

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 11 and 20 as follows:

6 (30 ILCS 265/11)

7 Sec. 11. Technology Development Account II.

8 (a) Including the amount provided in Section 10 of this  
9 Act, the State Treasurer shall segregate a portion of the  
10 Treasurer's State investment portfolio, that at no time shall  
11 be greater than 5% of the portfolio, in the Technology  
12 Development Account IIa ("TDA IIa"), an account that shall be  
13 maintained separately and apart from other moneys invested by  
14 the Treasurer. Distributions from the investments in TDA IIa  
15 may be reinvested into TDA IIa without being counted against  
16 the 5% cap. The aggregate investment in TDA IIa and the  
17 aggregate commitment of investment capital in a TDA  
18 II-Recipient Fund shall at no time be greater than 5% of the  
19 State's investment portfolio, which shall be calculated as:  
20 (1) the balance at the inception of the State's fiscal year; or  
21 (2) the average balance in the immediately preceding 5 fiscal  
22 years, whichever number is greater. Distributions from a TDA  
23 II-Recipient Fund, in an amount not to exceed the commitment

1 amount and total distributions received, may be reinvested  
2 into TDA IIa without being counted against the 5% cap. The  
3 Treasurer may make investments from TDA IIa that help attract,  
4 assist, and retain quality technology businesses in Illinois.  
5 The earnings on TDA IIa shall be accounted for separately from  
6 other investments made by the Treasurer.

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

18 (c) All or a portion of the moneys in TDA IIa shall be  
19 invested by the State Treasurer to provide venture capital to  
20 technology businesses, including co-investments, seeking to  
21 locate, expand, or remain in Illinois by placing money with  
22 Illinois venture capital firms for investment by the venture  
23 capital firms in technology businesses. "Venture capital", as  
24 used in this Section, means equity or debt financing that is  
25 provided for starting up, expanding, or relocating a company,  
26 or related purposes such as financing for seed capital,

1 research and development, introduction of a product or process  
2 into the marketplace, or similar needs requiring risk capital.  
3 "Technology business", as used in this Section, means a  
4 company that has as its principal function the providing of  
5 services, including computer, information transfer,  
6 communication, distribution, processing, administrative,  
7 laboratory, experimental, developmental, technical, or testing  
8 services; manufacture of goods or materials; the processing of  
9 goods or materials by physical or chemical change; computer  
10 related activities; robotics, biological, or pharmaceutical  
11 industrial activities; or technology-oriented or emerging  
12 industrial activity. "Illinois venture capital firm", as used  
13 in this Section, means an entity that: (1) has a majority of  
14 its employees in Illinois (more than 50%) or that has at least  
15 one general partner or principal domiciled in Illinois, and  
16 that (2) provides equity financing for starting up or  
17 expanding a company, or related purposes such as financing for  
18 seed capital, research and development, introduction of a  
19 product or process into the marketplace, or similar needs  
20 requiring risk capital. "Illinois venture capital firm" may  
21 also mean an entity that has a track record of identifying,  
22 evaluating, and investing in Illinois companies and that  
23 provides equity financing for starting up or expanding a  
24 company, or related purposes such as financing for seed  
25 capital, research and development, introduction of a product  
26 or process into the marketplace, or similar needs requiring

1 risk capital. For purposes of this Section, "track record"  
2 means having made, on average, at least one investment in an  
3 Illinois company in each of its funds if the Illinois venture  
4 capital firm has multiple funds or at least 2 investments in  
5 Illinois companies if the Illinois venture capital firm has  
6 only one fund. In no case shall more than 15% of the capital in  
7 the TDA IIa be invested in firms based outside of Illinois.  
8 "Co-investments", as used in this Section, means an indirect  
9 investment made through an investment vehicle specifically  
10 organized to act on direct investment opportunities in an  
11 identified for-profit, Illinois company that is operating as a  
12 technology business in which one or more funds sponsored by  
13 Illinois venture capital firms have already invested, or are  
14 investing alongside such investment vehicle, on the same terms  
15 as such investment vehicle. Co-investments are limited to  
16 investments in Illinois companies for the purpose of enhancing  
17 the overall objectives of this Act.

