industry to**
165 **conduct and deliver to the board an evaluation of the performance of the corporation for**
166 **the prior two fiscal years, including detailed recommendations for improving the**
167 **performance of the corporation.**

168 **18. The corporation shall provide the state auditor a copy of the financial and**
169 **performance evaluations prepared under subsections 16 and 17 of this section.**

170 **19. The corporation shall have perpetual existence until an act of law expressly**
171 **dissolves the corporation; provided that no such law shall take effect so long as the**
172 **corporation has obligations or bonds outstanding unless adequate provision has been made**
173 **for the payment or retirement of such debts or obligations. Upon any such dissolution of**
174 **the corporation, all property, funds, and assets thereof shall be vested in the state.**

175 **20. Except as provided under section 348.266, the state hereby pledges to, and**
176 **agrees with, recipients of corporation funding or beneficiaries of corporation programs**
177 **under sections 348.250 to 348.275 that the state shall not limit or alter the rights vested in**
178 **the corporation under sections 348.250 to 348.275 to fulfill the terms of any agreements**
179 **made or obligations incurred by the corporation with or to such third parties, or in any**
180 **way impair the rights and remedies of such third parties until the obligations of the**
181 **corporation and the state are fully met and discharged in accordance with sections 348.250**
182 **to 348.275.**

183 **21. The corporation shall be exempt from:**

184 **(1) Any general ad valorem taxes upon any property of the corporation acquired**
185 **and used for its public purposes;**

186 **(2) Any taxes or assessments upon any projects or upon any operations of the**
187 **corporation or the income therefrom;**

188 **(3) Any taxes or assessments upon any project or any property or local obligation**
189 **acquired or used by the corporation under the provisions of sections 348.250 to 348.275,**
190 **or upon income therefrom.**

191

192 **Purchases by the corporation to be used for its public purposes shall not be subject to sales**
193 **or use tax under chapter 144. The exemptions hereby granted shall not extend to persons**
194 **or entities conducting business on the corporations' property for which payment of state**
195 **and local taxes would otherwise be required.**

196 **22. No funds of the corporation shall be distributed to its employees or members**
197 **of the board; except that, the corporation may make reasonable payments for expenses**
198 **incurred on its behalf relating to any of its lawful purposes and the corporation shall be**
199 **authorized and empowered to pay reasonable compensation for services rendered to, or**
200 **for, its benefit relating to any of its lawful purposes, including to pay its employees**
201 **reasonable compensation.**

202 **23. The corporation shall adopt and maintain a conflicts of interest policy to protect**
203 **the corporation's interests by requiring disclosure by an interested party, appropriate**
204 **recusal by such person, and appropriate action by the interested party or the board where**
205 **a conflict of interest may exist or arise between the corporation and a director, officer,**
206 **employee, or agent of the corporation.**

348.257. 1. The board shall establish an executive committee of the corporation,
2 **to be composed of the chairperson, the vice-chairperson, and the secretary of the**
3 **corporation, and two additional directors. The chairperson of the corporation shall serve**
4 **as the chairperson of the executive committee.**

5 **2. The executive committee, in intervals between meetings of the board, may**
6 **transact any business of the board that has been expressly delegated to the executive**
7 **committee by the board. If so stipulated by the board, action delegated to the executive**
8 **committee may be subject to subsequent ratification by the board; provided, however that**
9 **until ratified or rejected by the board, any action delegated to, and taken by, the executive**
10 **committee between meetings of the board will be binding upon the corporation as if**
11 **ratified, and may be relied upon by third parties.**

12 **3. The board shall establish an audit committee of the corporation, to be composed**
13 **of the chairperson of the corporation and four additional directors. The secretary of the**
14 **corporation shall serve as the chairperson of the audit committee. The audit committee**
15 **shall be responsible for oversight of the administration of the conflicts of interest policy,**
16 **working with the president of the corporation to facilitate communications with the**

17 corporation's contract auditors, and such other responsibilities delegated to it by the
18 board.

