

AMENDMENT #20

OFFERED IN THE HOUSE

BY REPRESENTATIVE Holland

TO: CSHB 124(STA), Draft Version "N"

1 Page 1, line 1, following "Authority;":

2 Insert "creating the innovation-driven enterprise investment fund; creating the
3 innovation-driven enterprise incubator grant program; creating the innovation-driven
4 enterprise incubator grant fund; relating to the duties of the Department of Commerce,
5 Community, and Economic Development;"

6

7 Page 3, lines 19 - 28:

8 Delete all material.

9

10 Renumber the following bill sections accordingly.

11

12 Page 5, following line 11:

13 Insert a new bill section to read:

14 **** Sec. 10.** AS 44.88.190(b) is amended to read:

15 (b) The funds, income, or receipts of the authority may not be considered or
16 constitute money of the state except as provided in AS 44.88.205(c), nor may real
17 property in which the authority has an interest be considered land owned in fee by the
18 state or to which the state may become entitled or in any way land belonging to the
19 state, or state land referred to in art. VIII of the Alaska Constitution."

20

21 Renumber the following bill sections accordingly.

22

23 Page 6, following line 8:

1 Insert a new bill section to read:

2 **** Sec. 12.** AS 44.88.205 is amended by adding a new subsection to read:

3 (c) The legislature may appropriate the income of the authority, including loan
4 interest payments, loan commitment fees, and income earned on assets of the
5 authority, as follows:

6 (1) 20 percent to the authority for the purposes described in this
7 chapter;

8 (2) five percent to the innovation-driven enterprise investment fund
9 established in AS 44.88.860;

10 (3) one percent to the innovation-driven enterprise incubator grant
11 fund established in AS 45.81.310; and

12 (4) 74 percent for other purposes the legislature considers appropriate."
13

14 Renumber the following bill sections accordingly.

15
16 Page 7, following line 18:

17 Insert new bill sections to read:

18 **** Sec. 16.** AS 44.88.600 is amended to read:

19 **Sec. 44.88.600. Rural development initiative fund.** The rural development
20 initiative fund is created in the authority outside of the revolving fund. The rural
21 development initiative fund is a fund for the uses and purposes of AS 44.88.600 -
22 44.88.620. The rural development initiative fund consists of money or assets
23 appropriated or transferred to the authority for the purposes of this section [,] and [OF]
24 loan repayments [, INTEREST, OR OTHER INCOME EARNED ON LOANS OR
25 INVESTMENTS OF THE FUND]. In addition, the authority may deposit other assets
26 into the fund if the total value of those deposits does not exceed \$2,000,000. The
27 authority, in its discretion, may transfer money or other assets from the rural
28 development initiative fund to the revolving fund.

29 *** Sec. 17.** AS 44.88.660 is amended to read:

30 **Sec. 44.88.660. Alaska Industrial Development and Export Authority**
31 **sustainable energy transmission and supply development fund.** The Alaska

1 Industrial Development and Export Authority sustainable energy transmission and
2 supply development fund is established in the authority. The development fund
3 consists of appropriations made to the development fund by the legislature, money or
4 other assets transferred to the development fund by a vote of the members of the
5 authority under AS 44.88.050 from any other fund controlled by the authority, and
6 unrestricted loan repayments [, INTEREST, OR OTHER INCOME EARNED ON
7 LOANS, INVESTMENTS, OR ASSETS OF THE DEVELOPMENT FUND]. The
8 development fund is not an account in the revolving fund established in AS 44.88.060,
9 and the authority shall account for the development fund separately from the revolving
10 fund. The authority may create additional accounts in the development fund. Subject
11 to agreements made with the holders of the authority's bonds or with other persons, the
12 authority may transfer amounts in an account in the development fund to another
13 account in the development fund. Amounts deposited in the development fund may be
14 pledged to the payment of bonds of the authority or expended for the purposes of
15 AS 44.88.650 - 44.88.690. The authority has the powers and responsibilities
16 established in AS 37.10.071 with respect to the investment of amounts held in the
17 development fund.

18 * **Sec. 18.** AS 44.88.810 is amended to read:

19 **Sec. 44.88.810. Arctic infrastructure development fund.** The Arctic
20 infrastructure development fund is established in the authority. The fund consists of
21 appropriations made to the fund by the legislature, money or other assets transferred to
22 the fund by a majority vote of the members of the authority under AS 44.88.050 from
23 any other fund controlled by the authority, and unrestricted loan repayments [,
24 INTEREST, OR OTHER INCOME EARNED ON LOANS, INVESTMENTS, OR
25 ASSETS OF THE FUND]. The fund is not an account in the revolving fund
26 established in AS 44.88.060, and the authority shall account for the fund separately
27 from the revolving fund. The authority may create additional accounts in the fund.
28 Subject to agreements made with the holders of the authority's bonds or with other
29 persons, the authority may transfer amounts in an account in the fund to another
30 account in the fund. Amounts deposited in the fund may be pledged to the payment of
31 bonds of the authority or expended for the purposes of AS 44.88.800 - 44.88.840. The

1 authority has the powers and responsibilities established in AS 37.10.071 with respect
2 to the investment of amounts held in the fund.

