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# HOUSE BILL No. 1006

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4.

**Synopsis:** Indiana growth fund and economic development. Transfers the twenty-first century research and technology fund and program from the budget agency to the development finance authority. Makes changes in the administration of the program. Establishes the venture fund and program. Provides for the transfer of money from the business development loan fund. Changes the definition of "high growth company with high skilled jobs". Makes related changes in the development finance authority. Establishes the growth fund. Provides for the transfer of money to the twenty-first century research and technology fund and the venture fund from money realized from the securitization of the payments under the tobacco settlement agreement.

**Effective:** July 1, 2003.

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January 15, 2003, read first time and referred to Committee on Technology, Research and Development.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

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## HOUSE BILL No. 1006



A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-4-5.1-0.5 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2003]: **Sec. 0.5. As used in this chapter, "authority" refers to the**
- 4 **Indiana development finance authority established by IC 4-4-11-4.**
- 5 SECTION 2. IC 4-4-5.1-3, AS ADDED BY P.L.190-1999,
- 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2003]: Sec. 3. (a) The Indiana twenty-first century research
- 8 and technology fund is established to provide grants or loans to support
- 9 proposals for economic development in one (1) or more of the
- 10 following areas:
- 11 (1) To increase the capacity of Indiana institutions of higher
- 12 education, Indiana businesses, and Indiana nonprofit corporations
- 13 and organizations to compete successfully for federal or private
- 14 research and development funding.
- 15 (2) To stimulate the transfer of research and technology into
- 16 marketable products.
- 17 (3) To assist with diversifying Indiana's economy by focusing



1 investment in biomedical research and biotechnology, information  
 2 technology, and other high technology industry clusters requiring  
 3 high skill, high wage employees.

4 (4) To encourage an environment of innovation and cooperation  
 5 among universities and businesses to promote research activity.

6 (b) The fund shall be administered by the ~~budget agency~~ **authority**.  
 7 The fund consists of appropriations from the general assembly and gifts  
 8 and grants to the fund. The ~~budget agency board~~ shall ~~review each~~  
 9 ~~recommendation~~ **approve and recommend applications to the**  
 10 **budget committee**. The ~~budget agency~~ **authority**, after review by the  
 11 budget committee, may approve, deny, or modify grants and loans  
 12 recommended by the board. Money in the fund may not be used to  
 13 provide a recurring source of revenue for the normal operating  
 14 expenditures of any project.

15 (c) The ~~treasurer of state~~ **authority** shall invest the money in the  
 16 fund not currently needed to meet the obligations of the fund in ~~the~~  
 17 ~~same manner as other public funds may be invested~~ **conformity with**  
 18 **IC 4-4-11 and the investment policy established by the authority**.

19 (d) The money in the fund at the end of a state fiscal year does not  
 20 revert to the state general fund but remains in the fund to be used  
 21 exclusively for the purposes of this chapter.

22 SECTION 3. IC 4-4-5.1-5, AS ADDED BY P.L.190-1999,  
 23 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2003]: Sec. 5. (a) The board has the following powers:

25 (1) To accept, analyze, and approve applications under this  
 26 chapter.

27 (2) To contract with experts for advice and counsel.

28 (3) To employ staff to assist in carrying out this chapter, including  
 29 providing assistance to applicants who wish to apply for a grant  
 30 or loan from the fund, analyzing proposals, working with experts  
 31 engaged by the board, and preparing reports and  
 32 recommendations for the board.

33 (4) To approve and recommend applications for grants or loans  
 34 from the fund to the budget committee and ~~budget agency~~ **the**  
 35 **authority**.

36 (b) The board shall give priority to applications for grants or loans  
 37 from the fund that:

38 (1) have the greatest economic development potential; and

39 (2) require the lowest ratio of money from the fund compared  
 40 with the combined financial commitments of the applicant and  
 41 those cooperating on the project.

42 (c) The board shall make final funding determinations for

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1 applications for grants or loans from the fund that will be submitted to  
 2 the budget agency **for approval, the budget committee** for review,  
 3 and **the authority for** approval. In making a determination on a  
 4 proposal intended to obtain federal or private research funding, the  
 5 board shall be advised by a peer review panel and shall consider the  
 6 following factors in evaluating the proposal:

7 (1) The scientific merit of the proposal.

8 (2) The predicted future success of federal or private funding for  
 9 the proposal.

10 (3) The ability of the researcher to attract merit based scientific  
 11 funding of research.

12 (4) The extent to which the proposal evidences interdisciplinary  
 13 or inter-institutional collaboration among two (2) or more Indiana  
 14 institutions of higher education or private sector partners, as well  
 15 as cost sharing and partnership support from the business  
 16 community.

17 (d) The peer review panel shall be chosen by and report to the  
 18 board. In determining the composition and duties of a peer review  
 19 panel, the board shall consider the National Institutes of Health and the  
 20 National Science Foundation peer review processes as models. The  
 21 members of the panel must have extensive experience in federal  
 22 research funding. A panel member may not have a relationship with  
 23 any private entity or academic institution in Indiana that would  
 24 constitute a conflict of interest for the panel member.

25 (e) In making a determination on any other application for a grant  
 26 or loan from the fund involving a proposal to transfer research results  
 27 and technologies into marketable products or commercial ventures, the  
 28 board shall consult with experts as necessary to analyze the likelihood  
 29 of success of the proposal and the relative merit of the proposal.

30 SECTION 4. IC 4-4-5.1-8.5 IS ADDED TO THE INDIANA CODE  
 31 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 32 1, 2003]: **Sec. 8.5. (a) This section applies to a meeting of the board  
 33 at which at least four (4) members of the board are physically  
 34 present at the place where the meeting is conducted.**

35 **(b) A member of the board may participate in a meeting of the  
 36 board by using a means of communication that permits:**

37 **(1) all other members participating in the meeting; and**

38 **(2) all members of the public physically present at the place  
 39 where the meeting is conducted;**

40 **to simultaneously communicate with each other during the  
 41 meeting.**

42 **(c) A member who participates in a meeting under subsection**

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1 (b) is considered to be present at the meeting.

2 (d) The memoranda of the meeting prepared under  
3 IC 5-14-1.5-4 must also state the name of each member who:

4 (1) was physically present at the place where the meeting was  
5 conducted;

6 (2) participated in the meeting by using a means of  
7 communication described in subsection (b); and

8 (3) was absent.

9 SECTION 5. IC 4-4-5.1-11, AS ADDED BY P.L.190-1999,  
10 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2003]: Sec. 11. The board may use money in the fund to cover  
12 administrative expenses incurred in carrying out the requirements of  
13 this chapter, **including the following administrative expenses:**

14 (1) Staff salaries.

15 (2) Professional fees.

16 (3) Office expenses.

17 (4) Training expenses.

18 (5) Expenses for studies.

19 (6) Educational programs or conferences that will assist  
20 applicants or awardees.

