

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1521 Commercialization of Products, Patents, and Processes Resulting from Publicly Supported Research  
**SPONSOR(S):** Harrell  
**TIED BILLS:** HB 1523, HB 1525, HB 1527, HB 1529, HB 1531 **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Economic Development</u>	<u></u>	<u>West</u>	<u>Croom</u>
2) <u>Economic Expansion &amp; Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
3) <u>Policy &amp; Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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### SUMMARY ANALYSIS

#### ***Venture Commercialization***

This bill creates the *Sure Ventures Commercialization Program* to finance through grants the commercialization of products and services developed through research and development at public universities in Florida. The goal is to convert goods or services produced by public universities into consumer products.

This bill creates *Sure Ventures Commercialization, Inc.*, to receive, hold, and distribute funds appropriated by the Legislature.

This bill creates the *Sure Ventures Commercialization Grant* to provide early-stage capital funding in the form of three grant categories.

#### ***Venture Capital***

This bill creates the *Sure Venture Capital Act* designed to mobilize venture capital to create new businesses and jobs in the state that are high-growth-potential technologies to further diversify the state's economy. This Act creates the Sure Trust as a state beneficiary public trust to receive, hold, and distribute funds appropriated by the Legislature.

This bill creates the *Sure Venture Capital Fund*, to select early-stage venture capital investment advisors, negotiate for investment capital or loan proceeds from private, institutional, or banking sources having the benefit of guarantees from the Sure Trust and invest capital in companies in this state.

This bill creates the *Institute for the Commercialization of Public Research*, to assist in the commercialization of products developed at public universities, institutes, and other state supported organizations.

This bill appropriates \$13 million for fiscal year 2007-2008 from the General Revenue Fund for the costs associated with starting these new programs, plus \$35 million in tax credits that may be issued at no more than \$10 million per fiscal year from July 1, 2012 and July 1, 2037.

This bill provides an effective date of July 1, 2007.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

*Provide Limited Government:* This bill grants the Department of Revenue additional rule-making authority. Also, Enterprise Florida, under the direction of the Office of Tourism, Trade, and Economic Development, is tasked with monitoring and providing administrative duties to some entities created in this bill.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation:**

##### ***State Investment in University Research***

In 2006, the Legislature passed HB 1237 which created the 21<sup>st</sup> Century Technology, Research, and Scholarship Enhancement Act (the act). The Act created the Florida Technology, Research, and Scholarship Board (the board) and established a 3-pronged approach to facilitate research and development at Florida universities and to attract exceptional talent. The bill created the following three programs:

1. **Centers of Excellence** to increase technology research at state universities and diversify the state's economy by stimulating the high-tech economic job sector;
2. **World Class Scholars** to attract and recruit a knowledge base of world-class scholars to state universities; and
3. **Research and Economic Development Investment Program** to provide funds and help universities obtain state-of-the art science and technology facilities and equipment.

Centers of Excellence were established around biomolecular identification, ocean energy technologies, sustainable energy, photonics laser technology, advanced materials, and nano-science sensors. While it is too early to have results from this investment by the Florida Legislature, the programs are spurring research and development at Florida universities, will increase patents filed and issued in Florida, and will spur creation of new business.

The bill appropriated \$20 million to the 21<sup>st</sup> Century World Class Scholars Program, \$30 million to the Centers of Excellence Program, and \$45 million to the Research and Economic Development Investment Program.

##### ***Venture Capital Industry Overview***

Venture capital is money provided by professionals who invest alongside management in young, rapidly growing companies that have the potential to develop into significant economic contributors. Venture capital is an important source of equity for startup companies.<sup>1</sup> Venture capitalists generally finance new and rapidly growing companies, purchase equity securities, assist in the development of new products or services, add value to the company through active participation, take higher risks with the expectation of higher rewards, and have a long-term orientation.

