



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2946

Introduced 2/4/2020, by Sen. Suzy Glowiak Hilton

SYNOPSIS AS INTRODUCED:

30 ILCS 265/10
30 ILCS 265/11
30 ILCS 265/20

Amends the Technology Development Act. Removes a provision specifying that the investment of the State Treasurer in any fund created by an Illinois venture capital firm in which the State Treasurer places money shall not exceed 10% of the total investments in the fund. Provides that distributions from a TDA II-Recipient Fund, in an amount not to exceed the commitment amount and total distributions received, may be reinvested into a specified account without being counted against the 5% cap. Provides that specified moneys in the Technology Development Fund may be provided as grants to technology businesses in order to foster, accelerate, and scale technology innovation in Illinois. Modifies the term "technology business" to expand the meaning of technology oriented or emerging activity. Makes conforming changes. Effective immediately.

LRB101 16723 RJF 66112 b

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Technology Development Act is amended by
5 changing Sections 10, 11, and 20 as follows:

6 (30 ILCS 265/10)

7 Sec. 10. Technology Development Account.

8 (a) The State Treasurer may segregate a portion of the
9 Treasurer's investment portfolio, that at no time shall be
10 greater than 1% of the portfolio, in the Technology Development
11 Account, an account that shall be maintained separately and
12 apart from other moneys invested by the Treasurer. The
13 Treasurer may make investments from the Account that help
14 attract, assist, and retain quality technology businesses in
15 Illinois. The earnings on the Account shall be accounted for
16 separately from other investments made by the Treasurer.

17 (b) Moneys in the Account may be invested by the State
18 Treasurer to provide venture capital to technology businesses
19 seeking to locate, expand, or remain in Illinois by placing
20 money with Illinois venture capital firms for investment by the
21 venture capital firms in technology businesses. "Venture
22 capital", as used in this Act, means equity financing that is
23 provided for starting up, expanding, or relocating a company,

1 or related purposes such as financing for seed capital,
2 research and development, introduction of a product or process
3 into the marketplace, or similar needs requiring risk capital.
4 "Technology business", as used in this Act, means a company
5 that has as its principal function the providing of services
6 including computer, information transfer, communication,
7 distribution, processing, administrative, laboratory,
8 experimental, developmental, technical, testing services,
9 manufacture of goods or materials, the processing of goods or
10 materials by physical or chemical change, computer related
11 activities, robotics, biological or pharmaceutical industrial
12 activity, or technology oriented or emerging ~~industrial~~
13 activity, including, but not limited to, incubators,
14 accelerators, innovation research, technology transfer, and
15 educational programs that provide training, support, and other
16 resources to current and prospective entrepreneurs. "Illinois
17 venture capital firms", as used in this Act, means an entity
18 that has a majority of its employees in Illinois or that has at
19 least one managing partner domiciled in Illinois that has made
20 significant capital investments in Illinois companies and that
21 provides equity financing for starting up or expanding a
22 company, or related purposes such as financing for seed
23 capital, research and development, introduction of a product or
24 process into the marketplace, or similar needs requiring risk
25 capital.

26 (c) Any fund created by an Illinois venture capital firm in

1 which the State Treasurer places money pursuant to this Act
2 shall be required by the State Treasurer to seek investments in
3 technology businesses seeking to locate, expand, or remain in
4 Illinois.

5 (d) (Blank). ~~The investment of the State Treasurer in any~~
6 ~~fund created by an Illinois venture capital firm in which the~~
7 ~~State Treasurer places money pursuant to this Act shall not~~
8 ~~exceed 10% of the total investments in the fund.~~

9 (e) The State Treasurer shall not invest more than
10 one-third of the Technology Development Account in any given
11 calendar year.

12 (f) The Treasurer may deposit no more than 10% of the
13 earnings of the investments in the Technology Development
14 Account into the Technology Development Fund.

15 (Source: P.A. 94-395, eff. 8-1-05.)