21 SECTION 6. IC 4-4-10.9-0.5 IS ADDED TO THE INDIANA  
22 CODE AS A NEW SECTION TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2003]: **Sec. 0.5. "Accredited investor" has the  
24 meaning set forth in IC 4-4-11.7-1.**

25 SECTION 7. IC 4-4-10.9-3.5 IS ADDED TO THE INDIANA  
26 CODE AS A NEW SECTION TO READ AS FOLLOWS  
27 [EFFECTIVE JULY 1, 2003]: **Sec. 3.5. "Business" means a  
28 partnership, a firm, an association, a joint venture, a limited  
29 liability company, a limited liability partnership, or a corporation.**

30 SECTION 8. IC 4-4-10.9-4 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4. "Contracting party"**  
32 **means any party to a lease, sales contract, co-venture investment**  
33 **agreement (whether in the form of a loan, loan guarantee, or pool**  
34 **participation agreement), or loan agreement other than the authority.**

35 SECTION 9. IC 4-4-10.9-5.5 IS ADDED TO THE INDIANA  
36 CODE AS A NEW SECTION TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2003]: **Sec. 5.5. "Co-venture investment**  
38 **loan" means a venture capital or seed capital investment in the**  
39 **form of a loan by the authority that is made to a business after or**  
40 **in conjunction with equity investments by one (1) or more**  
41 **professional or accredited investors that have made or are making**  
42 **equity investments in the business.**



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1 SECTION 10. IC 4-4-10.9-9.5, AS ADDED BY P.L.227-1999,  
 2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2003]: Sec. 9.5. "High growth company with high skilled  
 4 jobs" means a company that satisfies all of the following conditions:

5 (1) The company:

6 (A) had at least a ~~fifteen~~ **ten** percent (~~15%~~) (**10%**) average  
 7 annual growth in company earnings during the past three (3)  
 8 years;

9 (B) is entering a new product or process area; or

10 (C) is classified in an industry that had at least a ~~fifteen~~ **ten**  
 11 percent (~~15%~~) (**10%**) average annual growth in earnings  
 12 during the past three (3) years.

13 (2) The company has a substantial number of employees in jobs:

14 (A) requiring post-secondary education or its equivalent; or

15 (B) that are in occupational codes classified as high skill by  
 16 the Bureau of Labor Statistics, United States Department of  
 17 Labor.

18 (3) The company has a substantial number of employees that earn  
 19 at least one hundred fifty percent (150%) of Indiana per capita  
 20 personal income.

21 SECTION 11. IC 4-4-10.9-15.5 IS ADDED TO THE INDIANA  
 22 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 23 [EFFECTIVE JULY 1, 2003]: **Sec. 15.5. "Loan guarantee" means,**  
 24 **in addition to the guaranty program, a loan guarantee provided to**  
 25 **professional or accredited investors from the Indiana venture fund**  
 26 **under IC 4-4-11.7.**

27 SECTION 12. IC 4-4-10.9-24.5 IS ADDED TO THE INDIANA  
 28 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 29 [EFFECTIVE JULY 1, 2003]: **Sec. 24.5. "Professional investor"**  
 30 **means a bank, a bank holding company, a savings institution, a**  
 31 **trust company, a credit union, an insurance company, an**  
 32 **investment company registered under the federal Investment**  
 33 **Company Act of 1940, a pension or profit sharing trust, another**  
 34 **financial institution or institutional buyer, a licensee under the**  
 35 **federal Small Business Investment Act of 1958, et seq., or any**  
 36 **person, partnership, or other entity whose:**

37 (1) **principal business is making venture capital investments;**  
 38 **and**

39 (2) **net worth exceeds two hundred fifty (\$250,000) thousand**  
 40 **dollars.**

41 SECTION 13. IC 4-4-10.9-26.5 IS ADDED TO THE INDIANA  
 42 CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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1 [EFFECTIVE JULY 1, 2003]: **Sec. 26.5. "Seed capital" means**  
 2 **financing that is provided for:**

- 3 (1) **the applied research, development, testing, and initial**  
 4 **marketing of a technology, product, process, or invention;**  
 5 (2) **company formation;**  
 6 (3) **intellectual property protection and acquisition; and**  
 7 (4) **associated working capital.**

8 SECTION 14. IC 4-4-10.9-27.8 IS ADDED TO THE INDIANA  
 9 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2003]: **Sec. 27.8. "Technology**  
 11 **commercialization project" means any combination of:**

- 12 (1) **applied research, development, testing, and initial**  
 13 **marketing of a technology, a product, a process, or an**  
 14 **invention and associated working capital, including the hiring**  
 15 **of professionals;**  
 16 (2) **the development of a new technology, product, process, or**  
 17 **invention; and**  
 18 (3) **rehabilitation, creation, or enhancement of research**  
 19 **facilities, renovation, and enlargement of buildings and**  
 20 **structures, machinery, equipment, or supplies;**

21 **comprising or being functionally related or subordinate to any**  
 22 **project, the development or expansion of which serves the public**  
 23 **purposes set forth in IC 4-4-11-2.**

24 SECTION 15. IC 4-4-10.9-27.8 IS ADDED TO THE INDIANA  
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 26 [EFFECTIVE JULY 1, 2003]: **Sec. 27.8. "Venture capital" means**  
 27 **financing that is provided for the capital needs of a business that**  
 28 **is developing a new technology, product, process, or invention.**

29 SECTION 16. IC 4-4-11-2, AS AMENDED BY P.L.4-2002,  
 30 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2003]: **Sec. 2. (a) The legislature makes the following findings**  
 32 **of fact:**

- 33 (1) **That there currently exists in certain areas of the state critical**  
 34 **conditions of unemployment, lack of adequate capital for**  
 35 **research and technology commercialization, or environmental**  
 36 **pollution, including water pollution, air pollution, sewage and**  
 37 **solid waste, radioactive waste, thermal pollution, radiation**  
 38 **contamination, and noise pollution, and that these conditions may**  
 39 **well exist, from time to time, in other areas of the state.**  
 40 (2) **That in some areas of the state such conditions are chronic and**  
 41 **of long standing and that without remedial measures they may**  
 42 **become so in other areas of the state.**



