

SENATE FILE NO. SF0118

Kickstart Wyoming-economic diversification.

Sponsored by: Management Council

A BILL

for

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

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

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

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7 **9-12-408. Wyoming research and innovation program**
8 **fund created; authorized expenditures from the fund;**
9 **rulemaking.**

10

11 (a) The council shall administer a Wyoming research
12 and innovation program under which matching funds necessary
13 to access federal research and development grant funds or
14 other nonstate funds may be provided as specified in this
15 section. To be eligible to receive funding under the
16 program an entity shall present to the council its proposal
17 to apply for or an existing application for an externally
18 funded grant specific to a priority economic sector
19 identified in the approved twenty (20) year comprehensive
20 economic diversification strategy under W.S.
21 9-12-1402(a)(iv). The entity shall demonstrate that further
22 research funding from nonstate funds is likely to be
23 provided if funding is provided under this section.

1

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

17

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

20

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

23

1 (iii) Potential increase in Wyoming based
2 patents;

3
4 (iv) Increase in Wyoming higher education
5 institutions' capacity to respond to new research
6 developments.

7
8 (c) The business council shall not accept
9 applications for funding under this section until on or
10 after April 1, 2019, unless the funding application is for
11 a project in which the University of Wyoming or a Wyoming
12 community college has a direct economic interest.

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

15

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

1 under W.S. 9-12-1402(a)(iv). The proposal shall be directed
2 to investments for seed stage development or growth stage
3 funding of business entities. The council shall include in
4 the proposal:

5

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

9

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

14

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

18

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

22

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

7

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

12

13 **9-12-105. Economic development and diversification**
14 **services; kick-start Wyoming grants; small business**
15 **innovation research matching program.**

16

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

21

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

4
5 (v) To encourage the coordination of the
6 economic development and diversification efforts of public
7 institutions, regions, communities and private industry and
8 collect and maintain data on the development and
9 utilization of economic development and diversification
10 capabilities;

11
12 (vi) To establish such offices within and
13 without the state that are necessary to the expansion and
14 development of industries and trade. The council shall
15 establish economic development and diversification regions
16 and offices within the state based upon socioeconomic and
17 geographic similarities;

18
19 (viii) To advise the University of Wyoming and
20 the Wyoming community college commission in designating
21 technical training and other educational programs in
22 Wyoming's community colleges and the University of Wyoming

1 beneficial to economic development and diversification
2 activities in this state.

3
4 (b) The council, in consultation with the coordinator
5 of economic diversification, shall implement the
6 "startup:Wyoming" program in priority economic sectors
7 identified in the approved twenty (20) year comprehensive
8 economic diversification strategy under W.S.
9 9-12-1402(a)(iv). The program shall:

10

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

17

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

22

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

7
8 (c) The council shall administer a
9 "kickstart:Wyoming" program to provide funding to early
10 stage ventures of Wyoming based entrepreneurs. Funding
11 under this subsection shall be provided upon approval of
12 the council. The council shall adopt rules for funding
13 under this subsection in consultation with the coordinator
14 of economic diversification. Funding shall be in amounts
15 ranging from five thousand dollars (\$5,000.00) to fifty
16 thousand dollars (\$50,000.00) and be provided under the
17 following conditions:

18
19 (i) To individuals who reside in Wyoming and to
20 business entities which are, or agree in writing to be,
21 headquartered in Wyoming and organized under the laws of
22 the state of Wyoming and which:

23

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

6
7 (B) Proposes a service, product, concept,
8 design or any other marketable asset which has a
9 probability of providing an economic return to the state of
10 Wyoming through creation of jobs, expanded tax base and
11 diversification of the state's economy;

12
13 (C) Agree to provide a report to the
14 council on the progress to commercialize the service,
15 product, concept, design or any other marketable asset
16 developed with the assistance of the funds.

17
18 (ii) The recipient of funding meets other
19 requirements established by rule of the council to ensure
20 adequate consideration for the amount of the funding
21 provided. In establishing provisions for adequate
22 consideration to the state, the council may include, but is
23 not limited to, requiring a recipient to seek additional

1 nonstate investment funding and specifying requirements for
2 maintaining a nexus to the state.

