

Introduced by

1 A BILL for an Act to amend and reenact sections 54-34-11, 54-34-12, 54-34-13, 54-34-14, and
2 54-34-15 of the North Dakota Century Code, relating to the risk capital network program; and to
3 provide for a report to the legislative council.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-34-11 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-34-11. Statement of purpose.** The purpose of sections 54-34-11 through 54-34-15
8 is to improve the dissemination of information regarding informal risk investment opportunities
9 to potential investors and entrepreneurs, and thereby stimulate the growth of small businesses
10 in the state.

11 **SECTION 2. AMENDMENT.** Section 54-34-12 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-34-12. Division of economic development and finance to establish venture risk**
14 **capital network - Duties and ~~functions~~ powers.** The department of commerce division of
15 economic development and finance ~~may~~ shall establish, from funds appropriated to or
16 otherwise available to the department of commerce, the ~~venture risk~~ venture risk capital network as a
17 clearinghouse for information on informal risk capital investment opportunities in the state. The
18 division ~~of economic development and finance may:~~

- 19 1. ~~Enter~~ May enter service contracts on a competitive bid basis with public and
20 private agencies, institutions, organizations, and individuals for the purpose of
21 establishing and operating the ~~venture risk~~ venture risk capital network.
- 22 2. ~~Receive~~ Shall receive and approve contract proposals for the purpose of
23 establishing the ~~venture risk~~ venture risk capital network.

- 1 3. ~~Solicit~~ May solicit the support and contributions of public and private agencies,
- 2 organizations, institutions, and individuals.
- 3 4. ~~Accept~~ May accept and administer contributions for the purpose of operating the
- 4 venture risk capital network.
- 5 5. ~~Advertise~~ Shall advertise and promote the venture risk capital network.

6 **SECTION 3. AMENDMENT.** Section 54-34-13 of the North Dakota Century Code is

7 amended and reenacted as follows:

8 **54-34-13. Duties and functions of venture risk capital network.** The venture risk

9 capital network ~~may~~ shall:

- 10 1. Solicit, compile, profile, and maintain current information describing opportunities
- 11 for risk capital investment in new or emerging business ventures.
- 12 2. Identify active informal investors and profile their distinguishing investment
- 13 objectives.
- 14 3. Provide, for a reasonable fee as may be appropriate, a timely, confidential, and
- 15 objective referral system serving both entrepreneurs and investors.
- 16 4. Maintain statistics on the operation of the venture risk capital network, including
- 17 the number of profiled entrepreneurs and investors, referrals, and referrals
- 18 resulting in investment.

19 **SECTION 4. AMENDMENT.** Section 54-34-14 of the North Dakota Century Code is

20 amended and reenacted as follows:

21 **54-34-14. Limitations.**

- 22 1. The venture risk capital network may not serve any fiduciary, advisory, or
- 23 evaluative function in making referrals.
- 24 2. The remedies and causes of action provided under the securities laws of the
- 25 United States and this state apply to any conduct or activity of the venture risk
- 26 capital network.

27 **SECTION 5. AMENDMENT.** Section 54-34-15 of the North Dakota Century Code is

28 amended and reenacted as follows:

29 **54-34-15. Private sponsor.** The department of commerce division of economic

30 development and finance may ~~endeavor to locate~~ contract with a private sector sponsor or

31 group of sponsors to assume administration of the venture risk capital network.

1 **SECTION 6. REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the
2 commissioner of commerce shall report to the legislative council on the status of the risk capital
3 network program. This report must include statistics on the operation of the risk capital
4 network, including information regarding how the program has been implemented; the number
5 of profiled entrepreneurs and investors, referrals, and referrals resulting in investment;
6 information regarding how the program is being advertised and promoted; recommend whether
7 the risk capital network program should continue and whether there are potential changes that
8 could be made to the state's risk capital network and system in order to improve the
9 dissemination of information regarding informal risk investment opportunities to potential
10 investors and entrepreneurs, and thereby stimulate the growth of small businesses in the state.