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- 1 (3) That economic insecurity due to unemployment, **inadequate**  
2 **capital**, or environmental pollution is a menace to the health,  
3 safety, morals, and general welfare of not only the people of the  
4 affected areas but of the people of the entire state.
- 5 (4) That involuntary unemployment and its resulting burden of  
6 indigency falls with crushing force upon the unemployed worker  
7 and ultimately upon the state in the form of public assistance and  
8 unemployment compensation.
- 9 (5) That security against unemployment and the resulting spread  
10 of indigency and economic stagnation in the areas affected can  
11 best be provided by:
- 12 (A) the promotion, attraction, stimulation, rehabilitation, and  
13 revitalization of industrial development projects, **technology**  
14 **commercialization projects**, rural development projects,  
15 mining operations, and agricultural operations that involve the  
16 processing of agricultural products;
- 17 (B) the promotion and stimulation of international exports; and
- 18 (C) the education, both formal and informal, of people of all  
19 ages throughout the state by the promotion, attraction,  
20 construction, renovation, rehabilitation, and revitalization of  
21 and assistance to educational facility projects.
- 22 (6) That the present and prospective health, safety, morals, right  
23 to gainful employment, and general welfare of the people of the  
24 state require as a public purpose the abatement or control of  
25 pollution, the promotion of increased educational enrichment  
26 (including cultural, intellectual, scientific, or artistic  
27 opportunities) for people of all ages through new, expanded, or  
28 revitalized educational facility projects or through assisting  
29 educational facility projects, and the promotion of employment  
30 creation or retention through development of new and expanded  
31 industrial development projects, **technology commercialization**  
32 **projects**, rural development projects, mining operations, and  
33 agricultural operations that involve the processing of agricultural  
34 products.
- 35 (7) That there is a need to stimulate a larger flow of private  
36 investment funds from commercial banks, investment bankers,  
37 **professional investors**, insurance companies, other financial  
38 institutions, and individuals into such industrial development  
39 projects, **technology commercialization projects**, rural  
40 development projects, mining operations, international exports,  
41 and agricultural operations that involve the processing of  
42 agricultural products in the state.

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1 (8) That the authority can encourage the making of loans, **loan**  
 2 **guarantees, co-venture investment loans**, or leases for creation  
 3 or expansion of industrial development projects, **technology**  
 4 **commercialization projects**, rural development projects, mining  
 5 operations, international exports, and agricultural operations that  
 6 involve the processing of agricultural products, thus putting a  
 7 larger portion of the private capital available in Indiana for  
 8 investment to use in ~~the general economic development of the~~  
 9 **state: in Indiana.**

10 (9) That the issuance of bonds of the authority to create a  
 11 financing pool for industrial development projects promoting a  
 12 substantial likelihood of opportunities for:

- 13 (A) gainful employment;
- 14 (B) business opportunities;
- 15 (C) educational enrichment (including cultural, intellectual,  
 16 scientific, or artistic opportunities);
- 17 (D) the abatement, reduction, or prevention of pollution;
- 18 (E) the removal or treatment of any substances in materials  
 19 being processed that otherwise would cause pollution when  
 20 used; or
- 21 (F) increased options for and availability of child care;

22 will improve the health, safety, morals, and general welfare of the  
 23 people of the state and constitutes a public purpose for which the  
 24 authority shall exist and operate.

25 (10) That the issuance of bonds of the authority to create a  
 26 funding source for the making of guaranteed participating loans  
 27 will promote and encourage an expanding international exports  
 28 market and international exports sales and will promote the  
 29 general welfare of all of the people of Indiana by assisting Indiana  
 30 businesses through stimulation of the expansion of international  
 31 exports sales for Indiana products and services, especially those  
 32 of small and medium-sized businesses, by providing financial  
 33 assistance through the authority.

34 (b) The Indiana development finance authority shall exist and  
 35 operate for the public purposes of:

- 36 (1) promoting opportunities for gainful employment and business  
 37 opportunities by the promotion and development of industrial  
 38 development projects, **technology commercialization projects**,  
 39 rural development projects, mining operations, international  
 40 exports, and agricultural operations that involve the processing of  
 41 agricultural products, in any areas of the state;
- 42 (2) promoting the educational enrichment (including cultural,

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1 intellectual, scientific, or artistic opportunities) of all the people  
 2 of the state by the promotion, development, and assistance of  
 3 educational facility projects;

4 (3) promoting affordable farm credit and agricultural loan  
 5 financing at interest rates that are consistent with the needs of  
 6 borrowers for farming and agricultural enterprises;

7 (4) preventing and remediating environmental pollution,  
 8 including water pollution, air pollution, sewage and solid waste  
 9 disposal, radioactive waste, thermal pollution, radiation  
 10 contamination, and noise pollution affecting the health and well  
 11 being of the people of the state by the promotion and development  
 12 of industrial development projects; ~~and~~

13 (5) promoting affordable and accessible child care for the people  
 14 of the state by the promotion and development of child care  
 15 facilities; **and**

16 **(6) promoting research, innovation, technology transfer, and**  
 17 **technology commercialization by the promotion, development,**  
 18 **and assistance of technology commercialization projects.**

19 SECTION 17. IC 4-4-11-15, AS AMENDED BY P.L.4-2002,  
 20 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 2003]: Sec. 15. (a) The authority is granted all powers  
 22 necessary or appropriate to carry out and effectuate its public and  
 23 corporate purposes under this chapter, **IC 4-4-11.5**, IC 4-4-21,  
 24 **IC 4-4-26**, **IC 13-19-5**, and IC 15-7-5, including but not limited to the  
 25 following:

26 (1) Have perpetual succession as a body politic and corporate and  
 27 an independent instrumentality exercising essential public  
 28 functions.

29 (2) Without complying with IC 4-22-2, adopt, amend, and repeal  
 30 bylaws, rules, and regulations not inconsistent with this chapter,  
 31 **IC 4-4-11.5**, IC 4-4-21, **IC 4-4-26**, **IC 13-19-5**, and IC 15-7-5 and  
 32 necessary or convenient to regulate its affairs and to carry into  
 33 effect the powers, duties, and purposes of the authority and  
 34 conduct its business.

35 (3) Sue and be sued in its own name.

36 (4) Have an official seal and alter it at will.

37 (5) Maintain an office or offices at a place or places within the  
 38 state as it may designate.

39 (6) Make and execute contracts and all other instruments  
 40 necessary or convenient for the performance of its duties and the  
 41 exercise of its powers and functions under this chapter,  
 42 **IC 4-4-11.5**, IC 4-4-21, **IC 4-4-26**, **IC 13-19-5**, and IC 15-7-5.

