

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 12-0286.02 Ed DeCecco x4216

SENATE BILL 12-058

SENATE SPONSORSHIP

Heath,

HOUSE SPONSORSHIP

(None),

Senate Committees

Business, Labor and Technology

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE VENTURE CAPITAL ADVISORY**
102 **BOARD.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill establishes the venture capital advisory board. The advisory board is required to create a report regarding venture capital investment in the state, provide the report to the general assembly, and present the report to the economic and business development committee of the house of representatives and the business, labor, and technology

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
February 13, 2012

committee of the senate. A copy of the report will be available on the web site maintained by the Colorado economic development commission.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 4 to article
3 46 of title 24 as follows:

4 PART 4

5 VENTURE CAPITAL ADVISORY BOARD

6 **24-46-401. Legislative declaration.** (1) THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:

8 (a) THERE IS A CRITICAL SHORTAGE OF SEED AND VENTURE
9 CAPITAL RESOURCES IN THE STATE;

10 (b) THIS SHORTAGE COULD RESULT IN ENTREPRENEURS BEING
11 FORCED TO RELOCATE TO RAISE CAPITAL AND CAUSE A DECLINE IN THE
12 NUMBER OF COMPANIES THAT ACHIEVE LONG-TERM SUCCESS IN
13 INNOVATIVE INDUSTRIES;

14 (c) IT IS VITALLY IMPORTANT TO FIND NEW WAYS TO GENERATE
15 VENTURE CAPITAL THAT CAN BE INVESTED IN AND GROW
16 COLORADO-BASED EMERGING COMPANIES, WHICH WILL GROW THE STATE
17 ECONOMY;

18 (d) A FUND OF FUNDS IS A VEHICLE TO MAKE AND MANAGE
19 INVESTMENTS IN PRIVATE EQUITY FUNDS, WHICH IN TURN INVEST
20 DIRECTLY IN PRIVATE COMPANIES;

21 (e) A FUND OF FUNDS WOULD:

22 (I) DEEPEN THE CAPITAL POOL;

23 (II) EXPAND THE NUMBER OF VENTURE CAPITAL FUNDS ACTIVE IN
24 THE STATE;

25 (III) STIMULATE MORE INVESTMENT FROM EXISTING CAPITAL

1 FUNDS; AND

2 (IV) ENHANCE DEAL FLOW AND FINANCING VOLUME; AND

3 (f) IN ORDER TO INCREASE THE AMOUNT OF VENTURE CAPITAL
4 INVESTMENT, IT MAY BE NECESSARY TO IDENTIFY A SOURCE OF PUBLIC
5 MONEYS THAT CAN BE USED TO LEVERAGE ADDITIONAL PRIVATE
6 INVESTMENT.

7 (2) IN ENACTING THIS PART 4, IT IS THE INTENT OF THE GENERAL
8 ASSEMBLY TO EXPLORE CURRENT AND FUTURE VENTURE CAPITAL
9 INVESTMENT IN THE STATE BY ESTABLISHING A VENTURE CAPITAL
10 ADVISORY BOARD THAT WILL PROVIDE A REPORT TO THE GENERAL
11 ASSEMBLY.

12 **24-46-402. Definitions.** AS USED IN THIS PART 4, UNLESS THE
13 CONTEXT OTHERWISE REQUIRES:

14 (1) "ADVISORY BOARD" MEANS THE VENTURE CAPITAL ADVISORY
15 BOARD CREATED IN SECTION 24-46-403 (1).

16 (2) "FUND OF FUNDS" MEANS A POOL OF CAPITAL THAT IS RAISED
17 TO BE INVESTED BY A MANAGEMENT TEAM IN MULTIPLE VENTURE AND
18 PRIVATE EQUITY PARTNERSHIPS.

