

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO. [bill number]

Startup Wyoming-economic diversification.

Sponsored by: Representative(s) Harshman

A BILL

for

1 AN ACT relating to economic development and
2 diversification; providing for matching funds for the small
3 business innovation research program; creating the Wyoming
4 research and innovation program; creating the
5 startup:Wyoming and kickstart:Wyoming programs; specifying
6 criteria for newly created and existing programs and
7 initiatives; creating subaccounts within the economic
8 diversification account; authorizing use of funds for
9 approved projects; modifying duties of the Wyoming business
10 council to reflect investment authority in start-up
11 entities and to administer other programs; modifying duties
12 of other economic diversification entities; requiring
13 reports; requiring and otherwise providing for rulemaking;

1 providing appropriations and for continuous appropriations;
2 and providing for an effective date.

3

4 *Be It Enacted by the Legislature of the State of Wyoming:*

5

***** STAFF COMMENTS *****

6 This draft implements the "startup Wyoming"
7 portion of the ENDOW report. The report called
8 for a "Wyoming lottery" type of entity to oversee
9 the various new programs providing matching
10 funds, "kickstart small grants," for investments
11 in startup companies from the PWMTF, incubators
12 and other like "ecosystem" concepts. The
13 establishment of a Wyoming lottery like
14 organization is problematic as the Wyoming
15 constitution prohibits appropriations to entities
16 not under the absolute control of the State. The
17 AG and Supreme Court have recognized the ability
18 of the Legislature to create state authorities
19 which operate in large part independent of the
20 State, and the ability of the Legislature to
21 appropriate funds for administration of those
22 entities. But even so, the Endow report called
23 for appropriations to the new entity for purposes
24 beyond administration functions. Thus the bill
25 draft places the new programs in the WBC, which
26 already has many of the duties found in the
27 "kickstart Wyoming" section of the ENDOW report.

28

29 A number of existing provisions are included in
30 this draft for context only. They will be
31 removed if the bill is sponsored for
32 introduction.

33

34 **Section 1.** W.S. 9-12-408 and 9-12-409 are created to
35 read:

36

1 **9-12-408. Wyoming research and innovation program fund**
2 **created; authorized expenditures from the fund; rulemaking.**

3

4 (a) The council shall administer a Wyoming research
5 and innovation program under which matching funds necessary
6 to access federal research and development grant funds or
7 other non-state funds may be provided as specified in this
8 section. To be eligible to receive funding under the
9 program an entity shall present to the council its proposal
10 to apply for or an existing application for an externally-
11 funded grant specific to a priority economic sector
12 identified in the approved twenty (20) year comprehensive
13 economic diversification strategy under W.S. 9-12-
14 1402(a)(iv). The entity shall demonstrate that further
15 research funding from non-state funds is likely to be
16 provided if funding is provided under this section.

17

18 (b) The business council, in consultation with the
19 ENDOW executive council and the University of Wyoming shall
20 promulgate rules necessary to carry out the provisions of
21 this section. The rules shall include but not be limited to
22 application procedures, eligibility requirements, the
23 amount of funding which may be provided for any single

1 project, provision for ensuring adequate consideration to
2 the state in exchange for funding any project which does
3 not solely involve a state agency or institution or
4 political subdivision of the state, recapture of funding if
5 the recipient of funds breeches any agreement under the
6 program and prioritization for funding requests.

7

8 (c) The business council shall not accept applications
9 for funding under this section until on or after April 1,
10 2019, unless the funding application is for a project in
11 which the University of Wyoming or a Wyoming community
12 college has a direct economic interest.

13

14 **9-12-409. Startup-Wyoming investments.**

15

16 (a) The business council in coordination with the
17 economically needed diversity options for Wyoming (ENDOW)
18 executive council, shall prepare a proposal under which the
19 business council will invest in high-growth startup
20 business entities which provide opportunity to advance the
21 entrepreneurial ecosystem in Wyoming in priority economic
22 sectors identified in the approved twenty (20) year
23 comprehensive economic diversification strategy under W.S.

1 9-12-1402(a)(iv). The proposal shall be directed to
2 investments for seed-stage development or growth-stage
3 funding of business entities. The proposal shall be based
4 upon the assumption of the availability of twenty-five
5 million dollars (\$25,000,000.00) for investment from the
6 permanent Wyoming mineral trust fund. The council shall
7 include in the proposal:

8

9 (i) A suggested entity or entities, if any, to
10 oversee the council's investment decisions under this
11 section;

12

13 (ii) The council's determination of whether
14 existing statutory authority is sufficient to implement the
15 program, and if additional statutory authority is required
16 suggested legislation providing that authority;

17

18 (iii) Whether eligibility requirements for
19 investment, beyond those specified in this section, should
20 be provided by law;

21

1 (iv) Whether the council would propose additional
2 rules to implement the program, together with a description
3 of any such rules.