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- 1 (7) Employ architects, engineers, attorneys, **financial advisers**,  
2 inspectors, accountants, agriculture experts, silviculture experts,  
3 aquaculture experts, and financial experts, and such other  
4 advisors, consultants, and agents as may be necessary in its  
5 judgment and to fix their compensation.
- 6 (8) Procure insurance against any loss in connection with its  
7 property and other assets, including loans and loan notes in  
8 amounts and from insurers as it may consider advisable.
- 9 (9) Borrow money, make guaranties, issue bonds, and otherwise  
10 incur indebtedness for any of the authority's purposes, and issue  
11 debentures, notes, or other evidences of indebtedness, whether  
12 secured or unsecured, to any person, as provided by this chapter,  
13 IC 4-4-21, **IC 13-19-5**, and IC 15-7-5.
- 14 (10) Procure insurance or guaranties from any public or private  
15 entities, including any department, agency, or instrumentality of  
16 the United States, for payment of any bonds issued by the  
17 authority or for reinsurance on amounts paid from the industrial  
18 development project guaranty fund, including the power to pay  
19 premiums on any insurance or reinsurance.
- 20 (11) Purchase, receive, take by grant, gift, devise, bequest, or  
21 otherwise, and accept, from any source, aid or contributions of  
22 money, property, labor, or other things of value to be held, used,  
23 and applied to carry out the purposes of this chapter, **IC 4-4-11.5**,  
24 IC 4-4-21, **IC 4-4-26**, **IC 13-19-5**, and IC 15-7-5, subject to the  
25 conditions upon which the grants or contributions are made,  
26 including but not limited to gifts or grants from any department,  
27 agency, or instrumentality of the United States, and lease or  
28 otherwise acquire, own, hold, improve, employ, use, and  
29 otherwise deal in and with real or personal property or any  
30 interest in real or personal property, wherever situated, for any  
31 purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.
- 32 (12) Enter into agreements with any department, agency, or  
33 instrumentality of the United States or this state and with lenders  
34 and enter into loan agreements, sales contracts, and leases with  
35 contracting parties, including borrowers, lenders, developers,  
36 **professional or accredited investors**, or users, for the purpose  
37 of planning, regulating, and providing for the financing and  
38 refinancing of any agricultural enterprise (as defined in  
39 IC 15-7-4.9-2), rural development project (as defined in  
40 IC 15-7-4.9-19.5), industrial development project, **technology**  
41 **commercialization projects**, or international exports, and  
42 distribute data and information concerning the encouragement

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- 1 and improvement of agricultural enterprises and agricultural  
 2 employment, rural development projects, industrial development  
 3 projects, international exports, and other types of employment in  
 4 the state undertaken with the assistance of the authority under this  
 5 chapter.
- 6 (13) Enter into contracts or agreements with lenders and lessors  
 7 for the servicing and processing of loans and leases pursuant to  
 8 this chapter, IC 4-4-21, and IC 15-7-5.
- 9 (14) Provide technical assistance to local public bodies and to  
 10 profit and nonprofit entities in the development or operation of  
 11 agricultural enterprises, rural development projects, **technology**  
 12 **commercialization projects**, and industrial development  
 13 projects.
- 14 (15) To the extent permitted under its contract with the holders of  
 15 the bonds of the authority, consent to any modification with  
 16 respect to the rate of interest, time, and payment of any  
 17 installment of principal or interest, or any other term of any  
 18 contract, loan, loan note, loan note commitment, contract, lease,  
 19 or agreement of any kind to which the authority is a party.
- 20 (16) To the extent permitted under its contract with the holders of  
 21 bonds of the authority, enter into contracts with any lender  
 22 containing provisions enabling it to reduce the rental or carrying  
 23 charges to persons unable to pay the regular schedule of charges  
 24 when, by reason of other income or payment by any department,  
 25 agency, or instrumentality of the United States of America or of  
 26 this state, the reduction can be made without jeopardizing the  
 27 economic stability of the agricultural enterprise, rural  
 28 development project, or industrial development project being  
 29 financed.
- 30 (17) Invest any funds not needed for immediate disbursement,  
 31 including any funds held in reserve, in direct and general  
 32 obligations of or obligations fully and unconditionally guaranteed  
 33 by the United States, obligations issued by agencies of the United  
 34 States, obligations of this state, or any obligations or securities  
 35 which may from time to time be legally purchased by  
 36 governmental subdivisions of this state pursuant to IC 5-13, or  
 37 any obligations or securities which are permitted investments for  
 38 bond proceeds or any construction, debt service, or reserve funds  
 39 secured under the trust indenture or resolution pursuant to which  
 40 bonds are issued.
- 41 (18) Collect fees and charges, as the authority determines to be  
 42 reasonable, in connection with its loans, **co-venture investment**

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- 1        **loans and loan guarantees**, guarantees, advances, insurance,  
 2        commitments, and servicing.
- 3        (19) Cooperate and exchange services, personnel, and information  
 4        with any federal, state, or local government agency, or  
 5        instrumentality of the United States or this state.
- 6        (20) Sell, at public or private sale, with or without public bidding,  
 7        any loan or other obligation held by the authority.
- 8        (21) Enter into agreements concerning, and acquire, hold, and  
 9        dispose by any lawful means, land or interests in land, building  
 10       improvements, structures, personal property, franchises, patents,  
 11       accounts receivable, loans, assignments, guarantees, and  
 12       insurance needed for the purposes of this chapter, IC 4-4-21,  
 13       **IC 4-4-26, IC 13-19-5**, or IC 15-7-5.
- 14       (22) Take assignments of accounts receivable, loans, guarantees,  
 15       insurance, notes, mortgages, security agreements securing notes,  
 16       and other forms of security, attach, seize, or take title by  
 17       foreclosure or conveyance to any industrial development project  
 18       when a guaranteed loan thereon is clearly in default and when in  
 19       the opinion of the authority such acquisition is necessary to  
 20       safeguard the industrial development project guaranty fund, and  
 21       sell, or on a temporary basis, lease, or rent such industrial  
 22       development project for any use.
- 23       (23) Expend money, as the authority considers appropriate, from  
 24       the industrial development project guaranty fund created by  
 25       section 16 of this chapter **and the Indiana venture fund**  
 26       **established by IC 4-4-11.7-5**.
- 27       (24) Purchase, lease as lessee, construct, remodel, rebuild,  
 28       enlarge, or substantially improve industrial development projects,  
 29       including land, machinery, equipment, or any combination  
 30       thereof.
- 31       (25) Lease industrial development projects to users or developers,  
 32       with or without an option to purchase.
- 33       (26) Sell industrial development projects to users or developers,  
 34       for consideration to be paid in installments or otherwise.
- 35       (27) Make direct loans from the proceeds of the bonds to users or  
 36       developers for:
- 37            (A) the cost of acquisition, construction, or installation of  
 38            industrial development projects, including land, machinery,  
 39            equipment, or any combination thereof; **or**
- 40            (B) eligible expenditures for an educational facility project  
 41            described in IC 4-4-10.9-6.2(a)(2); **or**
- 42            (C) **eligible expenditures for a technology**