19 **4. The board shall establish and maintain a research alliance of Missouri to be**
20 **comprised of the chief research officers, or their designee, of the state's leading research**
21 **universities and a representative of other leading not-for-profit research institutes**
22 **headquartered in Missouri. Members of the research alliance of Missouri shall be selected**
23 **for such terms of membership under such terms and condition as the board deems**
24 **necessary and appropriate to advance the purposes of sections 348.250 to 348.275 and as**
25 **comparable to other similar public sector bodies. The research alliance of Missouri shall**
26 **elect a chairperson on an annual basis. The research alliance of Missouri shall prepare**
27 **annual reports at the direction of the corporation that:**

28 **(1) Evaluate the specific areas of Missouri's research strengths and weaknesses and**
29 **outline current research priorities of the state;**

30 **(2) Evaluate the ability of each member to realign their research and development**
31 **resources, policies, and practices to seize emerging opportunities;**

32 **(3) Evaluate and summarize the best national and international practices for**
33 **technology commercialization of university research and describe efforts that each**
34 **university member has undertaken to implement best practices, including a description of**
35 **the specific outcomes university members have achieved in technology commercialization;**
36 **and**

37 **(4) Describe research collaborations by and between members and identify**
38 **collaboration best practices that can or should be instituted in Missouri.**

39 **5. The board may establish other committees, both permanent and temporary, as**
40 **it deems necessary. Such committees may include national strategic, scientific and/or**
41 **commercialization advisory boards comprised of individuals of national or international**
42 **prominence in science and innovation and/or the business and commercialization of science**
43 **and innovation.**

44 **6. The board may establish rules, policies, and procedures for the selection and**
45 **conduct of committees and advisory boards, and the research alliance of Missouri;**
46 **provided however, that the members of such committees and advisory boards agree to be**
47 **bound by a conflict of interest policy consistent with the highest ethical standards that is**
48 **suitable for such advisory roles and annually complete and certify to the board a disclosure**
49 **and compliance certificate in accordance with such conflicts of interest policy.**

348.261. [The corporation, after being certified by the governor as provided by section
2 348.251, may] **1. The corporation shall have all of the powers necessary or convenient to**

3 **carry out the purposes and provisions of sections 348.250 to 348.275, including the powers**
4 **as specified therein, and without limitation, the power to:**

5 (1) Establish a statewide business modernization network to assist Missouri businesses
6 in identifying ways to enhance productivity and market competitiveness;

7 (2) Identify scientific and technological problems and opportunities related to the
8 economy of Missouri and formulate proposals to overcome those problems or realize those
9 opportunities;

10 (3) Identify specific areas where scientific research and technological investigation will
11 contribute to the improvement of productivity of Missouri manufacturers and farmers;

12 (4) Determine specific areas in which financial investment in scientific and technological
13 research and development from private businesses located in Missouri could be enhanced or
14 increased if state resources were made available to assist in financing activities;

15 (5) Assist in establishing cooperative associations of universities in Missouri and of
16 private enterprises for the purpose of coordinating research and development programs that will,
17 consistent with the primary educational function of the universities, aid in the creation of new
18 jobs in Missouri;

19 (6) Assist in financing the establishment and continued development of
20 technology-intensive businesses in Missouri;

21 (7) Advise universities of the research needs of Missouri business and improve the
22 exchange of scientific and technological information for the mutual benefit of universities and
23 private business;

24 (8) Coordinate programs established by universities to provide Missouri businesses with
25 scientific and technological information;

26 (9) Establish programs in scientific education which will support the accelerated
27 development of technology-intensive businesses in Missouri;

28 (10) Provide financial assistance through contracts, grants and loans to programs of
29 scientific and technological research and development;

30 (11) Determine how public universities can increase income derived from the sale or
31 licensure of products or processes having commercial value that are developed as a result of
32 university sponsored research programs;