4

5 (b) The proposal shall be submitted to the ENDOW
6 council not later than July 1, 2018. The ENDOW council
7 shall include the proposal, together with changes
8 recommended by the ENDOW council, in the twenty (20) year
9 comprehensive economic diversification strategy plan
10 submitted pursuant to W.S. 9-12-1402(a)(iv)

11

12 **Section 2.** W.S. 9-12-105(a)(i) through (iii), (v),
13 (vi) and (viii) and by creating new subsections (b) through
14 (f), 9-12-108 by creating a new subsection (c) and 9-12-
15 1404(a) are amended to read:

16

17 **9-12-105. Economic development and diversification**
18 **services; kick-start Wyoming grants; small business**
19 **innovation research matching program.**

20

21 (a) It shall be the duty of the council to encourage,
22 stimulate and support the development and expansion of the

1 economy of the state. The council is charged with the
2 following duties and responsibilities:

3

4 (i) To see that there are prepared and carried
5 out effective economic development and diversification
6 marketing and promotional programs;

7

8 (ii) To make available, in conjunction and
9 cooperation with localities, chambers of commerce,
10 industrial authorities and other public and private groups,
11 to prospective new businesses basic information and
12 pertinent factors of interest and concern to such
13 businesses;

14

15 (iii) To formulate, promulgate and advance
16 programs throughout the state for encouraging the location
17 of new businesses in the state and the retention and growth
18 of existing businesses;

19

20 (v) To encourage the coordination of the
21 economic development and diversification efforts of public
22 institutions, regions, communities and private industry and
23 collect and maintain data on the development and

1 utilization of economic development and diversification
2 capabilities;

3

4 (vi) To establish such offices within and
5 without the state that are necessary to the expansion and
6 development of industries and trade. The council shall
7 establish economic development and diversification regions
8 and offices within the state based upon socioeconomic and
9 geographic similarities;

10

11 (viii) To advise the University of Wyoming and
12 the Wyoming community college commission in designating
13 technical training and other educational programs in
14 Wyoming's community colleges and the University of Wyoming
15 beneficial to economic development and diversification
16 activities in this state.

17

18 (b) The council, in consultation with the coordinator
19 of economic diversification, shall implement the
20 "startup:Wyoming" program in priority economic sectors
21 identified in the approved twenty (20) year comprehensive
22 economic diversification strategy under W.S. 9-12-
23 1402(a)(iv). The program shall:

1

2 (i) Foster connectivity between entrepreneurs,
3 investors and mentors, aligning local entities through
4 coordinated points of contact in participating Wyoming
5 communities. The efforts shall include methods of
6 communication designed to allow interaction between
7 stakeholders on a regular and consistent basis;

8

9 (ii) Provide entrepreneurs with advanced
10 resources to help their business succeed, including
11 mentoring, marketing, legal and other business coaching
12 services;

13

14 (iii) In conjunction with the University of
15 Wyoming, community colleges, localities, chambers of
16 commerce, industrial authorities and other public and
17 private groups, develop incubators, accelerators, co-
18 working spaces, makerspaces and other unique work spaces
19 and equipment to foster entrepreneurialism.

20

21 (c) In council shall administer a "kickstart Wyoming"
22 program to provide funding to early stage ventures of
23 Wyoming based entrepreneurs. Funding under this subsection

1 shall be provided upon approval of the council. The
2 council shall adopt rules for funding under this subsection
3 in consultation with the coordinator of economic
4 diversification. Funding shall be in amounts ranging from
5 five thousand dollars (\$5,000.00) to fifty thousand dollars
6 (\$50,000.00) and be provided under the following
7 conditions:

8
9 (i) To individuals who reside in Wyoming and to
10 business entities which are, or agree in writing to be,
11 headquartered in Wyoming and organized under the laws of
12 the state of Wyoming and which:

13
14 (A) Have committed to maintaining a
15 meaningful nexus to the state of Wyoming, including after
16 commercialization of a service, product, concept, design or
17 any other marketable asset developed with the assistance of
18 the funds;

19
20 (B) Proposes a service, product, concept,
21 design or any other marketable asset which has a
22 probability of providing an economic return to the state of

1 Wyoming through creation of jobs, expanded tax base and
2 diversification of the state's economy;

3

4 (C) Agree to provide a report to the council
5 on the progress to commercialize the service, product,
6 concept, design or any other marketable asset developed
7 with the assistance of the funds.