19 **24-46-403. Venture capital advisory board - created - report.**

20 (1) (a) THE VENTURE CAPITAL ADVISORY BOARD IS HEREBY CREATED IN
21 THE COMMISSION. THE ADVISORY BOARD CONSISTS OF NINE MEMBERS,
22 APPOINTED NO LATER THAN SIXTY DAYS AFTER THE EFFECTIVE DATE OF
23 THIS PARAGRAPH (a) OR JUNE 15, 2012, WHICHEVER IS EARLIER, WITH
24 TERMS THAT EXPIRE ON JULY 1, 2013. THE GOVERNOR SHALL APPOINT FIVE
25 MEMBERS, THE PRESIDENT OF THE SENATE SHALL APPOINT TWO MEMBERS,
26 AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT
27 TWO MEMBERS. THE ORIGINAL APPOINTING AUTHORITY SHALL FILL ANY

1 VACANCY BY APPOINTMENT FOR THE REMAINDER OF AN UNEXPIRED TERM.

2 (b) A MEMBER OF THE ADVISORY BOARD MUST BE A RESIDENT OF
3 THIS STATE AND HAVE EXPERIENCE IN VENTURE CAPITAL, INVESTMENT
4 BANKING, INSTITUTIONAL INVESTMENT, FUND MANAGEMENT, OR BANKING.

5 (c) MEMBERS OF THE ADVISORY BOARD SERVE WITHOUT
6 COMPENSATION AND WITHOUT REIMBURSEMENT FOR EXPENSES.

7 (2) ON OR BEFORE FEBRUARY 15, 2013, THE ADVISORY BOARD
8 SHALL PREPARE A REPORT REGARDING VENTURE CAPITAL INVESTMENT IN
9 THE STATE AND SUBMIT THE REPORT TO THE MEMBERS OF THE GENERAL
10 ASSEMBLY IN ACCORDANCE WITH SECTION 24-1-136 (9). THE REPORT
11 MUST INCLUDE:

12 (a) AN ANALYSIS OF ANY STATE-SUPPORTED VENTURE CAPITAL
13 PROGRAMS FROM OTHER STATES, INCLUDING ANY FUND OF FUNDS;

14 (b) A RECOMMENDATION ON WHETHER SUCH STATE-SUPPORTED
15 VENTURE CAPITAL PROGRAMS CAN BE IMPLEMENTED IN THIS STATE;

16 (c) IDENTIFICATION OF ANY POSSIBLE SOURCES OF PUBLIC MONEYS
17 TO BE INVESTED IN A STATE-SUPPORTED VENTURE CAPITAL PROGRAM;

18 (d) AN ANALYSIS OF PRIVATE VENTURE CAPITAL INVESTMENT IN
19 THE STATE; AND

20 (e) IDENTIFICATION OF ANY MEASURES THAT THE STATE CAN TAKE
21 TO SUPPORT PRIVATE VENTURE CAPITAL INVESTMENT IN THE FUTURE.

22 (3) (a) ON OR BEFORE MARCH 1, 2013, THE ADVISORY BOARD
23 SHALL PRESENT THE REPORT TO THE ECONOMIC AND BUSINESS
24 DEVELOPMENT COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE
25 BUSINESS, LABOR, AND TECHNOLOGY COMMITTEE OF THE SENATE, OR
26 THEIR SUCCESSOR COMMITTEES.

27 (b) THE COMMISSION SHALL MAKE A COPY OF THE ADVISORY

1 BOARD'S REPORT AVAILABLE ON THE COMMISSION'S WEB SITE.

2 **24-46-404. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE
3 JULY 1, 2013.

4 **SECTION 2.** In Colorado Revised Statutes, 2-3-1203, **add** (3) (z)
5 (VIII) as follows:

6 **2-3-1203. Sunset review of advisory committees.** (3) The
7 following dates are the dates for which the statutory authorization for the
8 designated advisory committees is scheduled for repeal:

9 (z) July 1, 2013:

10 (VIII) THE VENTURE CAPITAL ADVISORY BOARD CREATED IN
11 SECTION 24-46-403 (1) (a), C.R.S.

12 **SECTION 3. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.