3
4 (d) The council shall administer a small business
5 innovation research matching program in accordance with
6 this subsection. The program shall match federal funds
7 approved for Wyoming based companies as provided in this
8 subsection. The program shall be administered by the
9 council in consultation with the University of Wyoming
10 research office. The following shall apply to the program
11 under this subsection:

12
13 (i) To be eligible to receive funding, an entity
14 shall:

15
16 (A) Be headquartered in Wyoming and
17 organized under the laws of the state of Wyoming;

18
19 (B) Maintain a meaningful nexus to the
20 state of Wyoming, including for not less than three (3)
21 years after commercialization of a service, product,
22 concept, design or any other marketable asset developed
23 with the assistance of funds from the program;

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(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 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

1 asset, and continues to market the product, concept or
2 design or asset, the entity shall report for three (3)
3 years on:

4

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

7

8 (2) A salary range per job;

9

10 (3) The taxable assets of the
11 entity;

12

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

16

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

19

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

23

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

4
 5 (B) For a recipient of a phase II award, a
 6 match up to one hundred percent (100%) of the award, not to
 7 exceed two hundred fifty thousand dollars (\$250,000.00).

8
 9 (iii) Matching funds under this subsection shall
 10 be awarded to the recipient as soon as practicable after
 11 approval of the matching fund application;

12
 13 (iv) An entity shall repay all matching funds
 14 provided under this subsection plus interest at the rate of
 15 four percent (4%) per annum compounded annually from the
 16 date the matching funds were granted if:

17
 18 (A) The entity commercializes a service,
 19 product, concept, design or any other marketable asset
 20 developed with the assistance of funds from this program;
 21 and

22

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

7
8 (v) The council shall adopt rules for the
9 program in consultation with the coordinator of economic
10 diversification. The rules shall include but not be limited
11 to:

12
13 (A) Application procedures;

14
15 (B) The number of awards and amount of
16 funds available for award in any fiscal year;

17
18 (C) Timing of issuance of funds awarded
19 under the program;

20
21 (D) Eligibility requirements;

22

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

3
4 (F) Provision for service, product,
5 concept, design or asset review and requirements under the
6 program consistent with this subsection;

7
8 (G) Provisions to ensure adequate
9 consideration for the amount of the funding provided. The
10 council may include, but is not limited to, assessment of
11 those items specified in W.S. 9-12-408(b)(i) through (iv),
12 specifying the allowable use of funds, requiring a
13 recipient to seek additional nonstate investment funding
14 and requiring the recipient to conduct its research in
15 Wyoming to the extent practical.

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

22

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

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

8
9 (iii) The realized economic impact of each
10 program on the state, including jobs created, salary range
11 per job created and potential impact to the local
12 community.

13
14 (f) As used in this section, "commercialization"
15 means the creation by an entity of commercial processes,
16 products and services derived in whole or in part from
17 research undertaken with matching funds awarded under
18 subsection (c) or (d) of this section, which results in
19 realized revenues to the entity of at least three (3) times
20 the matching funds awarded under this section.

21
22 **9-12-108. Coordination of business permits.**

23

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

23

1 **9-12-1404. Economic diversification account created;**
2 **authorized expenditures.**

3
4 (a) There is created an economic diversification
5 account. All monies in the account are continuously
6 appropriated to the office of the governor to be used
7 ~~solely~~ for the purposes of this article and as otherwise
8 specified by law, including per diem, mileage and other
9 administrative expenses of the ENDOW executive council.
10 Notwithstanding W.S. 9-2-1008 and 9-4-207, funds in the
11 account or subaccounts of the account shall not lapse at
12 the end of the fiscal period. Interest earned on funds in
13 the account shall be deposited to the account or
14 appropriate subaccount. Within the account shall be
15 subaccounts. For accounting and investment purposes only
16 all subaccounts shall be treated as separate accounts.
17 Subaccounts are as follows:

18
19 (i) The Wyoming research and innovation
20 subaccount. Funds within this subaccount may be expended
21 as requested by the Wyoming business council and approved
22 by the governor or his designee to provide funding for
23 agreements entered into pursuant to W.S. 9-12-408;

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Section 3.

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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.

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

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

1 (ii) Six million dollars (\$6,000,000.00) to the
2 Wyoming research and innovation subaccount created by W.S.
3 9-12-1404(a) (i).

4

5 (b) Notwithstanding any other provision of law, funds
6 appropriated under this section shall not be transferred or
7 expended for any purpose other than as provided in W.S.
8 9-12-1404.

9

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

15

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

20

21

(END)