



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5452

Introduced 2/15/2012, by Rep. Robyn Gabel

SYNOPSIS AS INTRODUCED:

20 ILCS 3501/810-20
20 ILCS 3501/840-20

Amends the Illinois Finance Authority Act. Provides that the Illinois Finance Authority may (rather than shall) develop and maintain a list of firms located within the State that are available for purchase, merger, or acquisition. Provides that the Authority may (rather than shall) identify and study any laws or regulations that it finds handicaps or bars a needed health facility from participating in the benefits of the Act and may (rather than shall) recommend to the General Assembly actions to remedy any handicaps or bars to participation. Effective immediately.

LRB097 19625 PJG 64879 b

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Finance Authority Act is amended by
5 changing Sections 810-20 and 840-20 as follows:

6 (20 ILCS 3501/810-20)

7 Sec. 810-20. Powers and Duties; Illinois Venture
8 Investment Fund Limits. The Authority shall invest and reinvest
9 the Fund and the income, thereof, in the following ways:

10 (a) To make a direct investment in qualified securities
11 issued by enterprises and to dispose of those securities within
12 10 years after the date of the direct investment as determined
13 by the Authority for the purpose of providing venture capital
14 or seed capital, provided that the investment shall not exceed
15 49% of the estimated cost of development, testing, and initial
16 production and marketing and associated working capital for the
17 technology, product, process, or invention, or \$750,000,
18 whichever is less;

19 (b) To enter into written agreements or contracts
20 (including limited partnership agreements) with one or more
21 professional investors or one or more seed capital investors,
22 if any, for the purpose of establishing a pool of funds to be
23 used exclusively as venture capital or seed capital

1 investments. The Authority shall not invest more than
2 \$2,000,000 in a single pool of funds or affiliated pools of
3 funds. The agreement or contract shall provide for the pool of
4 funds to be managed by a professional investor. The manager may
5 be the general partner of a limited partnership of which the
6 Authority is a limited partner. The agreement or contract may
7 provide for reimbursement of expenses of, and payment of a fee
8 to, the manager. The agreement or contract may also provide for
9 payment to the manager of a percentage, not to exceed 40%
10 (computed on an annual basis), of cash and other property
11 payable to the Authority as its pro-rata share of distributions
12 to investors in the pool of funds, provided that (i) no amount
13 shall be received by the manager upon sale or other disposition
14 of qualified investments in enterprises until recovery by the
15 Authority of its investment and upon liquidation or withdrawal
16 of the Authority from the pool of funds, the manager shall be
17 obligated to refund any amount received by it from such
18 percentage if necessary to allow the Authority to recover its
19 investment or (ii) the terms of payment of cash and other
20 property to the Authority are no less favorable to the
21 Authority than payments to other seed capital investors (other
22 than the manager) who are parties to the agreement or contract.

23 (c) To make co-venture investments by entering into
24 agreements with one or more professional investors or one or
25 more seed capital investors, if any, who have formally agreed
26 to invest at least 50% as much as the Authority invests in the

1 enterprise, for the purpose of providing venture capital or
2 seed capital; but no more than \$1,000,000 shall be invested by
3 the Authority in the qualified securities of a single
4 enterprise. A total of not more than \$1,500,000 may be invested
5 in the securities of a single enterprise, if the Authority
6 shall find, after the initial investment by the Authority, that
7 additional investments in the enterprise are necessary to
8 protect or enhance the initial investment of the Authority.
9 Each co-venture investment agreement shall provide that the
10 Authority will recover its investment before or simultaneously
11 with any distribution to participating professional investors
12 or seed capital investors. The Authority and participating
13 professional investors and seed capital investors shall share
14 ratably in the profits earned in any form on the co-venture
15 investment, but the Authority may, at its discretion, agree to
16 pay to a participating professional investor a percentage, not
17 to exceed 40% (computed on an annual basis), of cash and other
18 property payable to the Authority as its pro-rata share of
19 distributions to investors in the pool of funds, provided that
20 (i) no amount shall be received by the participating
21 professional investor upon sale or other disposition of
22 qualified investments in the enterprises until recovery by the
23 Authority of its investment and upon liquidation or withdrawal
24 of the Authority from the pool of funds, the participating
25 professional investor shall be obligated to refund any amount
26 received by it from such percentage if necessary to allow the

