50115.0100

Fifty-ninth Legislative Assembly of North Dakota

Introduced by

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FIRST DRAFT:

Prepared by the Legislative Council staff for the Economic Development Committee

August 2004

- 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:
- 54-34-11. Statement of purpose. The purpose of sections 54-34-11 through 54-34-15 is to improve the dissemination of information regarding informal <u>risk</u> investment opportunities to potential investors and entrepreneurs, and thereby stimulate the growth of small businesses in the state.
- SECTION 2. AMENDMENT. Section 54-34-12 of the North Dakota Century Code is amended and reenacted as follows:
- 54-34-12. Division of economic development and finance to establish venture risk
  capital network Duties and functions powers. The department of commerce division of
  economic development and finance may shall establish, from funds appropriated to or
  otherwise available to the department of commerce, the venture risk capital network as a
  clearinghouse for information on informal risk capital investment opportunities in the state. The
  division of economic development and finance may:
  - Enter May enter service contracts on a competitive bid basis with public and private agencies, institutions, organizations, and individuals for the purpose of establishing and operating the venture risk capital network.
- 22 2. Receive Shall receive and approve contract proposals for the purpose of establishing the venture risk capital network.

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capital network.

- Legislative Assembly 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 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 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 Provide, for a reasonable fee as may be appropriate, a timely, confidential, and 3. 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 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
  - SECTION 5. AMENDMENT. Section 54-34-15 of the North Dakota Century Code is amended and reenacted as follows:
  - **54-34-15. Private sponsor.** The department of commerce division of economic development and finance may endeavor to locate contract with a private sector sponsor or 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.