33 (12) Contract with innovation centers, as established in section 348.271, small business
34 development corporations, as established in sections 620.1000 to 620.1007, centers for advanced
35 technology, as established in section 348.272, and other entities or organizations for the
36 provision of technology application, technology commercialization and technology development
37 services[.] ; **provided however**, such contracting procedures shall not be subject to the
38 provisions of chapter 34; [and]

39 (13) Make direct seed capital or venture capital investments in Missouri business
40 investment funds or businesses which demonstrate the promise of growth and job creation.
41 Investments from the corporation may be in the form of debt or equity in the respective
42 businesses;

43 (14) **Make and execute contracts, guarantees, or any other instruments and**
44 **agreements necessary or convenient for the exercise of its powers and functions;**

45 (15) **Contract for and to accept any gifts, grants, and loans of funds, property, or**
46 **any other aid in any form from the federal government, the state, any state agency, or any**
47 **other source, or any combination thereof, and to comply with the provisions of the terms**
48 **and conditions thereof;**

49 (16) **Procure such insurance, participate in such insurance plans, or provide such**
50 **self insurance or both as it deems necessary or convenient; provided however, the purchase**
51 **of insurance, participation in an insurance plan, or creation of a self-insurance fund by the**
52 **corporation shall not be deemed as a waiver or relinquishment of any sovereign immunity**
53 **to which the corporation or its officers, directors, employees, or agents are otherwise**
54 **entitled;**

55 (17) **Partner with universities or other research institutions in Missouri to attract**
56 **and recruit world-class science and innovation talent to Missouri;**

57 (18) **Expend any and all funds from the Missouri science and innovation**
58 **reinvestment fund and all other assets and resources of the corporation for the exclusive**
59 **purpose of fulfilling any purpose, power, or duty of the corporation under sections 348.250**
60 **to 348.275, including but not limited to implementing the powers, purposes, and duties of**
61 **the corporation as enumerated in this section;**

62 (19) **Participate in joint ventures and collaborate with any taxpayer, governmental**
63 **body or agency, insurer, university, or college of the state, or any other entity to facilitate**
64 **any activities or programs consistent with the purpose and intent of sections 348.250 to**
65 **348.275; and**

66 (20) **In carrying out any activities authorized by sections 348.250 to 348.275, the**
67 **corporation provides appropriate assistance, including the making of investments, grants,**
68 **and loans, and providing time of employees, to any taxpayer, governmental body, or**
69 **agency, insurer, university, or college of the state, or any other entity, whether or not any**
70 **such taxpayer, governmental body or agency, insurer, university, or college of the state, or**
71 **any other entity, is owned or controlled in whole or in part, directly or indirectly, by the**
72 **corporation.**

73 **2. The corporation shall endeavor to maximize the amount of leveraging of nonstate**
74 **resources, including public and private, cash and in-kind, attained with its investments,**

75 grants, loans, or other forms of support. In the case of investments, grants, loans, or other
76 forms of support that emphasize or are specifically intended to impact a particular
77 Missouri county, municipality, or other geographic subdivision of the state, or are
78 otherwise local in nature, the corporation shall give consideration and weight to local
79 matching funds and other matching resources, public and private.

80 **3. Except as expressly provided in sections 348.250 to 348.275, all monies earned**
81 **or received by the corporation, including all funds derived from the commercialization of**
82 **science and innovation products, methods, services, and technology by the corporation, or**
83 **any affiliate or subsidiary thereof, or from the Missouri science and innovation**
84 **reinvestment fund, shall belong exclusively to and be subject to the exclusive control of the**
85 **corporation.**

86 **4. The corporation shall have all the powers of a not-for-profit corporation**
87 **established under Missouri law.**

88 **5. The corporation shall assume all moneys, property, or other assets remaining**
89 **with the Missouri seed capital investment board, established in section 620.641. All**
90 **powers, duties, and functions performed by the Missouri seed capital investment board**
91 **shall be transferred to the Missouri technology corporation.**

348.262. In order to assist the corporation in achieving the objectives identified in
2 section 348.261, the department of economic development may contract with the corporation for
3 activities consistent with the corporation's purpose, as specified in [section 348.256] **sections**
4 **348.250 to 348.275**. When contracting with the corporation under the provisions of this section,
5 the department of economic development may directly enter into agreements with the
6 corporation and shall not be bound by the provisions of chapter 34, RSMo.