16 (30 ILCS 265/11)

17 Sec. 11. Technology Development Account II.

18 (a) Including the amount provided in Section 10 of this
19 Act, the State Treasurer shall segregate a portion of the
20 Treasurer's State investment portfolio, that at no time shall
21 be greater than 5% of the portfolio, in the Technology
22 Development Account IIa ("TDA IIa"), an account that shall be
23 maintained separately and apart from other moneys invested by
24 the Treasurer. Distributions from the investments in TDA IIa
25 may be reinvested into TDA IIa without being counted against

1 the 5% cap. The aggregate investment in TDA IIa and the
2 aggregate commitment of investment capital in a TDA
3 II-Recipient Fund shall at no time be greater than 5% of the
4 State's investment portfolio, which shall be calculated as: (1)
5 the balance at the inception of the State's fiscal year; or (2)
6 the average balance in the immediately preceding 5 fiscal
7 years, whichever number is greater. Distributions from a TDA
8 II-Recipient Fund, in an amount not to exceed the commitment
9 amount and total distributions received, may be reinvested into
10 TDA IIa without being counted against the 5% cap. The Treasurer
11 may make investments from TDA IIa that help attract, assist,
12 and retain quality technology businesses in Illinois. The
13 earnings on TDA IIa shall be accounted for separately from
14 other investments made by the Treasurer.

15 (b) The Treasurer may solicit proposals from entities to
16 manage and be the General Partner of a separate fund
17 ("Technology Development Account IIb" or "TDA IIb") consisting
18 of investments from private sector investors that must invest,
19 at the direction of the general partner, in tandem with TDA IIa
20 in a pro-rata portion. The Treasurer may enter into an
21 agreement with the entity managing TDA IIb to advise on the
22 investment strategy of TDA IIa and TDA IIb (collectively
23 "Technology Development Account II" or "TDA II") and fulfill
24 other mutually agreeable terms. Funds in TDA IIb shall be kept
25 separate and apart from moneys in the State treasury.

26 (c) All or a portion of the moneys in TDA IIa shall be

1 invested by the State Treasurer to provide venture capital to
2 technology businesses, including co-investments, seeking to
3 locate, expand, or remain in Illinois by placing money with
4 Illinois venture capital firms for investment by the venture
5 capital firms in technology businesses. "Venture capital", as
6 used in this Section, means equity financing that is provided
7 for starting up, expanding, or relocating a company, or related
8 purposes such as financing for seed capital, research and
9 development, introduction of a product or process into the
10 marketplace, or similar needs requiring risk capital.
11 "Technology business", as used in this Section, means a company
12 that has as its principal function the providing of services,
13 including computer, information transfer, communication,
14 distribution, processing, administrative, laboratory,
15 experimental, developmental, technical, or testing services;
16 manufacture of goods or materials; the processing of goods or
17 materials by physical or chemical change; computer related
18 activities; robotics, biological, or pharmaceutical industrial
19 activities; or technology-oriented or emerging ~~industrial~~
20 activity, including, but not limited to, incubators,
21 accelerators, innovation research, technology transfer, and
22 educational programs that provide training, support, and other
23 resources to current and prospective entrepreneurs. "Illinois
24 venture capital firm", as used in this Section, means an entity
25 that: (1) has a majority of its employees in Illinois (more
26 than 50%) or that has at least one general partner or principal

1 domiciled in Illinois, and that (2) provides equity financing
2 for starting up or expanding a company, or related purposes
3 such as financing for seed capital, research and development,
4 introduction of a product or process into the marketplace, or
5 similar needs requiring risk capital. "Illinois venture
6 capital firm" may also mean an entity that has a track record
7 of identifying, evaluating, and investing in Illinois
8 companies and that provides equity financing for starting up or
9 expanding a company, or related purposes such as financing for
10 seed capital, research and development, introduction of a
11 product or process into the marketplace, or similar needs
12 requiring risk capital. For purposes of this Section, "track
13 record" means having made, on average, at least one investment
14 in an Illinois company in each of its funds if the Illinois
15 venture capital firm has multiple funds or at least 2
16 investments in Illinois companies if the Illinois venture
17 capital firm has only one fund. In no case shall more than 15%
18 of the capital in the TDA IIa be invested in firms based
19 outside of Illinois.