8

9 (ii) The recipient of funding meets other
10 requirements established by rule of the council to ensure
11 adequate consideration for the amount of the funding
12 provided.

13

14 (d) The council shall administer a small business
15 innovation research matching program in accordance with
16 this subsection. The program shall match federal funds
17 approved for Wyoming based companies as provided in this
18 subsection. The program shall be administered by the
19 council in consultation with the University of Wyoming
20 research office. The following shall apply to the program
21 under this subsection:

22

1 (i) To be eligible to receive funding, an entity
2 shall:

3
4 (A) Be headquartered in Wyoming and
5 organized under the laws of the state of Wyoming;

6
7 (B) Maintain a meaningful nexus to the state
8 of Wyoming, including for not less than three (3) years
9 after commercialization of a service, product, concept,
10 design or any other marketable asset developed with the
11 assistance of funds from the program;

12
13 (C) Have received funding under the federal
14 small business innovation research and small business
15 technology transfer programs;

16
17 (D) Propose a service, product, concept,
18 design or any other marketable asset which has a
19 probability of providing an economic return to the state of
20 Wyoming through creation of jobs, expanded tax base and
21 diversification of the state's economy;

22

1 (E) Agree to provide a report to the council
2 on or before July 1 of each year in the following manner:

3
4 (I) Prior to commercialization, the
5 entity shall report on the progress of the entity to
6 commercialize the service, product, concept, design or any
7 other marketable asset developed with the assistance of
8 funds from this program;

9
10 (II) If the entity commercializes a
11 service, product, concept, design or any other marketable
12 asset, and continues to market the product, concept or
13 design or asset, the entity shall report for three (3)
14 years on:

15
16 (1) The number of jobs the entity
17 has created;

18
19 (2) A salary range per job;

20
21 (3) The taxable assets of the
22 entity;

23

1 (4) All revenues from sales of the
2 service, product, concept, design or any other marketable
3 asset of the entity.

4
5 (F) Comply with the requirements of rules
6 adopted pursuant to this subsection.

7
8 (ii) Matching funds shall be awarded to
9 recipients as determined by the council in an amount not to
10 exceed:

11
12 (A) For a recipient of a phase I award, a
13 match up to one hundred percent (100%) of the award, not to
14 exceed one hundred thousand dollars (\$100,000.00);

15
16 (B) For a recipient of a phase II award, a
17 match up to one hundred percent (100%) of the award, not to
18 exceed two hundred fifty thousand dollars (\$250,000.00).

19
20 (iii) Matching funds under this subsection shall
21 be awarded to the recipient as soon as practicable after
22 approval of the matching fund application.

23

1 (iv) An entity shall repay all matching funds
2 provided under this subsection if:

3
4 (A) The entity commercializes a service,
5 product, concept, design or any other marketable asset
6 developed with the assistance of funds from this program;
7 and

8
9 (B) The entity fails to maintain a
10 significant nexus with the state of Wyoming within three
11 (3) years of commercializing a service, product, concept,
12 design or any other marketable asset developed with the
13 assistance of funds from this program and continues to
14 market the service, product, concept, design or asset.

15
16 (v) The council shall adopt rules for the program
17 in consultation with the coordinator of economic
18 diversification. The rules shall include but not be limited
19 to:

20
21 (A) Application procedures;
22

1 (B) The number and amount of funds available for
2 award in any fiscal year;

3
4 (C) Timing of issuance of funds awarded under the
5 program;

6
7 (D) Eligibility requirements;

8
9 (E) Provision for repayment of matching funds as
10 provided in this subsection;

11
12 (F) Provision for service, product, concept,
13 design or asset review and requirements under the program
14 consistent with this subsection.

15
16 (e) Not later than October 15, 2019 and every October
17 15th thereafter, the council shall report to the joint
18 minerals, business and economic development interim
19 committee concerning the programs under subsections (c) and
20 (d) of this section. The report shall include:

21
22 (i) A yearly and total summary of the number and
23 amounts of matching funds awarded under each program;

1

2

(ii) A description of an entity and a service, product, concept, design or any other marketable asset developed which was commercialized with the assistance of funds from these programs within the prior three (3) years;

6

7

(iii) The realized economic impact of each program on the state, including jobs created, salary range per job created and potential impact to the local community.

11

12

(f) As used in this section, "commercialization" means the creation by an entity of commercial processes, products, and services derived in whole or in part from research undertaken with matching funds awarded under subsections (c) or (d) of this section, which results in realized revenues to the entity of at least three (3) times the matching funds awarded under this section.