1 Authority to recover its investment or (ii) the terms of
2 payment of cash and other property to the Authority are no less
3 favorable to the Authority than payments to other seed capital
4 investors or professional investors (other than the
5 professional investor) who are parties to the agreement or
6 contract;

7 (d) To purchase qualified securities of certified
8 development corporations created under Section 503 of the
9 federal Small Business Administration Act, including the
10 Illinois Small Business Growth Corporation, for the purpose of
11 making loans to enterprises that have the potential to create
12 substantial employment within the State per dollar invested by
13 the Authority, provided that the investment does not exceed 25%
14 of the total investment in each corporation at the time the
15 investment is approved by the Authority. Investment by the
16 Authority in the Illinois Small Business Growth Corporation is
17 not limited by the foregoing provision;

18 (e) To purchase qualified securities of small business
19 investment companies and minority enterprise small business
20 investment corporations certified by the federal Small
21 Business Administration which are committed to making 60% of
22 their investments in the State, provided that investments from
23 the Fund do not exceed 25% of the total investment in these
24 entities at the time the investment is approved by the
25 Authority;

26 (f) To make the investments of any funds held in reserves

1 or sinking funds, or any funds not required for immediate
2 disbursement, as may be lawful investments for fiduciaries in
3 the State;

4 (g) To facilitate and promote the acquisition and
5 revitalization of existing manufacturing enterprises by, at
6 the Authority's discretion, developing and maintaining a list
7 of firms, or divisions thereof, located within the State that
8 are available for purchase, merger, or acquisition. The list
9 may ~~shall~~ be made available at such charges as the Authority
10 may determine to all interested persons and institutions upon
11 request. No firm shall appear on the list without its prior
12 written permission. The list may contain such additional
13 financial, technical, market and other information as may be
14 supplied by the listed firm. The Authority shall bear no
15 responsibility for the accuracy of the information contained on
16 the list, and each listed firm shall hold the Authority
17 harmless against any claim of inaccuracy. Enterprises
18 supported by investments from the Fund may ~~shall~~ receive
19 consideration by the Authority in the allocation of loans to be
20 insured or loans to be made from the proceeds of bonds to be
21 insured by the Industrial Revenue Bond Insurance Fund
22 established under this Article, and the Authority may ~~shall~~
23 coordinate its activities under the 2 programs.

24 (Source: P.A. 93-205, eff. 1-1-04.)

25 (20 ILCS 3501/840-20)

1 Sec. 840-20. It is the intent and purpose of this Act that
2 the exercise by the Authority of the powers granted to it shall
3 be in all respects for the benefit of the people of this State
4 to assist them to provide needed health facilities of the
5 number, size, type, distribution, and operation that will
6 assure admission and care of high quality to all who need it.
7 To this end, the Authority is charged with the responsibility
8 to identify and study all projects which are determined by
9 health planning agencies to be needed but which could not
10 sustain a loan were such to be made to it under this Act. The
11 Authority shall, following such study, formulate and recommend
12 to the General Assembly, such amendments to this and other
13 Acts, and such other specific measures as grants, loan
14 guarantees, interest subsidies or other actions as may be
15 provided for by the State which actions would render the
16 construction and operation of such needed health facility
17 feasible and in the public interest. Further, the Authority may
18 ~~is charged with responsibility to~~ identify and study any laws
19 or regulations which it finds handicaps or bars a needed health
20 facility from participating in the benefits of this Act and may
21 ~~to~~ recommend to the General Assembly such actions as will
22 remedy such situation.

23 (Source: P.A. 93-205, eff. 1-1-04.)

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