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- 1                   **commercialization project;**  
 2                   with the loans to be secured by the pledge of one (1) or more  
 3                   bonds, notes, warrants, or other secured or unsecured debt  
 4                   obligations of the users or developers.  
 5                   (28) Lend or deposit the proceeds of bonds to or with a lender **or**  
 6                   **professional or accredited investor** for the purpose of:  
 7                    (A) furnishing funds to such lender **or investor** to be used for  
 8                    making a loan to a developer or user for the financing of  
 9                    industrial development projects under this chapter; **or**  
 10                    **(B) making capital available to an eligible technology**  
 11                    **commercialization project.**  
 12                   (29) Enter into agreements with users or developers to allow the  
 13                   users or developers, directly or as agents for the authority, to  
 14                   wholly or partially construct industrial development projects to be  
 15                   leased from or to be acquired by the authority.  
 16                   (30) Establish reserves from the proceeds of the sale of bonds,  
 17                   other funds, or both, in the amount determined to be necessary by  
 18                   the authority to secure the payment of the principal and interest on  
 19                   the bonds.  
 20                   (31) Adopt **rules guidelines, without complying with IC 4-22-2,**  
 21                   governing its activities authorized under this chapter, IC 4-4-21,  
 22                   **IC 4-4-11.7, IC 4-4-26, IC 13-19-5,** and IC 15-7-5.  
 23                   (32) Use the proceeds of bonds to make guaranteed participating  
 24                   loans.  
 25                   (33) Purchase, discount, sell, and negotiate, with or without  
 26                   guaranty, notes and other evidences of indebtedness.  
 27                   (34) Sell and guarantee securities.  
 28                   (35) Make guaranteed participating loans under IC 4-4-21-26.  
 29                   (36) Procure insurance to guarantee, insure, coinsure, and  
 30                   reinsure against political and commercial risk of loss, and any  
 31                   other insurance the authority considers necessary, including  
 32                   insurance to secure the payment of principal and interest on notes  
 33                   or other obligations of the authority.  
 34                   (37) Provide performance bond guarantees to support eligible  
 35                   export loan transactions, subject to the terms of this chapter or  
 36                   IC 4-4-21.  
 37                   (38) Provide financial counseling services to Indiana exporters.  
 38                   (39) Accept gifts, grants, or loans from, and enter into contracts  
 39                   or other transactions with, any federal or state agency,  
 40                   municipality, private organization, or other source.  
 41                   (40) Sell, convey, lease, exchange, transfer, or otherwise dispose  
 42                   of property or any interest in property, wherever the property is

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- 1 located.
- 2 (41) Cooperate with other public and private organizations to
- 3 promote export trade activities in Indiana.
- 4 (42) Make guarantees and administer the agricultural loan and
- 5 rural development project guarantee fund established by
- 6 IC 15-7-5.
- 7 (43) Take assignments of notes and mortgages and security
- 8 agreements securing notes and other forms of security, and attach,
- 9 seize, or take title by foreclosure or conveyance to any
- 10 agricultural enterprise or rural development project when a
- 11 guaranteed loan to the enterprise or rural development project is
- 12 clearly in default and when in the opinion of the authority the
- 13 acquisition is necessary to safeguard the agricultural loan and
- 14 rural development project guarantee fund, and sell, or on a
- 15 temporary basis, lease or rent the agricultural enterprise or rural
- 16 development project for any use.
- 17 (44) Expend money, as the authority considers appropriate, from
- 18 the agricultural loan and rural development project guarantee
- 19 fund created by IC 15-7-5-19.5.
- 20 (45) Reimburse from bond proceeds expenditures for industrial
- 21 development projects under this chapter.
- 22 **(46) Make direct loans and co-venture investment loans and**
- 23 **loan guarantees to professional and accredited investors to**
- 24 **provide seed and venture capital to technology**
- 25 **commercialization projects.**
- 26 **(47) Through administration of the twenty-first century**
- 27 **research and technology fund and the Indiana venture fund,**
- 28 **award grants to and enter into contracts with universities and**
- 29 **research institutions to:**
- 30 **(A) increase the capacity of Indiana institutions of higher**
- 31 **education, Indiana businesses, and Indiana nonprofit**
- 32 **corporations and organizations to compete successfully for**
- 33 **federal and private research and development funds;**
- 34 **(B) stimulate the transfer of research and technology into**
- 35 **marketable products;**
- 36 **(C) assist with diversifying Indiana's economy by focusing**
- 37 **investment on biomedical research, biotechnology,**
- 38 **information technology, and other high technology**
- 39 **industry clusters requiring high skill, high wage**
- 40 **employees; and**
- 41 **(D) encourage an environment of innovation and**
- 42 **cooperation among universities and businesses to promote**

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**research.**

**(48)** Do any act necessary or convenient to the exercise of the powers granted by this chapter, **IC 4-4-11.5**, IC 4-4-21, **IC 4-4-26, IC 13-19-5**, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 18. IC 4-4-11-16.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16.3. To further the purposes of this chapter, and in addition to the authority's other powers under this chapter, the authority may transfer funds:

- (1)** from the industrial development guaranty project fund to the capital access account established by IC 4-4-26-37; **and**
- (2) from the business development loan fund (IC 4-4-11-16.5) to the Indiana venture fund established by IC 4-4-11.7-5.**

SECTION 19. IC 4-4-11.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

**Chapter 11.7. Indiana Venture Fund**

**Sec. 1. As used in this chapter, "accredited investor" means an investor who meets the most current definition of accredited investor as defined:**

- (1) in the federal Securities Act of 1933; or**
- (2) by the Securities and Exchange Commission.**

**Sec. 2. As used in this chapter, "advisory board" refers to the advisory board established by section 11 of this chapter.**

**Sec. 3. As used in this chapter, "authority" refers to the Indiana development finance authority established by IC 4-4-11-4.**

**Sec. 4. As used in this chapter, "fund" refers to the Indiana venture fund established by section 5 of this chapter.**

**Sec. 5. The Indiana venture fund is established for the purposes described in section 10 of this chapter. The fund shall be administered by the authority separately from the state treasury.**

**Sec. 6. The expenses of administering the fund shall be paid from money in the fund.**

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1           **Sec. 7. The authority shall invest the money in the fund not**  
2 **currently needed to meet the obligations of the fund in conformity**  
3 **with IC 4-4-11 and the investment policies established by the**  
4 **authority. Interest that accrues from these investments shall be**  
5 **deposited in the fund.**

6           **Sec. 8. Money in the fund at the end of a state fiscal year does**  
7 **not revert to the state general fund.**

8           **Sec. 9. The authority may accept:**

- 9           (1) grants;
- 10          (2) loans;
- 11          (3) subsidies;
- 12          (4) matching funds;
- 13          (5) reimbursements;
- 14          (6) appropriations;
- 15          (7) transfers of appropriations;
- 16          (8) bond proceeds from tobacco securitization;
- 17          (9) federal grant money;
- 18          (10) income derived from investments; or
- 19          (11) other things of value from:
  - 20                (A) the federal government or state governments;
  - 21                (B) any agency of any other state; or
  - 22                (C) any institution, person, firm, or corporation, public or
  - 23                private;

24 **for deposit in the fund.**

25           **Sec. 10. The authority shall invest and reinvest the fund and the**  
26 **income from money in the fund as follows:**

27           (1) To make a direct loan to a technology commercialization  
28 project to provide seed capital or venture capital. A direct  
29 loan under this subdivision may not exceed the lesser of the  
30 following:

- 31                (A) Forty percent (40%) of the estimated cost of the initial  
32 funding for the project (including development, testing,  
33 initial production and marketing, company formation,  
34 intellectual property protection and acquisition, and  
35 associated working capital for the technology, product,  
36 process, or invention).

37                (B) Six hundred thousand dollars (\$600,000).