20 (d) Any fund created by an Illinois venture capital firm in
21 which the State Treasurer places money pursuant to this Section
22 shall be required by the State Treasurer to seek investments in
23 technology businesses seeking to locate, expand, or remain in
24 Illinois. Any fund created by an Illinois venture capital firm
25 in which the State Treasurer places money under this Section
26 ("TDA II-Recipient Fund") shall invest a minimum of twice (2x)

1 the aggregate amount of investable capital that is received
2 from the State Treasurer under this Section in Illinois
3 companies during the life of the fund. "Illinois companies", as
4 used in this Section, are companies that are headquartered or
5 that otherwise have a significant presence in the State at the
6 time of initial or follow-on investment. Investable capital is
7 calculated as committed capital, as defined in the firm's
8 applicable fund's governing documents, less related estimated
9 fees and expenses to be incurred during the life of the fund.
10 For the purposes of this subsection (d), "significant presence"
11 means at least one physical office and one full-time employee
12 within the geographic borders of this State.

13 Any TDA II-Recipient Fund shall also invest additional
14 capital in Illinois companies during the life of the fund if,
15 as determined by the fund's manager, the investment:

16 (1) is consistent with the firm's fiduciary
17 responsibility to its limited partners;

18 (2) is consistent with the fund manager's investment
19 strategy; and

20 (3) demonstrates the potential to create risk-adjusted
21 financial returns consistent with the fund manager's
22 investment goals.

23 In addition to any reporting requirements set forth in
24 Section 10 of this Act, any TDA II-Recipient Fund shall report
25 the following additional information to the Treasurer on a
26 quarterly or annual basis, as determined by the Treasurer, for

1 all investments:

2 (1) the names of portfolio companies invested in during
3 the applicable investment period;

4 (2) the addresses of reported portfolio companies;

5 (3) the date of the initial (and follow-on) investment;

6 (4) the cost of the investment;

7 (5) the current fair market value of the investment;

8 (6) for Illinois companies, the number of Illinois
9 employees on the investment date; and

10 (7) for Illinois companies, the current number of
11 Illinois employees.

12 If, as of the earlier to occur of (i) the fourth year of
13 the investment period of any TDA II-Recipient Fund or (ii) when
14 that TDA II-Recipient Fund has drawn more than 60% of the
15 investable capital of all limited partners, that TDA
16 II-Recipient Fund has failed to invest the minimum amount
17 required under this subsection (d) in Illinois companies, then
18 the Treasurer shall deliver written notice to the manager of
19 that fund seeking compliance with the minimum amount
20 requirement under this subsection (d). If, after 180 days of
21 delivery of notice, the TDA II-Recipient Fund has still failed
22 to invest the minimum amount required under this subsection (d)
23 in Illinois companies, then the Treasurer may elect, in
24 writing, to terminate any further commitment to make capital
25 contributions to that fund which otherwise would have been made
26 under this Section.

1 (e) ~~The Notwithstanding the limitation found in subsection~~
2 ~~(d) of Section 10 of this Act, the~~ investment of the State
3 Treasurer in any fund created by an Illinois venture capital
4 firm in which the State Treasurer places money pursuant to this
5 Section shall not exceed 15% of the total TDA IIa account
6 balance.

7 (f) (Blank).

8 (g) The Treasurer may deposit no more than 10% of the
9 earnings of the investments in the Technology Development
10 Account IIa into the Technology Development Fund.

11 (Source: P.A. 100-1081, eff. 8-24-18.)

12 (30 ILCS 265/20)

13 Sec. 20. Technology Development Fund. The Technology
14 Development Fund is created as a special fund outside the State
15 treasury with the State Treasurer as custodian. Moneys in the
16 Fund may be used by the State Treasurer to pay expenses related
17 to investments from the Technology Development Account. Moneys
18 in the Fund in excess of those expenses may be provided as
19 grants to Illinois schools to purchase computers and to upgrade
20 technology, and to technology businesses in order to foster,
21 accelerate, and scale technology innovation in Illinois in
22 support of this Act.

23 (Source: P.A. 94-395, eff. 8-1-05.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.