

House Bill 286

By: Representatives Neal of the 79th, Powell of the 33rd, Carpenter of the 4th, Stephens of the 164th, Gambill of the 15th, and others

A BILL TO BE ENTITLED

AN ACT

1 To amend Chapter 10 of Title 10 of the Official Code of Georgia Annotated, relating to the
 2 Seed-Capital Fund, so as to create a subfund to provide startup capital to certain small
 3 businesses that are majority owned by students or graduates of a small business program of
 4 study of TCSG; to provide for terms and conditions; to provide for conforming changes; to
 5 provide for definitions; to provide for related matters; to repeal conflicting laws; and for
 6 other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 10 of Title 10 of the Official Code of Georgia Annotated, relating to the
 10 Seed-Capital Fund, is amended by revising subsection (a) of Code Section 10-10-3, relating
 11 to administration of fund, equity contributions, and disbursements, as follows:

12 "(a) The fund is created as a separate fund maintained by the board or a body designated
 13 by the board and shall be expended only as provided in this article. Pending their use as
 14 ~~equity contributions or as loans~~ pursuant to this chapter, the moneys in the fund may be
 15 invested and reinvested in accordance with the investment policies authorized by the board
 16 or its designee. The entire cost of administration of the fund, including expenses of the

17 center incurred in connection with the creation, operation, management, liquidation, and
18 investment of fund moneys in enterprises, directly or through investment entities, may be
19 paid from the assets of the fund. All moneys appropriated to or otherwise paid into the
20 fund shall be presumptively concluded to have been committed to the purpose for which
21 they have been appropriated or paid and shall not lapse."

22 **SECTION 2.**

23 Said chapter is further amended by adding a new Code section to read as follows:

24 "10-10-8.

25 (a) As used in this Code section, the term:

26 (1) 'Program entrepreneur' means any student currently enrolled in or any graduate of a
27 small business program.

28 (2) 'Small business' means any corporation, partnership, sole proprietorship, or other
29 business entity which is organized under the laws of this state and which:

30 (A) Is owned 51 percent or more by one or more program entrepreneurs;

31 (B) Is not dominant in its field;

32 (C) Has been in operation for less than ten total years; and

33 (D) Is engaged in innovative work in the area of technology, manufacturing, or
34 agriculture.

35 (3) 'Small business program' means any program of study established by TCSG or a unit
36 of TCSG to provide education, training, and technical assistance to program
37 entrepreneurs.

38 (4) 'Startup capital' means money provided to a small business pursuant to this Code
39 section to be used exclusively for costs directly incurred in the normal course of starting
40 and operating a business.

41 (5) 'Subfund' means the small business innovation startup capital subfund created in
42 subsection (b) of this Code section.

43 (6) 'TCSG' means the Technical College System of Georgia.

44 (b) There is created within the fund the small business innovation startup capital subfund.
45 The subfund shall consist of all moneys authorized by law for deposit in the fund,
46 including, but not limited to, gifts, grants, private donations, and funds from government
47 entities. Moneys in the subfund shall be invested in the same manner as moneys in the
48 fund, and any interest earned on the investment of moneys in the subfund shall be credited
49 to the subfund. Moneys appropriated to or otherwise deposited into the subfund shall be
50 used exclusively for the purposes of administering the subfund and providing startup
51 capital to small businesses.

52 (c) The center may, in cooperation with TCSG, disburse money from the subfund to
53 provide startup capital to small businesses, provided that:

54 (1) The small business meets the conditions of this Code section and any requirements
55 established by the center and TCSG pursuant to this Code section;

56 (2) The center and TCSG approve a completed application submitted by the small
57 business that contains:

58 (A) A detailed business plan, including detailed descriptions of the business, its
59 products and services, and its management and operation; market analysis; and
60 financial projections;

61 (B) A statement of the amount, timing, and projected use of the startup capital;

62 (C) A statement demonstrating the potential economic and public impact of the small
63 business;

64 (D) A statement demonstrating how the small business is engaged in innovative work
65 in the area of technology, manufacturing, or agriculture; and

66 (E) Such other information as the center or TCSG shall require; and

67 (3) The center and TCSG find, based upon the application submitted by the small
68 business and such additional investigation as the center and TCSG shall make and
69 incorporate in its records, that:

- 70 (A) The startup capital will be used only for costs directly incurred in the normal
71 course of starting and operating a small business;
- 72 (B) The small business has a reasonable chance of success;
- 73 (C) The startup capital will be instrumental to the success of the small business and its
74 retention within this state;
- 75 (D) The program entrepreneur and other founders of the small business have already
76 made or are contractually committed to make a substantial financial or time
77 commitment to the small business; and
- 78 (E) The state will secure a return on the investment of the startup capital in the form
79 of establishment and growth of an innovative business in this state that will create new,
80 value added products, processes, or services, and encouragement of further growth and
81 diversification of and investment in the economy of this state.
- 82 (d) The center, in cooperation with TCSG, shall establish guidelines and procedures to
83 administer the provisions of this Code section."

84 **SECTION 3.**

85 All laws and parts of laws in conflict with this Act are repealed.