Venture capital investment in Florida is low compared to the amount of investment found in other states such as California, Massachusetts, New York, and Texas. In 2006, California had 1,445 venture capital

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<sup>1</sup> Material in this section is taken from the National Venture Capital Association website, available at <http://www.nvca.org/def.html>. (Visited March 14, 2007.)

deals totaling over \$12 billion in investment.<sup>2</sup> Massachusetts, New York, and Texas all had at least \$1.25 billion in venture capital investment.<sup>3</sup> Florida attracted only \$305 million in venture capital investment.<sup>4</sup> Florida has the potential to attract more venture capital investment dollars. In 2000, venture capital firms struck 180 deals that totaled \$2.6 billion dollars in investments in the state.<sup>5</sup> In 2001, the number of deals fell to 113 and the amount of dollars invested fell to \$895 million.<sup>6</sup> In 2002, the downward trend continued as a total of 57 deals totaling \$403 million in investments were struck in Florida.<sup>7</sup> From 2002-2006 the downward trend of total dollars invested leveled off as venture capital firms invested between \$304 billion and \$403 billion annually.<sup>8</sup> Florida is not on the same competitive level as other states with similar population levels.

### ***Venture Capital Programs in Florida***

The Cypress Equity Fund and the Certified Capital Company Act are two current venture capital programs in the state. The Cypress Equity Fund was designed to encourage initial venture capital investments by Florida investors and to stimulate investment from national sources as well.<sup>9</sup> The fund was created to invest in national venture capital funds that would invest in companies with high potential growth. Investments were not limited to Florida. Enterprise Florida's Capital Development Board intended to create a second program that would target Florida companies but this program was never developed.<sup>10</sup> The Office of Program Policy Analysis and Government Accountability (OPPAGA) found that the Cypress Equity Fund achieved its limited goals of initiating venture capital investment but the program could have been more effective by improving Florida businesses' access to venture capital funds.<sup>11</sup>

In 1998, the Florida Legislature created the Certified Capital Company Act to stimulate private investment in venture capital by providing tax credits to qualified businesses.<sup>12</sup> The stated purpose of this act is to stimulate a substantial increase in venture capital investments in Florida by providing an incentive for insurance companies to invest in state-certified capital companies (CAPCOs) which, in turn, will invest in new or expanding businesses.<sup>13</sup>

Eligible insurance companies are granted insurance premium tax credits in amounts equal to investments in CAPCOs. The increase in investment capital is intended to contribute to employment growth, create high-paying jobs, and expand or diversify Florida's economy.

### **Proposed Changes:**

#### ***Sure Ventures Commercialization Program***

HB 1521 creates s. 288.956, F.S., the Sure Ventures Commercialization Program (program), to finance the commercialization of products and services developed through research and development of public universities in Florida. The goal is to convert goods or services produced by public universities into consumer products. Funds from the Sure Ventures Commercialization may be used to market goods produced by public universities but not for research and development. Funds may be used to secure patents, establish start-up companies, develop license agreements, attract private investment, or other support activities that are necessary to establish commercially viable ventures for the marketing and sale of products. Funds may not be used for research and development.

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<sup>2</sup> PricewaterhouseCoopers National Venture Capital Association Money Tree Report 2006, provided by Thompson Financial.

<sup>3</sup> Id.

<sup>4</sup> 2007 Conference Venture Capital State of the Industry Presentation; 2007 Florida Venture Capital Conference, available at [http://www.flvencap.org/documents/NVCA%20Florida%20Venture%20Fair%202002-07-07%20\(short\).ppt#1100,11,Dollars Invested Florida : State Hit Hard In Post-Bubble Decline](http://www.flvencap.org/documents/NVCA%20Florida%20Venture%20Fair%202002-07-07%20(short).ppt#1100,11,Dollars%20Invested%20Florida%20State%20Hit%20Hard%20In%20Post-Bubble%20Decline) (visited 3/14/2007).

<sup>5</sup> PricewaterhouseCoopers National Venture Capital Association Money Tree Report 2006, provided by Thompson Financial.

<sup>6</sup> Id.

<sup>7</sup> PricewaterhouseCoopers National Venture Capital Association Money Tree Report 2006, provided by Thompson Financial.

<sup>8</sup> Id.

<sup>9</sup> Office of Program Policy Analysis and Government Accountability (OPPAGA) *Review of the Enterprise Florida, Inc. Capital Development Board's Cypress Equity Fund*, Report No. 98-33.

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Section 288.99, F.S.

<sup>13</sup> Section 288.99(2), F.S.

***Sure Ventures Commercialization, Inc.***

To implement the Sure Ventures Commercialization Program, the bill creates Sure Ventures Commercialization, Inc., a not-for-profit corporation that is not a part of state government but is subject to s. 24, Art. I of the State Constitution and chapter 119, relating to public records, and the provisions of chapter 286 relating to public meetings and records. Sure Ventures Commercialization, Inc. (the corporation) must establish at least one corporate office in Florida and appoint a registered agent. Further, the corporation may not spend more than \$1 million annually on salaries and administrative costs. Enterprise Florida is tasked with providing administrative support as requested by the corporation if appropriations are provided. If the corporation is dissolved, Enterprise Florida will assume all rights and obligations of the corporation under any contract which the corporation is involved with at that time. The corporation will receive, hold, and distribute funds appropriated by the Legislature.

**Board Membership; Organization & Meetings**

The corporation will be governed by a board of directors staffed by nine voting members. The Governor, the President of the Senate, and the Speaker of the House of Representatives, shall appoint three members each. Terms of the board are four years in length but the initial board shall consist of three members serving one year terms, three members serving two year terms, and three members serving four year terms so that appointments to the board are staggered. The Governor, President of the Senate, and Speaker of the House will each appoint one member apiece to serve a one year term, one member apiece to serve a two year term, and one member apiece to serve a four year term. Further, the Governor, President of the Senate, or Speaker of the House, respectively, shall fill a vacancy on the board according to who the member whose vacancy is being filled. No board member is allowed to have a personal stake in any contract or business dealing arising from a project receiving financing from the board. Members of the board shall receive no compensation but may be reimbursed for necessary expenses. Members of the board may be removed by the official that appointed them for criminal activities or poor performance.

The board shall annually elect a chairperson and vice chairperson from the board's members. Both the chairperson and vice chairperson can be removed by a vote of five of the nine board members. The board will meet at the request of the chairperson or at the request of a majority of the members but not less than twice per year. A majority of voting members constitutes a quorum and unless otherwise provided, the board may take official action by a majority vote of the members present at any meeting where a quorum is present. Members may not vote by proxy but members may participate by phone or video conferencing.

***Sure Ventures Commercialization Grant***

This bill creates s. 288.9562, F.S., which creates the Sure Ventures Commercialization Grant Program. This program is established to provide early-stage capital funding in the form of three grant categories.

Phase One grants may not exceed \$50,000 per project and may be used for initial activities required to develop an initial business model for a university project.

Phase Two grants may not exceed \$100,000 per project and may be used to match private investment in a university project. These grants shall be used to develop a complete business plan for the commercialization of a university project. To be eligible for a Phase Two grant, a university must document a 1:1 match in funds from the private sector.

Phase Three grants may not exceed \$250,000 per project and may be used to match private investment relating to the implementation of a completed business plan. To be eligible for a Phase Three grant, a university must document a 1:1 match in funds from the private sector.

**Contracts for the Award of Grants**

The corporation shall negotiate and execute contracts with state universities governing the terms of grants. Contracts must be approved by six of the nine board members. Each contract must contain provisions:

- Specifying the procedures and schedules that govern disbursement of the funds;
- Requiring the university to submit to the corporation a business plan;
- Requiring the university to submit data to the corporation concerning the performance of projects funded by the corporation; and
- Requiring grant recipients to repay the amount of the grant award when the project generates sufficient revenues to sustain profitable operation.

#### Annual Report

By December 1 of each year, the corporation shall produce a report to be submitted to the Governor, President of the Senate, and Speaker of the House of Representatives. This report shall document grants disbursed during the preceding fiscal year by project and university, describe any economic development generated by this program, detail any potential benefits to the state as a result of the program, and other relevant information.

#### Liability and Debt

Appropriation of funds through this program does not constitute a debt of the state or any political subdivision of the state. Further, the state will not be subject to any liability resulting from projects that received funding from this program. The corporation may not incur debt associated with long term leases, promissory notes, loans, and other similar financial obligations.

#### Investment

The corporation must enter into an agreement with the State Board of Administration so that unused funds are invested by the State Board of Administration.

The corporation shall meet at least once every six months for the purpose of evaluating grant proposals and for awarding grants when the uncommitted balance of the Sure Ventures Commercialization Trust Fund exceeds \$750,000. The corporation must approve or deny submitted proposals no more than sixty days after the proposal is received unless the board votes to extend the time allotment to deal with complex issues surrounding the proposal.

#### ***Sure Venture Capital Act***

The Sure Venture Capital Act is designed to mobilize venture capital to create new businesses and jobs in the state that are high-growth-potential technologies to further diversify the state's economy.

This bill creates Sure Trust as a state beneficiary public trust to be administered by the board. The trust will receive, hold, and distribute funds appropriated by the Legislature. The trust is not a part of state government but is subject to s. 24, Art. I of the State Constitution and chapter 119, relating to public records, and the provisions of chapter 286 relating to public meetings and records. The trust must establish at least one corporate office in Florida and appoint a registered agent. Further, the trust may not spend more than \$1 million annually on salaries and administrative costs. Enterprise Florida is tasked with providing administrative support as requested by the trust. If the trust is dissolved, Enterprise Florida will assume all rights and obligations of the trust under any contract which the trust is involved with at that time.

#### Tax Credits

The board, in conjunction with the Department of Revenue (DOR), shall develop a system for registering any tax credits received by the trust. The trust will receive a total of \$35 million in tax credits that it can use to reduce any tax liability imposed by the state for sales and use, income, or fees. The board shall ensure that no more than \$10 million in tax credits are transferred in any state fiscal year and credits must be transferred in increments of at least \$100,000. If the amount of taxes due is less than the amount of tax credits in possession of the taxpayer, then the balance may be refunded by the

state. Any sale of tax credits by the board shall be subject to a bidding process unless the sale is for the full face value of the credits. Tax credits may not be sold before July 1, 2012 or after July 1, 2037.

#### Board Membership: Organization: Meetings

The corporation will be governed by a board of directors staffed by nine voting members. The Governor, the President of the Senate, and the Speaker of the House of Representatives, shall appoint three members each. Terms of the board are four years in length but the initial board shall consist of three members serving one year terms, three members serving two year terms, and three members serving four year terms so that appointments to the board are staggered. The Governor, President of the Senate, and Speaker of the House will each appoint one member apiece to serve a one year term, one member apiece to serve a two year term, and one member apiece to serve a four year term. Further, the Governor, President of the Senate, or Speaker of the House, respectively, shall fill a vacancy on the board according to who the member whose vacancy is being filled. No board member is allowed to have a personal stake in any contract or business dealing arising from a project receiving financing from the board. Members of the board shall receive no compensation but may be reimbursed for necessary expenses. Members of the board may be removed by the official that appointed them for criminal activities or poor performance.

The board shall annually elect a chairperson and vice chairperson from the board's members. Both the chairperson and vice chairperson can be removed by a vote of five of the nine board members. The board will meet at the request of the chairperson or at the request of a majority of the members but not less than twice per year. A majority of voting members constitutes a quorum and unless otherwise provided, the board may take official action by a majority vote of the members present at any meeting where a quorum is present. Members may not vote by proxy but members may participate by phone or video conferencing.

#### Powers and Duties

The trust shall be organized to receive, hold, and distribute funds appropriated by the Legislature. In an effort to fulfill its duties, the trust may enter into contracts, leases, and other legally binding agreements.

#### Annual Report

By December 1 of each year, the trust shall produce a report to be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives. This report shall document grants disbursed during the preceding fiscal year by project and university, describe any economic development generated by this program, detail any potential benefits to the state as a result of the program, and other relevant information.

#### Liability and Debt

Appropriation of funds through this program does not constitute a debt of the state or any political subdivision of the state. Further, the state will not be subject to any liability resulting from projects that received funding from this program. The corporation may not incur debt associated with long term leases, promissory notes, loans, and other similar financial obligations.

#### Employees

The board may hire employees that have expertise in the appropriate field and shall charge fees to investors so that the board's duties can be carried out without legislative appropriation.

#### ***Sure Venture Capital Fund***

At the request of the board, Enterprise Florida shall assist in the creation of the Sure Venture Capital Fund, a private corporation. Enterprise Florida shall be the sole shareholder and member of the corporation. The purpose of the Sure Venture Capital Fund is to select an early-stage venture capital investment advisor, negotiate for investment capital or loan proceeds from private, institutional, or

banking sources having the benefit of guarantees from the Sure Trust and coinvest capital in companies in this state which are accepted into or promoted by the Institute for Commercialization of Public Research.

#### Board Membership: Organization

The vice chair of Enterprise Florida shall select from its sitting board of directors a five-person committee. This committee is tasked with selecting five members for an initial board of directors for the fund. Vacancies on the board shall be filled by a vote of the board of directors of Enterprise Florida. The board shall select an early stage venture capital investment fund allocation manager and negotiate with that entity. The board shall also manage the business affairs of the Sure Venture Capital Fund such as accounting, insurance, and other similar business needs. Board members shall receive no compensation other than reimbursements for necessary expenses.

#### Duties

The board shall conduct a national solicitation for investment plan proposals from qualified allocation managers for the raising and investing of capital by the trust. The fund shall invest in only companies which are accepted into or promoted by the Institute for the Commercialization of Public Research that have the intent of remaining in the state. No more than 15 percent of the fund's assets may be invested in one company project.

#### Annual Report

The board will submit an annual report on the activities conducted by the Sure Venture Capital Fund to the Governor, the President of the Senate, and Speaker of the House. The report should detail the companies that are receiving investments from the fund, contain an independent audit, and document the amount of debt or capital in the fund as well as a description of any tax credits sold.

#### ***Institute for the Commercialization of Public Research***

This bill establishes the Institute for the Commercialization of Public Research (institute) at a public university in south Florida. Enterprise Florida shall issue a request for proposals from public universities in south Florida. The board of directors for Enterprise Florida must approve the selected proposal. The purpose of the institute is to assist in the commercialization of products developed at public universities, institutes, and other state supported organizations. Any company attempting to commercialize a product must first be accepted by the institute. After Enterprise Florida makes recommendations, the institute shall decide which companies to accept into the institute and only then will they be eligible for the Sure Ventures Commercialization Program or the Sure Ventures Commercialization Grant Program. The institute shall:

- Maintain a centralized location to showcase companies and their products;
- Develop a efficient process to publicize products from companies that have been accepted by the institute;
- Communicate with private investors and venture capital organizations regarding investment opportunities with institute-sponsored companies;
- Facilitate meetings between investors and organizations in the institute;
- Hire competent full-time staff; and
- Operate within a \$1 million budget.

The institute may not:

- Acquire ownership, royalty rights, or interest in companies or products in the institute and shall maintain secrecy of proprietary information; and
- Charge for services rendered to state universities.

#### C. SECTION DIRECTORY:

Section 1: Creates s. 288.956, F.S.; creating the Sure Ventures Commercialization Program.

Section 2: Creates s. 288.9561, F.S.; creating Sure Ventures Commercialization, Inc., a not-for-profit corporation; requiring Enterprise Florida, Inc., to provide administrative support to the corporation and be its successor in interest; providing for its administration by a board; providing for appointment of board members; providing for terms; providing for service without compensation; providing for reimbursement for per diem, travel, and other direct expenses; providing criteria for membership; providing for powers and duties of the board; providing for hiring employees; providing for meetings of the board; requiring the board to invest funds through the State Board of Administration; providing for contracts with state universities; requiring the board to prepare and deliver an annual report to the Governor and the Legislature by a specified date; detailing the content of the report; providing for exclusion of liability by the corporation; prohibiting the corporation from incurring debt.

Section 3: Creates s. 288.9563, F.S., creating the Sure Ventures Commercialization Grant Program; providing for the types of grants that may be made to state universities for the commercialization of research projects.

Section 4: Creates s. 288.9563, F.S., providing for grant application and approval procedures.

Section 5: Creating s. 288.9621, F.S.; providing a short title; creating s. 288.9622, F.S.; providing legislative findings and intent; creating s. 288.9623, F.S.; providing definitions; creating s. 288.9624, F.S.; creating the Sure Trust as a state beneficiary public trust; requiring Enterprise Florida, Inc., to provide administrative support to the trust and be its successor in interest; providing for administration by a board of trustees; providing for appointment of board trustees; providing for terms; providing for service without compensation; providing for reimbursement for travel and other expenses; providing criteria for trustees; providing powers and duties of trustees; providing for hiring employees; providing for meetings of the board; requiring the trust to prepare and deliver an annual report to the Governor and the Legislature by a specified date; detailing the content of the report; providing for exclusion of liability by the trust; prohibiting the trust from incurring debt; creating s. 288.9625, F.S.; authorizing the trust to receive, hold, use, transfer, and sell certain tax credits for certain purposes; providing requirements and limitations; authorizing the Department of Revenue to adopt rules for certain purposes; creating s. 288.9626, F.S.; requiring Enterprise Florida, Inc., to facilitate establishment of the Sure Venture Capital Fund; specifying criteria of the fund; providing for appointment of a board of directors appointment committee; providing for selection of a board of directors of the fund by Enterprise Florida, Inc.; specifying criteria; providing for terms and requirements of the directors; providing purposes of the fund; providing duties and responsibilities of the fund; authorizing the fund to charge a management fee for certain purposes; providing for reimbursement for travel and other direct expenses; providing for powers of the fund; providing investment requirements for the fund; requiring the board of directors to issue an annual report on the activities of the fund; providing report requirements; creating s. 288.9628, F.S.; creating the Institute for the Commercialization of Public Research; providing legislative intent; providing that the purpose of the institute is to commercialize the products of public research; providing responsibilities of the institute; prohibiting the institute from having any interest in any product supported by the institute.

Section 6: Provides appropriation through the General Revenue Fund of \$1 million in nonrecurring funds for creating and administering the Sure Ventures Commercialization Trust Fund for fiscal year 2007-2008.

Section 7: Provides appropriation through the General Revenue Fund of \$10 million in nonrecurring funds for the Sure Ventures Commercialization Trust Fund for the purpose of implementing this bill for fiscal year 2007-2008.

Section 8: Provides appropriation through the General Revenue Fund of \$1 million in nonrecurring funds for the Sure Ventures Capital Fund for the purpose of initiating activities necessary to implement its responsibilities for fiscal year 2007-2008.



Section 9: Provides appropriation through the General Revenue Fund of \$1 million in nonrecurring funds for the Institute for the Commercialization of Public Research for the purpose of initiating activities necessary to implement its responsibilities for fiscal year 2007-2008.

Section 10: Provides an effective date of July 1, 2007.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

This bill will incur a negative fiscal impact on the General Revenue Fund of \$13 million for fiscal year 2007-2008. The Sure Ventures Commercialization Trust Fund shall receive \$1 million; the Sure Ventures Commercialization Trust Fund shall receive \$10 million; the Sure Ventures Capital Fund shall receive \$1 million; and the Institute for the Commercialization of Public Research shall receive \$1 million. These funds are nonrecurring.

In addition, the bill sets aside \$35 million in tax credits that may be sold from July 1, 2012 through July 1, 2037.

#### **2. Expenditures:**

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

The exact amount of any possible fiscal impact on local governments is unknown but one goal of this bill is to attract businesses engaged in high-technology industries to the state. Those industries typically offer high-wage jobs and a positive fiscal impact on local governments is possible.

#### **2. Expenditures:**

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

This bill could have an economic impact on the private sector of the state's economy. The goal of this bill is to attract new businesses and investors to the state that are high-growth-potential technologies to further diversify the state's economy. This bill includes provisions to coinvest capital in companies in this state which are accepted into or promoted by the Institute for Commercialization of Public Research.

### **D. FISCAL COMMENTS:**

None

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

#### **1. Applicability of Municipality/County Mandates Provision:**

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

**B. RULE-MAKING AUTHORITY:**

This bill grants the Department of Revenue rule-making authority governing the manner and form of documentation required to claim tax credits. DOR may establish guidelines as to the requisites for an affirmative showing of qualification for tax credits granted or transferred.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

**D. STATEMENT OF THE SPONSOR**

No statement submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**