348.263. 1. [The Missouri business modernization and technology corporation shall
2 replace the corporation for science and technology. All moneys, property or any other assets
3 remaining with the corporation for science and technology after all obligations are satisfied on
4 August 28, 1993, shall be transferred to the Missouri business modernization and technology
5 corporation. All powers, duties and functions performed by the Missouri corporation of science
6 and technology on August 28, 1993, shall be transferred to the Missouri business modernization
7 and technology corporation.] **Except as otherwise provided in sections 348.250 to 348.275,**
8 **the corporation shall be subject to requirements applicable to governmental bodies and**
9 **records contained in sections 610.010 to 610.225.**

10 2. [The Missouri technology corporation shall replace the Missouri business
11 modernization and technology corporation. All moneys, property or any other assets remaining
12 with the Missouri business modernization and technology corporation after all obligations are
13 satisfied on August 28, 1994, shall be transferred to the Missouri technology corporation. All

14 powers, duties and functions performed by the Missouri business modernization and technology
15 corporation on August 28, 1994, shall be transferred to the Missouri technology corporation.]

16 **In addition to the exceptions available under sections 610.010 to 610.225, the records of the**
17 **corporation shall not be subject to the provisions of sections 610.010 to 610.225, when, in**
18 **the opinion of the corporation, the disclosure of the information in the records would be**
19 **harmful to the competitive position of the corporation and such records contain:**

20 (1) **Proprietary information gathered by, or in the possession of, the corporation**
21 **from third parties pursuant to a promise of confidentiality;**

22 (2) **Contract cost estimates prepared for confidential use in awarding contracts for**
23 **research, development, construction, renovation, commercialization, or the purchase of**
24 **goods or services;**

25 (3) **Data, records, or information of a proprietary nature produced or collected by,**
26 **or for, the corporation, its employees, officers, or members of its board;**

27 (4) **Third party financial statements, records, and related data not publicly**
28 **available that may be shared with the corporation;**

29 (5) **Consulting or other reports paid for by the corporation to assist the corporation**
30 **in connection with its strategic planning and goals; or**

31 (6) **The determination of marketing and operational strategies where disclosure of**
32 **such strategies would be harmful to the competitive position of the corporation.**

33 3. **In addition to the exceptions available under sections 610.010 to 610.225, the**
34 **corporation, including the board, executive committee, audit committee, and research**
35 **alliance of Missouri, or other such committees or boards that the corporation may**
36 **authorize from time to time, may discuss, consider, and take action on any of the following**
37 **in closed session, when in the opinion of the corporation, including as appropriate the**
38 **board, executive committee, audit committee, and research alliance of Missouri, or other**
39 **such committees or boards that the corporation may authorize from time to time,**
40 **disclosure of such items would be harmful to the competitive position of the corporation:**

41 (1) **Plans that could affect the value of property, real or personal, owned, or**
42 **desirable for ownership by the corporation;**

43 (2) **The condition, acquisition, use, or disposition of real or personal property; or**

44 (3) **Contracts for applied research; basic research; science and innovation product**
45 **development, manufacturing, or commercialization; construction and renovation of science**
46 **and innovation facilities; or marketing or operational strategies.**

348.264. [1.] There is hereby established in the state treasury a special fund to be known
2 as the "Missouri [Technology Investment] **Science and Innovation Reinvestment Fund**", which
3 shall consist of all moneys which may be appropriated to it by the general assembly **based on**