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

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

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

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

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

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

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

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

3 (2) the addresses of reported portfolio companies;

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

12 (8) the fund name or, for any co-investments, the  
13 company name;

14 (9) the fund vintage or, for any co-investments, the  
15 date of investment;

16 (10) the total fund size;

17 (11) the dollar amount of the capital commitment made  
18 by the Treasurer;

19 (12) the type of strategy pursued, including for  
20 co-investments;

21 (13) to the extent the information is disclosed,  
22 whether or not the TDA II-Recipient Fund possesses diverse  
23 general partners and management, as listed under item (iv)  
24 of paragraph (5) of subsection (h); and

25 (14) whether or not the TDA II-Recipient Fund is an  
26 Illinois venture capital firm.

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

16           (e) The investment of the State Treasurer in any fund  
17 created by an Illinois venture capital firm in which the State  
18 Treasurer places money pursuant to this Section shall not  
19 exceed 15% of the total TDA IIa account balance.

20           (f) (Blank).

21           (f-5) The aggregate dollar amount available for new  
22 investments entered into following the effective date of this  
23 amendatory Act of the 102nd General Assembly shall, as  
24 applicable, be allocated as follows:

25           (1) No more than 15% for emerging TDA II-Recipient  
26 Funds for which the Treasurer's investment exceeds 15% of

1 the total dollar amount under management in that fund. For  
2 purposes of this paragraph (1), "emerging TDA II-Recipient  
3 Fund" means a fund whose management company or sponsor has  
4 sponsored no more than 2 private investment funds,  
5 including the prospective TDA II-Recipient Fund in which  
6 the Treasurer proposes to invest.

7 (2) No more than 5% for co-investments.

8 (3) No less than 80% for TDA II-Recipient Funds that  
9 do not meet the criteria in paragraphs (1) or (2) of this  
10 subsection (f-5).

11 (g) The Treasurer may deposit no more than 15% of the  
12 earnings of the investments in the Technology Development  
13 Account IIa into the Technology Development Fund.

14 (h) The Treasurer shall disclose on the website of the  
15 Treasurer, at least annually, the following aggregate  
16 financial performance information for TDA II-Recipient Funds:

17 (1) the Treasurer's internal rate of return for the  
18 past one, 3, 5, and 10 years, and since 2016;

19 (2) the Treasurer's total commitment;

20 (3) the capital called;

21 (4) the cash distributions;

22 (5) the following information regarding the current  
23 portfolio: (i) the value of the portfolio, committed and  
24 uncommitted; (ii) the TDA II-Recipient Funds under  
25 management within Illinois; (iii) the TDA II-Recipient  
26 Funds under management outside of Illinois; and (iv) to



1 the extent relevant data has been reported to the  
2 Treasurer, the dollar amount invested in TDA II-Recipient  
3 Funds that have a general partner who is a qualified  
4 veteran of the armed forces, qualified service-disabled  
5 veteran, minority person, woman, or person with a  
6 disability, as those terms are referenced and defined in  
7 Section 30 of the State Treasurer Act; and

8 (6) the amount invested in each investment strategy,  
9 including venture capital, growth equity, debt, and  
10 co-investments.

11 (Source: P.A. 100-1081, eff. 8-24-18; 101-657, eff. 3-23-21.)

12 (30 ILCS 265/20)

13 Sec. 20. Technology Development Fund.

14 (a) The Technology Development Fund is created as a  
15 nonappropriated trust fund within ~~special fund outside~~ the  
16 State treasury ~~with the State Treasurer as custodian~~. Moneys  
17 in the Fund may be used by the State Treasurer to pay expenses  
18 related to investments from the Technology Development  
19 Account. Moneys in the Fund in excess of those expenses may be  
20 provided as grants to: (i) Illinois schools to purchase  
21 computers, upgrade technology, and support career and  
22 technical education; or (ii) incubators, accelerators,  
23 innovation research, technology transfer, and educational  
24 programs that provide training, support, and other resources  
25 to technology businesses to promote the growth of jobs and

1 entrepreneurial and venture capital environments in  
2 communities of color or underrepresented or under-resourced  
3 communities in the State.

4 (b) On or before January 31, 2023 and each year  
5 thereafter, the Treasurer shall publish on his or her official  
6 website the following information regarding the Technology  
7 Development Fund for the previous fiscal year:

8 (1) moneys spent on administration expenses;

9 (2) moneys provided as grants to Illinois schools to  
10 purchase computers, upgrade technology, and support career  
11 and technical education;

12 (3) moneys provided as grants to incubators,  
13 accelerators, innovation research, technology transfer,  
14 and educational programs; and

15 (4) notice of all grants awarded.

16 (Source: P.A. 101-657, eff. 3-23-21.)