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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3142

February 18, 2008

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The bill was read for the first time and referred to the Committee on Biosciences and Emerging Technology

1.1 A bill for an act
1.2 relating to state government; encouraging the State Board of Investment to make
1.3 certain of its venture capital investments in Minnesota businesses; requiring
1.4 reporting; amending Minnesota Statutes 2006, section 11A.24, by adding
1.5 subdivisions.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2006, section 11A.24, is amended by adding a
1.8 subdivision to read:

1.9 Subd. 6a. **Minnesota venture capital investments.** The board must attempt to
1.10 ensure that at least one percent of the value of its private equity investments are in venture
1.11 capital businesses, a majority of whose employees are in Minnesota. The board must
1.12 report to the legislature by January 15 each year on compliance with this subdivision
1.13 during the fiscal year ending the prior June 30.

1.14 Sec. 2. Minnesota Statutes 2006, section 11A.24, is amended by adding a subdivision
1.15 to read:

1.16 Subd. 6b. **Venture capital reporting.** (a) Before committing money to a venture
1.17 capital manager, the board must require the manager to:

1.18 (1) provide the board an initial written estimate and agree to provide an annual
1.19 update of the number of jobs that will be created with money the board is investing and
1.20 the number of these jobs anticipated to be located in Minnesota;

1.21 (2) provide the board an annual written summary of the number of businesses
1.22 the manager considered investing in with assets provided by the board, the number
1.23 of businesses the manager actually invested in with these assets, and the number of
1.24 businesses considered and actually invested in that are based in Minnesota; and

2.1 (3) agree to provide the legislative auditor information the auditor requests for
2.2 purposes of the auditor's report under subdivision 6c.

2.3 (b) By January 15 each year, the board must report to the legislative auditor:

2.4 (1) the number of new venture capital managers that the board considered for board
2.5 investment, and the primary office location of those managers;

2.6 (2) the names of new venture capital managers selected by the board, and the
2.7 primary office location of those managers;

2.8 (3) the names of all venture capital managers investing money for the board during
2.9 the year covered by the report, and the primary office location of those managers;

2.10 (4) all information submitted to the board by venture capital managers under
2.11 paragraph (a); and

2.12 (5) any other information requested by the legislative auditor, as necessary to
2.13 produce the report required in subdivision 6c.

2.14 Sec. 3. Minnesota Statutes 2006, section 11A.24, is amended by adding a subdivision
2.15 to read:

2.16 Subd. 6c. **Effect on venture capital investments on Minnesota jobs.** By July 1
2.17 each year, the legislative auditor must report to the legislature on the net impact of the
2.18 State Board of Investment's venture capital investments on jobs in Minnesota during
2.19 the year ending June 30 of the prior year.

2.20 Sec. 4. **EFFECTIVE DATE; APPLICATION.**

2.21 Sections 1 to 3 are effective July 1, 2008. The board's first report to the legislature
2.22 under section 1 is due January 15, 2009. The board's first report to the legislative auditor
2.23 under section 2 is due January 15, 2009. The legislative auditor's first report under section
2.24 3 is due July 1, 2009.