

ENROLLED ACT NO. 58, SENATE

SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING
2018 BUDGET SESSION

AN ACT relating to economic development and diversification; providing for matching funds for the small business innovation research program; creating the Wyoming research and innovation program; creating the "startup:Wyoming" and "kickstart:Wyoming" programs; specifying criteria for newly created and existing programs and initiatives; creating subaccounts within the economic diversification account; authorizing use of funds for approved projects; modifying duties of the Wyoming business council to reflect investment authority in start-up entities and to administer other programs; modifying duties of other economic diversification entities; requiring reports; requiring and otherwise providing for rulemaking; providing appropriations and for continuous appropriations; modifying other appropriations; and providing for an effective date.

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

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

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

(a) The council shall administer a Wyoming research and innovation program under which matching funds necessary to access federal research and development grant funds or other nonstate funds may be provided as specified in this section. To be eligible to receive funding under the program an entity shall present to the council its proposal to apply for or an existing application for an externally funded grant specific to a priority economic sector identified in the approved twenty (20) year comprehensive

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economic diversification strategy under W.S. 9-12-1402(a)(iv). The entity shall demonstrate that further research funding from nonstate funds is likely to be provided if funding is provided under this section.

(b) The Wyoming business council, in consultation with the ENDOW executive council and the University of Wyoming shall promulgate rules necessary to carry out the provisions of this section. The rules shall include but not be limited to application procedures, eligibility requirements, the amount of funding which may be provided for any single project, provision for ensuring adequate consideration to the state in exchange for funding any project which does not solely involve a state agency or institution or political subdivision of the state, recapture of funding if the recipient of funds breaches any agreement under the program and prioritization for funding requests. In establishing provisions for adequate consideration to the state, the council may include, but is not limited to, assessment of the following:

(i) The potential for the creation of a high-growth company and number of new jobs created;

(ii) The amount of nonstate or private financing leveraged to be used by the business in Wyoming;

(iii) Potential increase in Wyoming based patents;

(iv) Increase in Wyoming higher education institutions' capacity to respond to new research developments.

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9-12-409. Startup-Wyoming investments.

(a) The Wyoming business council in coordination with the economically needed diversity options for Wyoming (ENDOW) executive council, shall prepare a proposal under which the business council will invest in high growth startup business entities which provide opportunity to advance the entrepreneurial ecosystem in Wyoming in priority economic sectors identified in the approved twenty (20) year comprehensive economic diversification strategy under W.S. 9-12-1402(a)(iv). The proposal shall be directed to investments for seed stage development or growth stage funding of business entities. The council shall include in the proposal:

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

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

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

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

(b) The proposal shall be submitted to the ENDOW executive council not later than July 1, 2018. The ENDOW executive council shall include the proposal, together with

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changes recommended by the ENDOW executive council, in the twenty (20) year comprehensive economic diversification strategy plan submitted pursuant to W.S. 9-12-1402(a)(iv).

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

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

(a) It shall be the duty of the council to encourage, stimulate and support the development and expansion of the economy of the state. The council is charged with the following duties and responsibilities:

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

(v) To encourage the coordination of the economic development and diversification efforts of public institutions, regions, communities and private industry and collect and maintain data on the development and utilization of economic development and diversification capabilities;

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

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

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

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

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

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

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(c) The council shall administer a "kickstart:Wyoming" program to provide funding to early stage ventures of Wyoming based entrepreneurs. Funding under this subsection shall be provided upon approval of the council. The council shall adopt rules for funding under this subsection in consultation with the coordinator of economic diversification. Funding shall be in amounts ranging from five thousand dollars (\$5,000.00) to fifty thousand dollars (\$50,000.00) and be provided under the following conditions:

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

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

(B) Proposes a service, product, concept, design or any other marketable asset which has a probability of providing an economic return to the state of Wyoming through creation of jobs, expanded tax base and diversification of the state's economy;

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

(ii) The recipient of funding meets other requirements established by rule of the council to ensure

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adequate consideration for the amount of the funding provided. In establishing provisions for adequate consideration to the state, the council may include, but is not limited to, requiring a recipient to seek additional nonstate investment funding and specifying requirements for maintaining a nexus to the state.

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

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

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

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

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

(D) Propose a service, product, concept, design or any other marketable asset which has a probability of providing an economic return to the state of

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

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

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

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

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

(2) A salary range per job;

(3) The taxable assets of the entity;

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

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

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

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

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

(iii) Matching funds under this subsection shall be awarded to the recipient as soon as practicable after approval of the matching fund application;

(iv) An entity shall repay all matching funds provided under this subsection plus interest at the rate of four percent (4%) per annum compounded annually from the date the matching funds were granted if:

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

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

(v) The council shall adopt rules for the program in consultation with the coordinator of economic

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diversification. The rules shall include but not be limited to:

(A) Application procedures;

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

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

(D) Eligibility requirements;

(E) Provision for repayment of matching funds plus interest as provided in this subsection;

(F) Provision for service, product, concept, design or asset review and requirements under the program consistent with this subsection;

(G) Provisions to ensure adequate consideration for the amount of the funding provided. The council may include, but is not limited to, assessment of those items specified in W.S. 9-12-408(b)(i) through (iv), specifying the allowable use of funds, requiring a recipient to seek additional nonstate investment funding and requiring the recipient to conduct its research in Wyoming to the extent practical.

(e) Not later than October 15, 2018 and every October 15 thereafter, the council shall report to the joint minerals, business and economic development interim committee concerning the programs under subsections (c) and (d) of this section. The report shall include:

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

(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;

(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.

(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 subsection (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.

9-12-108. Coordination of business permits.

(c) The Wyoming business council shall prepare and present to the economically needed diversity options for Wyoming (ENDOW) executive council a proposal under which the business council, by exercising the duties and authority provided in this section, will assist businesses within the state in priority economic sectors identified in the approved twenty (20) year comprehensive economic diversification strategy under W.S. 9-12-1402(a)(iv) in obtaining necessary state, local and federal permits and licenses. The business council shall consult with businesses within Wyoming to identify specific federal, state and local regulations which unduly impede or delay

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permitting and licensing in the state and shall identify those regulations recommended for review by the entity with jurisdiction to eliminate unnecessary provisions. The business council proposals shall be submitted to the ENDOW executive council not later than July 1, 2018. The ENDOW executive council shall include recommendations for implementation of the business council proposals in its twenty (20) year comprehensive economic diversification strategy plan submitted pursuant to W.S. 9-12-1402(a)(iv) and in its first action plan under W.S. 9-12-1402(a)(v).

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

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

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

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

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

Section 3.

(a) There is appropriated from the legislative stabilization reserve account:

(i) Five million dollars (\$5,000,000.00) to the "startup:Wyoming" subaccount;

(ii) Six million dollars (\$6,000,000.00) to the Wyoming research and innovation subaccount;

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

(c) Upon the effective date of this act the appropriation contained in 2018 House Bill 0001, section 321(a)(iii) to the economic diversification account created by W.S. 9-12-1404(a) shall be reduced dollar for dollar by the appropriations in this section.

ORIGINAL SENATE
FILE NO. SF0118

ENGROSSED

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

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk