

AN ACT concerning finance.

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

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

(30 ILCS 265/5)

Sec. 5. Policy. The Illinois General Assembly finds that it is important for the State to encourage technology development in the State. The purpose of this Act is to attract, assist, and retain quality technology businesses and promote the growth of jobs and entrepreneurial and venture capital environments in Illinois. The creation of the Technology Development Account will allow the State to bring together, and add to, Illinois' rich science, technology, agricultural, financial, and business communities.

(Source: P.A. 92-851, eff. 8-26-02.)

(30 ILCS 265/11)

Sec. 11. Technology Development Account II.

(a) Including ~~In addition to~~ the amount provided in Section 10 of this Act, the State Treasurer shall ~~may~~ segregate a portion of the Treasurer's State investment portfolio, that at no time shall be greater than 5% ~~2%~~ of the portfolio, in the

Technology Development Account IIa ("TDA IIa"), an account that shall be maintained separately and apart from other moneys invested by the Treasurer. Distributions from the investments in TDA IIa may be reinvested into TDA IIa without being counted against the 5% 2% cap. The aggregate investment in TDA IIa and the aggregate commitment of investment capital in a TDA II-Recipient Fund shall at no time be greater than 5% of the State's investment portfolio, which shall be calculated as: (1) the balance at the inception of the State's fiscal year; or (2) the average balance in the immediately preceding 5 fiscal years, whichever number is greater. Distributions from a TDA II-Recipient Fund, in an amount not to exceed the commitment amount, may be reinvested into TDA IIa without being counted against the 5% cap. The Treasurer may make investments from TDA IIa that help attract, assist, and retain quality technology businesses in Illinois. The earnings on TDA IIa shall be accounted for separately from other investments made by the Treasurer.

(b) The Treasurer may solicit proposals from entities to manage and be the General Partner of a separate fund ("Technology Development Account IIb" or "TDA IIb") consisting of investments from private sector investors that must invest, at the direction of the general partner ~~Treasurer~~, in tandem with TDA IIa in a pro-rata portion. The Treasurer may enter into an agreement with the entity managing TDA IIb to advise on the investment strategy of TDA IIa and TDA IIb (collectively

"Technology Development Account II" or "TDA II") and fulfill other mutually agreeable terms. Funds in TDA IIb shall be kept separate and apart from moneys in the State treasury.

(c) All or a portion of the moneys ~~Moneys~~ in TDA IIa shall ~~may~~ be invested by the State Treasurer to provide venture capital to technology businesses, including co-investments, seeking to locate, expand, or remain in Illinois by placing money with Illinois venture capital firms for investment by the venture capital firms in technology businesses. "Venture capital", as used in this Section, means equity financing that is provided for starting up, expanding, or relocating a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. "Technology business", as used in this Section, means a company that has as its principal function the providing of services, including computer, information transfer, communication, distribution, processing, administrative, laboratory, experimental, developmental, technical, or testing services; ~~the~~ manufacture of goods or materials; ~~the~~ processing of goods or materials by physical or chemical change; ~~the~~ computer related activities; ~~the~~ robotics, biological, or pharmaceutical industrial activities; ~~activity~~, or technology-oriented ~~technology-oriented~~ or emerging industrial activity. "Illinois venture capital firm", as used in this Section, means an entity that: (1) has a majority of its employees in Illinois (more

than 50%) or that has at least one general ~~managing~~ partner or principal ~~member of the general partner~~ domiciled in Illinois, and that (2) provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. "Illinois venture capital firm" may also mean an entity that has a track record of identifying, evaluating, and investing in Illinois companies and that provides equity financing for starting up or expanding a company, or related purposes such as financing for seed capital, research and development, introduction of a product or process into the marketplace, or similar needs requiring risk capital. For purposes of this Section, "track record" means having made, on average, at least one investment in an Illinois company in each of its funds if the Illinois venture capital firm has multiple funds or at least 2 investments in Illinois companies if the Illinois venture capital firm has only one fund. In no case shall more than 15% ~~10%~~ of the capital in the TDA IIa be invested in firms based outside of Illinois.

(d) Any fund created by an Illinois venture capital firm in which the State Treasurer places money pursuant to this Section shall be required by the State Treasurer to seek investments in technology businesses seeking to locate, expand, or remain in Illinois. Any fund created by an Illinois venture capital firm in which the State Treasurer places money under this Section

("TDA II-Recipient Fund") shall invest a minimum of twice (2x) the aggregate amount of investable capital that is received from the State Treasurer under this Section in Illinois companies during the life of the fund. "Illinois companies", as used in this Section, are companies that are headquartered or that otherwise have a significant presence in the State at the time of initial or follow-on investment. Investable capital is calculated as committed capital, as defined in the firm's applicable fund's governing documents, less related estimated fees and expenses to be incurred during the life of the fund. For the purposes of this subsection (d), "significant presence" means at least one physical office and one full-time employee within the geographic borders of this State.

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

- (1) is consistent with the firm's fiduciary responsibility to its limited partners;
- (2) is consistent with the fund manager's investment strategy; and
- (3) demonstrates the potential to create risk-adjusted financial returns consistent with the fund manager's investment goals.

In addition to any reporting requirements set forth in Section 10 of this Act, any TDA II-Recipient Fund shall report the following additional information to the Treasurer on a

quarterly or annual basis, as determined by the Treasurer, for all investments:

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

(2) the addresses of reported portfolio companies;

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

(4) the cost of the investment;

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

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

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

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

under this Section.

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

(f) (Blank). ~~The State Treasurer shall not invest more than one third of Technology Development Account II in any given calendar year. If in any calendar year less than one third of Technology Development Account II is invested, 50% of the shortfall may be invested in the following calendar year in addition to the regular one-third investment.~~

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

(Source: P.A. 97-197, eff. 7-25-11.)

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