4 **the applicable percentage of the amount by which science and innovation employees' gross**
5 **wages for the year exceeds the base year gross wages pursuant to section 348.265; other**
6 **funds appropriated to it by the general assembly**, and also any gifts, contributions, grants or
7 bequests received from federal, private or other sources. [Such moneys shall include federal
8 funds which may be received from the National Institute for Science and Technology, the Small
9 Business Administration and the Department of Defense through its Technology Reinvestment
10 Program.] Money in the Missouri [technology investment program] **science and innovation**
11 **reinvestment fund** shall be used to carry out the provisions of sections [348.251] **348.250** to
12 348.275. Moneys for business modernization programs, technology application programs,
13 technology commercialization programs and technology development programs established
14 pursuant to the provisions of sections [348.251] **348.250** to 348.275 shall be available from
15 appropriations made by the general assembly from the Missouri [technology investment] **science**
16 **and innovation reinvestment** fund. Any moneys remaining in the Missouri [technology
17 investment] **science and innovation reinvestment** fund at the end of any fiscal year shall not
18 lapse to the general revenue fund, as provided in section 33.080, but shall remain in the Missouri
19 technology investment fund.

20 [2. Notwithstanding the provisions of sections 173.500 to 173.565, RSMo, the Missouri
21 technology investment fund shall be utilized to fund projects which would previously have been
22 funded through the higher education applied projects fund.]

348.265. 1. As soon as practicable after August 28, 2011, the director of the
2 **department of economic development shall establish the base year gross wages and report**
3 **the amount of the base year gross wages to the board of the corporation and the director**
4 **of revenue. Within one hundred eighty days after the end of each fiscal year beginning**
5 **with the fiscal year ending June 30, 2011, and for each subsequent fiscal year prior to the**
6 **end of the last funding year, the director of economic development and the president of the**
7 **corporation shall determine and report to the director of revenue and the board of the**
8 **corporation the amount by which aggregate science and innovation employees' gross wages**
9 **for the fiscal year exceeds the base year gross wages. The director of economic**
10 **development and the president of the corporation may consider any verifiable evidence,**
11 **including but not limited to the NAICS codes assigned or recorded by the United States**
12 **Department of Labor for companies with employees in the state, when determining which**
13 **organizations should be classified as science and innovation companies.**

14 **2. Notwithstanding section 23.250 to the contrary, for each of the twenty-five**
15 **funding years, beginning July 1, 2011, the director of revenue shall transfer to the Missouri**
16 **science and innovation reinvestment fund an amount equal to the product of the applicable**
17 **percentage multiplied by an amount equal to the increase in aggregate science and**

18 innovation employees' gross wages for the prior fiscal year, over the base year gross wages.
19 The director of revenue may make estimated payments to the Missouri science and
20 innovation reinvestment fund more frequently based on estimates provided by the director
21 of revenue and reconciled annually.

22 3. Local political subdivisions may contribute to the Missouri science and
23 innovation reinvestment fund through a grant, contract, or loan by dedicating a portion
24 of any sales tax or property tax increase resulting from increases in science and innovation
25 company economic activity occurring after August 28, 2011, or other such taxes or fees as
26 such local political subdivisions may establish.

27 4. Funding generated by the provisions of this section shall be expended by the
28 corporation to further its purposes as specified in section 348.256.

29 5. Upon enactment of this section, the corporation shall prepare a strategic plan for
30 the use of the funding to be generated by the provisions, and may consult with science and
31 innovation partners, including, but not limited to the research alliance of Missouri, as
32 established in section 348.257; the life sciences research board established in section
33 196.1003; and the innovation centers or centers for advanced technology, as established in
34 section 348.272. The corporation shall make a draft strategic plan available for public
35 comment prior to publication of the final strategic plan.

348.269. 1. Nothing contained in sections 348.250 to 348.275 shall be construed as
2 a restriction or limitation upon any powers that the corporation might otherwise have
3 under other laws of this state, and the provisions of sections 348.250 to 348.275 are
4 cumulative to such powers.