3 * **Sec. 19.** AS 44.88 is amended by adding a new section to read:

4 **Article 11A. Innovation-Driven Enterprise Investments.**

5 **Sec. 44.88.860. Innovation-driven enterprise investment fund.** (a) The
6 innovation-driven enterprise investment fund is established in the authority. The fund
7 consists of appropriations made to the fund by the legislature and unrestricted loan
8 repayments. The fund is not an account in the revolving fund established in
9 AS 44.88.060, and the authority shall account for the fund separately from the
10 revolving fund. The authority may create additional accounts in the fund. Subject to
11 agreements made with the holders of the authority's bonds or with other persons, the
12 authority may transfer amounts in an account in the fund to another account in the
13 fund. Except as provided in (b) and (c) of this section, the authority may not expend or
14 transfer out of the fund the amounts deposited in the fund. The authority has the
15 powers and responsibilities established in AS 37.10.071 with respect to the investment
16 of amounts held in the fund.

17 (b) The authority may expend amounts deposited in the fund to invest in
18 innovation-driven enterprises in exchange for an ownership interest in the enterprise,
19 or an instrument that is convertible into an ownership interest in the enterprise. The
20 authority may not invest more than \$500,000 in a single innovation-driven enterprise.
21 To be eligible for investment under this subsection, an innovation-driven enterprise
22 must

23 (1) have gross revenues not exceeding \$2,000,000 in any fiscal year
24 before the date of initial investment;

25 (2) be formally affiliated with, or have received investment,
26 programmatic support, or admission from, a venture capital fund, incubator, or
27 accelerator that customarily supports early-stage innovation companies, as evidenced
28 by written documentation; and

29 (3) maintain its principal place of business in the state and conduct a
30 substantial portion of its management, product development, or research activities
31 within the state at the time of initial investment.

1 (c) The authority may expend amounts deposited in the fund to invest in
 2 venture capital funds that focus primarily on investing in innovation-driven
 3 enterprises. The authority may not invest more than \$2,500,000 in a single venture
 4 capital fund. To be eligible for investment under this subsection, a venture capital fund
 5 must primarily invest in innovation-driven enterprises that meet the requirements for
 6 investment under (b) of this section.

7 (d) The authority may not invest amounts deposited in the fund in an
 8 innovation-driven enterprise or venture capital fund that is a successor, affiliate, or
 9 reorganization of an existing entity formed to evade the limitations of this section.

10 (e) In this section, "innovation-driven enterprise"

11 (1) means a for-profit entity that, as its primary activity, develops or
 12 materially improves a novel product, service, or process intended for commercial
 13 deployment and that devotes a substantial portion of its operating expenditures or
 14 personnel to research, development, engineering, or product design;

15 (2) does not include an entity primarily engaged in real estate
 16 development, lodging, food service, retail sales, resource extraction, or passive
 17 investment.

18 * **Sec. 20.** AS 45.81 is amended by adding new sections to read:

19 **Article 4. Innovation-Driven Enterprise Incubator Grants.**

20 **Sec. 45.81.300. Innovation-driven enterprise incubator grant program.** (a)

21 An innovation-driven enterprise incubator grant program is established in the
 22 department for the purpose of funding incubator and accelerator programs focused on
 23 supporting innovation-driven enterprises in the state.

24 (b) An entity that provides an incubator or accelerator program for innovation-
 25 driven enterprises may apply to the department for a grant.

26 (c) The department may award a grant to an incubator or accelerator program
 27 that primarily supports innovation-driven enterprises that have annual gross revenues
 28 not exceeding \$2,000,000, maintain their principal place of business in the state, and
 29 conduct a substantial portion of management, product development, or research
 30 activities within the state.

31 **Sec. 45.81.310. Innovation-driven enterprise incubator grant fund.** (a) The

1 innovation-driven enterprise incubator grant fund is established in the department and
 2 consists of appropriations to the fund. The legislature may appropriate to the fund
 3 income earned on money in the fund.

4 (b) Money appropriated to the fund may be expended by the department for
 5 innovation-driven enterprise incubator grants under AS 45.81.300 without further
 6 appropriation. Money in the fund does not lapse and remains available for expenditure
 7 in successive fiscal years.

8 **Sec. 45.81.320. Regulations.** The department may adopt regulations under
 9 AS 44.62 (Administrative Procedure Act) to implement AS 45.81.300 - 45.81.330.

10 **Sec. 45.81.330. Definitions.** In AS 45.81.300 - 45.81.330,

11 (1) "department" means the Department of Commerce, Community,
 12 and Economic Development;

13 (2) "fund" means the innovation-driven enterprise incubator grant fund
 14 established in AS 45.81.310;

15 (3) "innovation-driven enterprise" has the meaning given in
 16 AS 44.88.860."

17
 18 Renumber the following bill sections accordingly.

19
 20 Page 7, line 19:

21 Delete "AS 44.88.380 is"

22 Insert "AS 44.88.088 and 44.88.380 are"