

1 SB238
2 135792-1
3 By Senator Sanford
4 RFD: Job Creation and Economic Development
5 First Read: 08-FEB-12

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8 SYNOPSIS: Under existing law, the Alabama Development
9 Office may approve certain companies that develop
10 or expand in the state as a certified capital
11 company making the company eligible to receive
12 certain tax credits. Under existing law, an
13 applicant for certification must have an equity
14 capitalization of at least five hundred thousand
15 dollars (\$500,000) cash and must meet other
16 requirements in order to qualify.

17 This bill would authorize the Director of
18 the Alabama Development Office to waive the
19 equality capitalization requirement and any other
20 requirement to be a certified capital company if
21 the applicant has received a Small Business
22 Innovative Research grant within 12 months of the
23 date the application is filed.

24
25 A BILL
26 TO BE ENTITLED
27 AN ACT

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To amend Section 40-14B-3, Code of Alabama 1975, to authorize the Director of the Alabama Development Office to waive certain requirements to be certified as a certified capital company for applicants that received a Small Business Innovative Research grant within a certain time of filing the application.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-14B-3, Code of Alabama 1975, is amended to read as follows:

"§40-14B-3.

"(a) The Director of the Alabama Development Office by rule shall establish the application procedures for certified capital companies.

"(b) An applicant must file an application in the form prescribed by the Alabama Development Office accompanied by a nonrefundable application fee of seven thousand five hundred dollars (\$7,500). The application must include an audited balance sheet of the applicant, with an unqualified opinion from an independent certified public accountant, as of a date not more than 35 days before the date of the application.

"(c) To qualify as a certified capital company all of the following must apply:

"(1) The applicant must have, at the time of application for certification, an equity capitalization of at least five hundred thousand dollars (\$500,000) in the form of

1 cash or cash equivalents. The applicant must maintain this
2 equity capitalization until it receives an allocation of
3 certified capital pursuant to Section 40-14B-17.

4 "(2) At least two principals or persons employed or
5 engaged to manage the funds of the applicant must have at
6 least four years of experience making venture capital
7 investments in small businesses on behalf of or as an
8 institutional or accredited investor.

9 "(3) The applicant must satisfy any additional
10 reasonable informational requirement imposed by the Alabama
11 Development Office by rule.

12 "(4) The applicant must have incorporated or
13 organized within the State of Alabama no later than 15 days
14 before applying for certification.

15 "(5) The applicant must have established an office
16 within the State of Alabama before or within 60 days of
17 certification.

18 "(d) The Director of the Alabama Development Office
19 shall review the application, organizational documents, and
20 business history of each applicant and shall ensure that the
21 applicant satisfies the requirements of this chapter.

22 "(e) Not later than the 30th day after the date an
23 application is filed, the Director of the Alabama Development
24 Office shall either issue the certification or refuse to issue
25 the certification and communicate in detail to the applicant
26 the grounds for the refusal, including suggestions for the
27 removal of these grounds. If an applicant submits an amended

1 application within 15 days of receipt of refusal from the
2 office, the office shall have 15 days from the receipt of such
3 amended application by which to communicate its approval or
4 refusal of such amended application to the applicant. The
5 office shall review and approve or reject applications in the
6 order submitted, and in the event more than one application is
7 received by the office on any date, all such applications
8 shall be reviewed and approved simultaneously, except in the
9 case of incomplete applications or applications for which
10 additional information is requested by the office and is not
11 supplied by the applicant within the allowable time limits
12 established by the office.

13 "(f) Notwithstanding subsections (c) and (d), the
14 Director of the Alabama Development Office may waive any
15 requirement specified in subsection (c) and certify the
16 applicant if the applicant has received a Small Business
17 Innovative Research grant within 12 months of the date in
18 which the application is submitted."

19 Section 2. This act shall become effective on the
20 first day of the third month following its passage and
21 approval by the Governor, or its otherwise becoming law.