19

20

9-12-108. Coordination of business permits.

21

22

(a) The council shall:

23

1 (i) Compile information on the federal, state
2 and local requirements necessary to begin and operate a
3 business in Wyoming and make this information available to
4 the public on request;

5

6 (ii) Develop application procedures to expedite
7 the state licensing and permitting process;

8

9 (iii) Assist prospective businesses in obtaining
10 the necessary federal, state and local permits and
11 licenses;

12

13 (iv) Encourage and facilitate the participation
14 of federal, state and local government agencies in permit
15 and license coordination;

16

17 (v) Review permit requirements and the value to
18 the state of these permits and prepare recommendations for
19 changes for submission to the appropriate agency, the
20 governor and the legislature.

21

1 (b) The council may request assistance from any state
2 agency to carry out its duties under this section. State
3 agencies shall cooperate with the request for assistance.

4
5 (c) The Wyoming business council shall prepare and
6 present to the economically needed diversity options for
7 Wyoming (ENDOW) executive council a proposal under which
8 the business council, by exercising the duties and
9 authority provided in this section, will assist businesses
10 within the state in priority economic sectors identified in
11 the approved twenty (20) year comprehensive economic
12 diversification strategy under W.S. 9-12-1402(a)(iv) in
13 obtaining necessary state, local and federal permits and
14 licenses. The business council shall consult with
15 businesses within Wyoming to identify specific federal,
16 state and local regulations which unduly impede or delay
17 permitting and licensing in the state and shall identify
18 those regulations recommended for review by the entity with
19 jurisdiction to eliminate unnecessary provisions. The
20 business council proposals shall be submitted to the ENDOW
21 council not later than July 1, 2018. The ENDOW council
22 shall include recommendations for implementation of the
23 business council proposals in its twenty (20) year

1 comprehensive economic diversification strategy plan
2 submitted pursuant to W.S. 9-12-1402(a)(iv) and in its
3 first action plan under W.S. 9-12-1402(a)(v).

4

5 **9-12-1404. Economic diversification account created;**
6 **authorized expenditures.**

7

8 (a) There is created an economic diversification
9 account. All monies in the account are continuously
10 appropriated to the office of the governor to be used
11 solely for the purposes of this article and as otherwise
12 specified by law, including per diem, mileage and other
13 administrative expenses of the ENDOW executive council.
14 Notwithstanding W.S. 9-2-1008 and 9-4-207, funds in the
15 account or subaccounts of the account shall not lapse at
16 the end of the fiscal period. Interest earned on funds in
17 the account shall be deposited to the account or
18 appropriate subaccount. Within the account shall be
19 subaccounts. For accounting investment purposes only all
20 subaccounts shall be treated as separate account.
21 Subaccounts are as follows:

22

1 (i) The Wyoming research and innovation
 2 subaccount. Funds within this subaccount may be expended
 3 as requested by business council and approved by the
 4 governor or his designee to provide funding for agreements
 5 entered into pursuant to W.S. 9-12-408;

6
 7 (ii) The startup:Wyoming subaccount. Funds within
 8 this subaccount may be expended as requested by business
 9 council and approved by the governor or his designee to
 10 provide funding pursuant to W.S. 9-12-105(b) through (f).

11
 12 (b) The governor may accept, and shall deposit
 13 to the account, or to the appropriate subaccount within the
 14 account, any gifts, contributions, donations, grants or
 15 federal funds specifically designated for purposes of this
 16 article or other ENDOW related program.

17 ***** STAFF COMMENTS *****
 18 **The above section generally follows the same**
 19 **format as the workforce program and other ENDOW**
 20 **suggested program funding.**

21
 22 **Section 3.**

23
 24 (a) There is appropriated from revenues credited to
 25 the strategic investments and projects account under W.S.

1 9-4-719(q) and (t) attributable to earnings from the fiscal
2 year beginning July 1, 2018 and ending June 30, 2019:

3

4 (i) Five million dollars (\$5,000,000.00) to the
5 startup:Wyoming subaccount created by W.S. 9-12-
6 1404(a)(ii);

7

8 (ii) Six million dollars (\$6,000,000.00) to the
9 Wyoming research and innovation subaccount created by W.S.
10 9-12-1404(a)(i).

11

12 (b) Notwithstanding any other provision of law, funds
13 appropriated under this section shall not be transferred or
14 expended for any purpose other than as provided in W.S. 9-
15 12-1404.

16

17 **Section 4.** This act is effective immediately upon
18 completion of all acts necessary for a bill to become law
19 as provided by Article 4, Section 8 of the Wyoming
20 Constitution.

21

22

(END)