5 2. Nothing in sections 348.250 to 348.275 should be construed as allowing the board
6 to sell the corporation or substantially all of the assets of the corporation, or to merge the
7 corporation with another institution, without prior authorization by the general assembly.

8 3. Notwithstanding the provisions of section 23.253 to the contrary, the provisions
9 of sections 348.250 to 348.275 shall not sunset. The provisions of sections 348.250 to
10 348.275 shall not terminate before the satisfaction of all outstanding obligations, notes, and
11 bonds provided for under sections 348.250 to 348.275.

12 4. The provisions of sections 348.250 to 348.275 shall not terminate before the
13 satisfaction of all outstanding obligations, notes, and bonds provided for under sections
14 348.250 to 348.275.

15 5. If any provision of this Act or the application thereof is held invalid, the
16 invalidity shall not affect other provisions or applications of the Act that can be given effect
17 without the invalid provision or application, and to this end the provisions of this Act are
18 severable. Insofar as the provisions of sections 348.250 to 348.275 are inconsistent with the

19 **provisions of any other law, general, specific or local, the provisions of sections 348.250 to**
20 **348.275 shall be controlling.**

348.271. 1. In order to foster the growth of Missouri's economy and to stimulate the
2 creation of new jobs in [technology-based] **science and innovation-based** industry for the state's
3 work force, the Missouri technology corporation, in accordance with the provisions of this
4 section and within the limits of appropriations therefor is authorized to contract with Missouri
5 not-for-profit corporations for the operation of innovation centers within the state. The primary
6 emphasis of some, if not of all innovation centers, shall be in the areas of [technology
7 commercialization, finance and business modernization. Innovation centers operated under the
8 provisions of this section shall provide assistance to individuals and business organizations
9 during the early stages of the development of new technology-based] **science and innovation-**
10 **based** business ventures. Such assistance may include the provision of facilities, equipment,
11 administrative and managerial support, planning assistance, and such other services and
12 programs that enhance the development of such ventures and such assistance may be provided
13 for fees or other consideration.

14 2. The innovation centers operated under this section shall counsel and assist the new
15 [technology-based] **science and innovation-based** business ventures in finding a suitable site
16 in the state of Missouri for location of the business upon its graduation from the innovation
17 program. Each innovation center shall annually submit a report of its activities to the department
18 of economic development and the Missouri technology corporation which shall include, but not
19 be limited to, the success rate of the businesses graduating from the center, the progress and
20 locations of businesses which have graduated from the center, the types of businesses which have
21 graduated from the center, and the number of jobs created by the businesses involved in the
22 center.

23 **3. Any contract signed between the corporation and any not-for-profit organization**
24 **to operate an innovation center in accordance with the provisions of this section shall**
25 **require that the not-for-profit organization must provide at least a one-hundred-percent**
26 **match for the funding received from the corporation pursuant to appropriation therefor.**

348.300. As used in sections 348.300 to 348.318, the following terms mean:

2 (1) "Commercial activity located in Missouri", any research, development, prototype
3 fabrication, and subsequent precommercialization activity, or any activity related thereto,
4 conducted in Missouri for the purpose of producing a service or a product or process for
5 manufacture, assembly or sale or developing a service based on such a product or process by any
6 person, corporation, partnership, joint venture, unincorporated association, trust or other
7 organization doing business in Missouri. Subsequent to January 1, 1999, a commercial activity

8 located in Missouri shall mean only such activity that is located within a distressed community,
9 as defined in section 135.530;

10 (2) "Follow-up capital", capital provided to a commercial activity located in Missouri
11 in which a qualified fund has previously invested seed capital or start-up capital and which does
12 not exceed ten times the amount of such seed and start-up capital;

13 (3) "Person", any individual, corporation, partnership, or other entity, including any
14 charitable corporation which is exempt from federal income tax and whose Missouri unrelated
15 business taxable income, if any, would be subject to the state income tax imposed under chapter
16 143;

17 (4) "Qualified contribution", cash contribution to a qualified fund;

18 (5) "Qualified economic development organization", any corporation organized under
19 the provisions of chapter 355 which has as of January 1, 1991, obtained a contract with the
20 department of economic development to operate an innovation center to promote, assist and
21 coordinate the research and development of new services, products or processes in the state of
22 Missouri; and the Missouri technology corporation organized pursuant to the provisions of
23 sections [348.253 to 348.266] **348.250 to 348.275**;

24 (6) "Qualified fund", any corporation, partnership, joint venture, unincorporated
25 association, trust or other organization which is established under the laws of Missouri after
26 December 31, 1985, which meets all of the following requirements established by this
27 subdivision. The fund shall have as its sole purpose and business the making of investments, of
28 which at least ninety percent of the dollars invested shall be qualified investments. The fund
29 shall enter into a contract with one or more qualified economic development organizations which
30 shall entitle the qualified economic development organizations to receive not less than ten
31 percent of all distributions of equity and dividends or other earnings of the fund. Such contracts
32 shall require the qualified fund to transfer to the Missouri technology corporation organized
33 pursuant to the provisions of sections [348.253 to 348.266] **348.250 to 348.275** this interest and
34 make corresponding distributions thereto in the event the qualified economic development
35 organization holding such interest is dissolved or ceases to do business for a period of one year
36 or more;

37 (7) "Qualified investment", any investment of seed capital, start-up capital, or follow-up
38 capital in any commercial activity located in Missouri;

39 (8) "Seed capital", capital provided to a commercial activity located in Missouri for
40 research, development and precommercialization activities to prove a concept for a new product
41 or process or service, and for activities related thereto;

42 (9) "Start-up capital", capital provided to a commercial activity located in Missouri for
 43 use in preproduction product development or service development or initial marketing thereof,
 44 and for activities related thereto;

45 (10) "State tax liability", any state tax liability incurred by a taxpayer under the
 46 provisions of chapters 143, 147 and 148, exclusive of the provisions relating to the withholding
 47 of tax as provided for in sections 143.191 to 143.265 and related provisions;

48 (11) "Uninvested capital", the amount of any distribution, other than of earnings, by a
 49 qualified fund made within five years of the issuance of a certificate of tax credit as provided by
 50 sections 348.300 to 348.318; or the portion of all qualified contributions to a qualified fund
 51 which are not invested as qualified investments within five years of the issuance of a certificate
 52 of tax credit as provided by sections 348.300 to 348.318 to the extent that the amount not so
 53 invested exceeds ten percent of all such qualified contributions.

2 [348.253. 1. The Missouri technology corporation may contract with
 3 not-for-profit organizations to carry out the provisions of sections 348.251 to
 4 348.275. By entering into such contracts, the corporation shall attempt to achieve
 5 the following objectives:

6 (1) The establishment of a research alliance which shall advance
 7 technology development, as defined in subdivision (3) of section 348.251. The
 8 corporation, in this capacity, shall have the authority to contract directly with
 9 centers for advanced technology, as established by section 348.272, and other
 10 not-for-profit entities. In proceeding with this objective, the corporation and
 11 centers for advanced technology shall utilize the results of targeted industry
 12 studies commissioned by the department of economic development;

13 (2) Technology commercialization, as defined in subdivision (2) of
 14 section 348.251;

15 (3) The establishment of a finance corporation to assist in the
 16 implementation of section 348.261; and

17 (4) The enhancement of technology application, as defined in subdivision
 18 (1) of section 348.251.

19 2. Any contract signed between the corporation and any not-for-profit
 20 organization, including innovation centers as defined in section 348.271, shall
 21 require that the not-for-profit organization must provide at least
 22 one-hundred-percent match for any funding received from the corporation
 through the technology investment fund, as established in section 348.264.]