38           (2) To make direct or co-venture investments in the form of  
39 loans or loan guarantees by entering into agreements with one

40           (1) or more professional or accredited investors who have  
41 formally agreed to invest at least as much as the authority  
42 invests in a technology commercialization project to provide

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1 venture capital or seed capital. Not more than one million  
2 dollars (\$1,000,000) may be loaned or guaranteed by the  
3 authority to any single business under this subdivision.  
4 However, an amount not exceeding an additional five hundred  
5 thousand dollars (\$500,000) may be loaned or guaranteed to  
6 the single business if the authority finds, after the initial  
7 investment by the authority, that additional investments in the  
8 business are necessary to protect or enhance the initial  
9 investment of the authority. Each co-venture investment  
10 agreement must provide that the authority is to recover its  
11 investment before or simultaneously with any distribution to  
12 participating professional or accredited investors. The  
13 agreement must provide that the authority and participating  
14 professional or accredited investors are to share ratably in the  
15 profits earned in any form on the co-venture investment.

16 (3) To enter into written agreements or with one (1) or more  
17 professional investors to establish a pool of funds to be used  
18 exclusively as venture capital or seed capital investments. The  
19 authority may not invest more than two million dollars  
20 (\$2,000,000) in a single pool of funds or in affiliated pools of  
21 funds. The agreement or contract must provide for the pool  
22 of funds to be managed by a professional investor. The  
23 authority must specifically find that the professional investor  
24 meets the requirements of IC 4-4-10.9-24.5 and is competent  
25 to adequately monitor the pool. The authority may, by  
26 guideline, limit or decline investment in funds that are not  
27 Indiana or Midwest based. The authority may also limit or  
28 decline investment in funds that do not commit to investing in  
29 Indiana companies. The pool agreement or contract may  
30 provide for reimbursement of expenses of, and payment of a  
31 fee to, the manager. The agreement or contract may also  
32 provide for payment to the manager of a percentage, not to  
33 exceed forty percent (40%) (computed on an annual basis), of  
34 cash and other property payable to the authority as its pro  
35 rata share of distributions to investors in the pool of funds.  
36 However, either:

37 (A) no amount shall be received by the manager upon sale  
38 or other disposition of assets of the pool until recovery by  
39 the authority of its investment, and upon liquidation or  
40 withdrawal of the authority from the pool of funds, the  
41 manager shall be obligated to refund any amount received  
42 by it from the manager's percentage if necessary to allow

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the authority to recover its investment; or  
(B) the terms of payment of cash and other property to the authority must not be less favorable to the authority than payments to other investors (other than the manager) who are parties to the agreement or contract.

Sec. 11. A seven (7) member advisory board shall evaluate applications for loans or co-venture investments in the form of loans or guarantees in accordance with the criteria established in this chapter and any guidelines issued by the authority.

Sec. 12. The advisory board consists of the following:

- (1) Three (3) members of the authority, other than the lieutenant governor or the lieutenant governor's designee, selected by the governor.
- (2) Three (3) members of the twenty-first century research and technology fund board established by IC 4-4-5.1-6, other than the lieutenant governor or the lieutenant governor's designee, selected by the governor.
- (3) The lieutenant governor or the lieutenant governor's designee.

A member selected by the governor under this section serves at the pleasure of the governor.

Sec. 13. The lieutenant governor or the lieutenant governor's designee shall serve as chair of the advisory board.

Sec. 14. The advisory board shall make recommendations to the authority, which shall make the final determination regarding investments.

Sec. 15. The advisory board shall keep the twenty-first century research and technology fund board apprised of its recommendations.

Sec. 16. The advisory board may request that the authority consult with and hire professionals on its behalf as the authority considers necessary to evaluate applications. The professionals may be compensated from the fund or the applicant, or both.

Sec. 17. (a) The advisory board is subject to IC 5-14-1.5.

(b) Subsections (c) through (e) apply to a meeting of the advisory board at which at least four (4) members of the advisory board are physically present at the place where the meeting is conducted.

(c) A member of the advisory board may participate in a meeting of the advisory board by using a means of communication that permits:

- (1) all other members participating in the meeting; and

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1 (2) all members of the public physically present at the place  
2 where the meeting is conducted;  
3 to simultaneously communicate with each other during the  
4 meeting.

5 (d) A member who participates in a meeting under subsection  
6 (b) is considered to be present at the meeting.

7 (e) The memoranda of the meeting prepared under  
8 IC 5-14-1.5-4 must also state the name of each member who:

9 (1) was physically present at the place where the meeting was  
10 conducted;

11 (2) participated in the meeting by using a means of  
12 communication described in subsection (c); and

13 (3) was absent.

14 Sec. 18. Members of the advisory board who have a conflict with  
15 respect to a particular application, whether due to a relationship  
16 with the business or the professional investor, must abstain from  
17 discussion and voting on the application.

18 Sec. 19. Members of the advisory board are not entitled to  
19 receive per diem. The member is, however, entitled to  
20 reimbursement for traveling expenses as provided under  
21 IC 4-13-1-4 and other expenses actually incurred in connection  
22 with the member's duties as provided in the state policies and  
23 procedures established by the Indiana department of  
24 administration and approved by the budget agency.

25 Sec. 20. Each co-venture investment loan or guarantee, or pool  
26 participation agreement shall provide that the authority must be  
27 repaid before or simultaneously with any distribution to  
28 participating professional or accredited investors. The authority  
29 and participating professional or accredited investors must share  
30 ratably in the profits earned in any form on the co-venture  
31 investment. Unless the investment is a pooled investment, the  
32 agreement must also provide that the professional or accredited  
33 investor must share its initial due diligence report on the business  
34 and any subsequent analysis of and information received about the  
35 business.

36 Sec. 21. An application for a direct loan or a co-venture  
37 investment loan or guarantee from the fund must include the  
38 following:

39 (1) Payment of a fee, as determined by the authority.

40 (2) A business plan, including a description of the business  
41 and its management.

42 (3) A statement of the amount, timing, and projected use of

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1 the capital required.

2 (4) A statement concerning the feasibility of the proposed  
3 technology, product, process, or invention, its state of  
4 development, and the likelihood of commercial success  
5 (including intellectual property protection and licensing  
6 arrangements for technologies).

7 (5) A statement of the potential economic impact of the  
8 business on Indiana, including the number, location, and types  
9 of jobs expected to be created.

10 (6) Financial projections.

11 (7) A listing of business and legal advisors engaged.

12 (8) Any other information that the authority or the advisory  
13 board requires.

14 **Sec. 22. In addition to consideration of the information provided**  
15 **under section 21 of this chapter, the advisory board shall consider**  
16 **the following factors in making its recommendation to the**  
17 **authority:**

18 (1) Whether the business has a reasonable chance of success.

19 (2) Whether the technology, product, process, or invention for  
20 which the loan is being made is feasible and has the potential  
21 to achieve commercial success.

22 (3) Whether the entrepreneur, investors, shareholders, and  
23 other founders of the business have already made or are  
24 obligated in writing to make a substantial financial and time  
25 commitment to the enterprise.

26 **Sec. 23. After the authority receives the recommendation under**  
27 **section 22 of this chapter, the authority may approve an**  
28 **application for a direct loan or co-venture investment loan or**  
29 **guarantee only if the authority reviews the factors described in**  
30 **section 22 of this chapter, the authority makes findings in the**  
31 **affirmative relative to the factors described in section 22 of this**  
32 **chapter, and the following have occurred:**

33 (1) The authority determines that there is a reasonable  
34 possibility that the authority will recoup its investment,  
35 within:

36 (A) ten (10) years after making the investment; or

37 (B) another period negotiated by the authority;

38 through the receipt of principal and interest payments or  
39 other distribution of profits or royalties on investments made  
40 by the authority.

41 (2) Binding commitments have been made to the authority by  
42 the enterprise for adequate reporting of financial data to the

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1 authority and any participating professional investors. The  
2 report must include an annual audit of the books of the  
3 enterprise by an independent certified public accountant if  
4 required by the authority. The authority and any  
5 participating professional or accredited investors shall secure  
6 sufficient contractual rights from the business as the authority  
7 shall consider prudent to protect the investment of the  
8 authority, including, at the discretion of the authority and  
9 without limitation, a right of access to financial and other  
10 records of the business.

11 (3) If the loan is a co-venture investment loan or guarantee, a  
12 binding commitment has been made to the business from a  
13 participating professional or accredited investor in at least the  
14 amount requested by from the authority, and the authority  
15 has a written commitment from the participating professional  
16 or accredited investor that the authority is to be repaid on its  
17 co-venture investment loan or guarantee before or  
18 simultaneously with any distribution to participating  
19 professional investors.

20 (4) The authority has:

21 (A) received a copy of the professional or accredited  
22 investor's due diligence report on the business, including  
23 its analysis of the factors in section 22 of this chapter and  
24 this section; and

25 (B) determined the report to be adequate.

26 (5) The authority must find that the professional or accredited  
27 investor meets the respective definition in IC 4-4-10.9-0.5 or  
28 IC 4-4-10.9-24.5 and that the professional or accredited  
29 investor is competent and adequately prepared to monitor the  
30 progress of the business.

31 (6) If the co-venture investment is in the form of a loan  
32 guarantee, the authority must make the following additional  
33 findings:

34 (A) Sufficient reserves exist in the fund to support the loan  
35 guarantee.

36 (B) The professional or accredited investor to whom the  
37 guarantee is provided has made a commitment to keep the  
38 authority informed on all aspects of the business receiving  
39 the investment.

40 Sec. 24. The authority, with recommendations from the advisory  
41 board, may invest money in the fund in accordance with the  
42 investment guidelines established by the authority. IC 4-22-2 does

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1 not apply to these guidelines.

2 **Sec. 25. Applicants that have received:**

3 (1) prior funding from the twenty-first century research and  
4 technology fund; or

5 (2) favorable reviews during the peer review process  
6 conducted on an application for funding from the twenty-first  
7 century research and technology fund;

8 shall receive preference from the advisory board during the  
9 application review process. The authority may, by guideline,  
10 require that all applicants meet the requirement of either  
11 subdivision (1) or (2).

12 **Sec. 26. The authority's interest in any single business in the**  
13 **form of a loan or co-venture investment loan or guarantee may not**  
14 **represent more than forty (40%) of the capitalization of the**  
15 **business.**

16 **Sec. 27. Any documentary materials or data made or received**  
17 **by any member, agent, or employee of the authority, to the extent**  
18 **that the material or data consist of trade secrets, commercial**  
19 **information, or financial information regarding:**

20 (1) the operation of any business conducted by an applicant  
21 for, or recipient of, any form of assistance which the authority  
22 is empowered to render; or

23 (2) the competitive position of the business in a particular  
24 field of endeavor;

25 are confidential. Any discussion or consideration of the trade  
26 secrets or commercial or financial information may be held by the  
27 advisory board or the authority in executive sessions under  
28 IC 5-14-1.5-6.1 if notice of the executive session is properly posted.

29 **Sec. 28. Proposals for the establishment of pools of funds must:**

30 (1) be submitted on a form; and

31 (2) contain the information;

32 prescribed by the authority.

33 **Sec. 29. The authority may not enter into any agreement or**  
34 **contract regarding a pool of funds unless the agreement or**  
35 **contract provides that the pool of funds is to be invested in an**  
36 **enterprise only if the professional investor or manager finds all the**  
37 **following:**

38 (1) The enterprise has a reasonable chance of success.

39 (2) The technology, product, process, or invention for which  
40 the investment is being made is feasible and has the potential  
41 to achieve commercial success.

42 (3) The entrepreneur, investors, shareholders, or founders of

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1 the enterprise have made or are obligated to make a  
 2 substantial commitment of time and funds to the enterprise.  
 3 (4) That there is a reasonable opportunity that it will recoup  
 4 their investment within ten (10) years after the investment,  
 5 through the receipt of principal and interest, dividends,  
 6 capital gains, or other distributions of profit or royalties.  
 7 (5) The enterprise has made binding commitments for  
 8 adequate reporting of and access to financing data of the  
 9 enterprise.

10 Sec. 30. The fund and all proceeds of the fund are public  
 11 property devoted to an essential public and governmental function  
 12 and purpose and is exempt from all taxes and special assessments,  
 13 direct or indirect, of the state or a political subdivision of the state.  
 14 However, this exemption does not exempt an enterprise in which  
 15 the authority has invested from state taxes or other taxes levied in  
 16 connection with the manufacture, production, use, or sale of any  
 17 technologies, products, processes, or inventions that are the subject  
 18 of an agreement.

19 SECTION 20. IC 4-4-32 IS ADDED TO THE INDIANA CODE AS  
 20 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
 21 1, 2003]:

22 **Chapter 32. Indiana Growth Fund**

23 Sec. 1. As used in this chapter, "authority" refers to an  
 24 authority, separate from the state, established to securitize the  
 25 payments under the tobacco settlement agreement.

26 Sec. 2. As used in this chapter, "fund" refers to the Indiana  
 27 growth fund established by section 3 of this chapter.

28 Sec. 3. The Indiana growth fund is established to provide the  
 29 necessary money for projects and programs that will energize  
 30 Indiana economic development.

31 Sec. 4. The money from the following sources shall be deposited  
 32 in the fund:

- 33 (1) The net proceeds of bonds issued to securitize the
- 34 payments under the tobacco settlement agreement.
- 35 (2) Appropriations, if any, made to the fund by the general
- 36 assembly.
- 37 (3) Grants, gifts, and donations intended for deposit in the
- 38 fund.
- 39 (4) Interest that accrues from investment of money in the
- 40 fund.

41 Sec. 5. The fund shall be administered by the authority.

42 Sec. 6. The expenses of administering the fund shall be paid

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1 from money in the fund. Interest that accrues from these  
2 investments shall be deposited in the fund.

3 Sec. 7. The authority shall invest the money in the fund not  
4 currently needed to meet the obligations of the fund in conformity  
5 with the investment policies established by the authority.

6 Sec. 8. Money in the fund at the end of a state fiscal year does  
7 not revert to the state general fund.

8 Sec. 9. Money in the fund may be used to:

- 9 (1) make the distributions authorized by the general  
10 assembly; and
- 11 (2) pay the operating expenses of the authority related to its  
12 purposes.

13 Sec. 10. The authority shall make the following distributions  
14 from the fund on the schedule approved by the budget agency:

15 (1) In the state fiscal year beginning July 1, 2003, and ending  
16 June 30, 2004, the authority shall distribute thirty-six million  
17 dollars (\$36,000,000) to the Indiana development finance  
18 authority (IC 4-4-11-4) for deposit as follows:

- 19 (A) Thirty-two million four hundred thousand dollars  
20 (\$32,400,000) for deposit in the twenty-first century  
21 research and development fund (IC 4-4-5.1-3).
- 22 (B) Three million six hundred thousand dollars  
23 (\$3,600,000) for deposit in the Indiana venture fund  
24 (IC 4-4-11.7-5).

25 (2) In the state fiscal year beginning July 1, 2004, and ending  
26 June 30, 2005, the authority shall distribute thirty-six million  
27 dollars (\$36,000,000) to the Indiana development finance  
28 authority (IC 4-4-11-4) for deposit as follows:

- 29 (A) Twenty-eight million eight hundred thousand dollars  
30 (\$28,800,000) for deposit in the twenty-first century  
31 research and development fund (IC 4-4-5.1-3).
- 32 (B) Seven million two hundred thousand dollars  
33 (\$7,200,000) for deposit in the Indiana venture fund  
34 (IC 4-4-11.7-5).

35 (3) In the state fiscal year beginning July 1, 2005, and ending  
36 June 30, 2006, the authority shall distribute thirty-six million  
37 dollars (\$36,000,000) to the Indiana development finance  
38 authority (IC 4-4-11-4) for deposit as follows:

- 39 (A) Twenty-five million two hundred thousand dollars  
40 (\$25,200,000) for deposit in the twenty-first century  
41 research and development fund (IC 4-4-5.1-3).
- 42 (B) Ten million eight hundred thousand dollars

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- 1           **(\$10,800,000) for deposit in the Indiana venture fund**
- 2           **(IC 4-4-11.7-5).**
- 3           **(4) In the state fiscal year beginning July 1, 2006, and ending**
- 4           **June 30, 2007, the authority shall distribute thirty-six million**
- 5           **dollars (\$36,000,000) to the Indiana development finance**
- 6           **authority (IC 4-4-11-4) for deposit as follows:**
- 7           **(A) Twenty-one million six hundred thousand dollars**
- 8           **(\$21,600,000) for deposit in the twenty-first century**
- 9           **research and development fund (IC 4-4-5.1-3).**
- 10           **(B) Fourteen million four hundred thousand dollars**
- 11           **(\$14,400,000) for deposit in the Indiana venture fund**
- 12           **(IC 4-4-11.7-5).**
- 13           **(5) In the state fiscal year beginning July 1, 2007, and ending**
- 14           **June 30, 2008, the authority shall distribute thirty-six million**
- 15           **dollars (\$36,000,000) to the Indiana development finance**
- 16           **authority (IC 4-4-11-4) for deposit as follows:**
- 17           **(A) Eighteen million dollars (\$18,000,000) for deposit in**
- 18           **the twenty-first century research and development fund**
- 19           **(IC 4-4-5.1-3).**
- 20           **(B) Eighteen million dollars (\$18,000,000) for deposit in the**
- 21           **Indiana venture fund (IC 4-4-11.7-5).**
- 22           **(6) In the state fiscal year beginning July 1, 2008, and ending**
- 23           **June 30, 2009, the authority shall distribute thirty-six million**
- 24           **dollars (\$36,000,000) to the Indiana development finance**
- 25           **authority (IC 4-4-11-4) for deposit as follows:**
- 26           **(A) Eighteen million dollars (\$18,000,000) for deposit in**
- 27           **the twenty-first century research and development fund**
- 28           **(IC 4-4-5.1-3).**
- 29           **(B) Eighteen million dollars (\$18,000,000) for deposit in the**
- 30           **Indiana venture fund (IC 4-4-11.7-5).**
- 31           **(7) In the state fiscal year beginning July 1, 2009, and ending**
- 32           **June 30, 2010, the authority shall distribute thirty-six million**
- 33           **dollars (\$36,000,000) to the Indiana development finance**
- 34           **authority (IC 4-4-11-4) for deposit as follows:**
- 35           **(A) Eighteen million dollars (\$18,000,000) for deposit in**
- 36           **the twenty-first century research and development fund**
- 37           **(IC 4-4-5.1-3).**
- 38           **(B) Eighteen million dollars (\$18,000,000) for deposit in the**
- 39           **Indiana venture fund (IC 4-4-11.7-5).**
- 40           **(8) In the state fiscal year beginning July 1, 2010, and ending**
- 41           **June 30, 2011, the authority shall distribute thirty-six million**
- 42           **dollars (\$36,000,000) to the Indiana development finance**

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authority (IC 4-4-11-4) for deposit as follows:

(A) Eighteen million dollars (\$18,000,000) for deposit in the twenty-first century research and development fund (IC 4-4-5.1-3).

(B) Eighteen million dollars (\$18,000,000) for deposit in the Indiana venture fund (IC 4-4-11.7-5).

(9) In the state fiscal year beginning July 1, 2011, and ending June 30, 2012, the authority shall distribute thirty-six million dollars (\$36,000,000) to the Indiana development finance authority (IC 4-4-11-4) for deposit as follows:

(A) Eighteen million dollars (\$18,000,000) for deposit in the twenty-first century research and development fund (IC 4-4-5.1-3).

(B) Eighteen million dollars (\$18,000,000) for deposit in the Indiana venture fund (IC 4-4-11.7-5).

(10) In the state fiscal year beginning July 1, 2012, and ending June 30, 2013, the authority shall distribute thirty-six million dollars (\$36,000,000) to the Indiana development finance authority (IC 4-4-11-4) for deposit as follows:

(A) Eighteen million dollars (\$18,000,000) for deposit in the twenty-first century research and development fund (IC 4-4-5.1-3).

(B) Eighteen million dollars (\$18,000,000) for deposit in the Indiana venture fund (IC 4-4-11.7-5).

Sec. 11. If there is insufficient money in the fund for the authority to make the total amount of transfers required by law for any fiscal year, the authority shall make transfers for that fiscal year as directed by the budget agency after review by the budget committee.

Sec. 12. The amounts distributed under this chapter to the Indiana twenty-first century research and technology fund (IC 4-4-5.1-6) shall be used for the purposes of that fund under IC 4-4-5.1.

Sec. 13. The amounts distributed under this chapter to the Indiana venture fund (IC 4-4-11.7-5) shall be used for the purposes of that fund under IC 4-4-11.7.

Sec. 14. This chapter expires June 30, 2013.

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