

**CONFERENCE COMMITTEE REPORT  
DIGEST FOR EHB 1434**

**Citations Affected:** IC 4; IC 20-1-18.7; IC 22.

**Synopsis:** Microenterprise program and STAR account. Conference committee report to EHB1434. Requires the Indiana economic development council to establish a microenterprise partnership program to provide grants to community based or nonprofit organizations for the purpose of providing business development services and loans to businesses with fewer than five employees. Transfers responsibilities for the enterprise development program and the small and minority business financial assistance program to the Indiana economic development council. Renames the enterprise development fund as the microenterprise partnership program fund. Creates the state technology advancement and retention (STAR) account to advance technology and retain graduates in Indiana by funding certain grant programs. **(This conference committee report deletes the contents of EHB 1434 and inserts the contents of ESB 327 concerning the microenterprise program and HB 1325 concerning the STAR account.)**

**Effective:** Upon passage; July 1, 2004.

## CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1434 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002,
- 3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2004]: Sec. 3. The corporation, after being certified by the
- 5 governor under section 1 of this chapter, may:
- 6 (1) establish programs to identify entrepreneurs with marketable
- 7 ideas and to support the organization and development of new
- 8 business enterprises, including technologically oriented enterprises;
- 9 (2) conduct conferences and seminars to provide entrepreneurs
- 10 with access to individuals and organizations with specialized
- 11 expertise;
- 12 (3) establish a statewide network of public, private, and educational
- 13 resources to assist the organization and development of new
- 14 enterprises;
- 15 (4) operate a small business assistance center to provide small
- 16 businesses, including minority owned businesses and businesses
- 17 owned by women, with access to managerial and technical
- 18 expertise and to provide assistance in resolving problems
- 19 encountered by small businesses;
- 20 (5) cooperate with the Indiana business modernization and
- 21 technology corporation, other public and private entities, including

1 the Indiana small business development network and the federal  
 2 government marketing program, in exercising the powers listed in  
 3 subdivisions (1) through (4);

4 ~~(6) establish and administer the small and minority business~~  
 5 ~~assistance program under IC 4-3-16;~~

6 ~~(7) approve and administer loans from the enterprise development~~  
 7 ~~fund established under IC 4-3-13; and~~

8 ~~(8)~~ **(6)** coordinate state-funded programs that assist the  
 9 organization and development of new enterprises.

10 SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this chapter,  
 12 "corporation" refers to the Indiana ~~small business economic~~  
 13 ~~development corporation.~~ **council established under IC 4-3-14.**

14 SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund"  
 16 refers to the ~~enterprise development microenterprise partnership~~  
 17 ~~program~~ **fund established by section 9 of this chapter.**

18 SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes  
 20 the following findings of fact:

21 (1) There exists in Indiana an inadequate amount of locally  
 22 managed, pooled investment capital in the private sector available  
 23 to invest in new and existing business ventures, including business  
 24 ventures by nontraditional entrepreneurs.

25 (2) Investing capital and business management advice in new and  
 26 existing business ventures, including business ventures by  
 27 nontraditional entrepreneurs, will enhance economic development  
 28 and create and retain employment within Indiana. This investment  
 29 will enhance the health and general welfare of the people of Indiana  
 30 and constitutes a public purpose.

31 (3) Nontraditional entrepreneurs have not engaged in  
 32 entrepreneurship and self-employment to the extent found in the  
 33 mainstream of Indiana's population. Realizing the potential of these  
 34 nontraditional entrepreneurs will enhance Indiana's economic  
 35 vitality.

36 (b) Therefore, it is declared to be the policy of the state to promote  
 37 economic development and entrepreneurial talent of the state's  
 38 inhabitants by the creation of the ~~enterprise development~~  
 39 ~~fund~~ for the public purpose of promoting opportunities for gainful employment and  
 40 business opportunities.

41 SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002,  
 42 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 43 JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~  
 44 ~~microenterprise partnership program~~ **fund** is established. The fund  
 45 is a revolving fund for the purpose of:

46 (1) providing loans approved by the corporation under this chapter  
 47 and IC 4-3-12-3;

48 (2) providing loans or loan guarantees under the small and minority  
 49 business financial assistance program established by IC 4-3-16;

- 1           **(3) carry out the microenterprise partnership program under**  
 2           **IC 4-4-32.4; and**  
 3           ~~(3)~~ **(4) paying the costs of administering this chapter, and**  
 4           **IC 4-3-16, and IC 4-4-32.4.**

5 The fund shall be administered by the corporation.

- 6           (b) The fund consists of:  
 7           (1) amounts appropriated by the general assembly;  
 8           (2) the repayment proceeds (including interest) of loans made from  
 9           the fund; and  
 10          (3) donations, grants, and money received from any other source.  
 11          (c) The treasurer of state shall invest the money in the fund not  
 12          currently needed to meet the obligations of the fund in the same manner  
 13          as other public funds may be invested.  
 14          (d) Money in the fund at the end of a state fiscal year does not revert  
 15          to the state general fund.  
 16          (e) The fund is subject to an annual audit by the state board of  
 17          accounts. The fund shall bear the full costs of this audit.

18          SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS  
 19          [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section,  
 20          "eligible entity" means any partnership, unincorporated association,  
 21          corporation, or limited liability company, whether or not operated for  
 22          profit, that is established for the purpose of establishing a local  
 23          investment pool.

24          (b) A local investment pool may be established only by an eligible  
 25          entity. A political subdivision may participate in the establishment of an  
 26          eligible entity but may not be the sole member of the eligible entity.

27          (c) The articles of incorporation or bylaws of the eligible entity, as  
 28          appropriate, must provide the following:

- 29               (1) The exclusive purpose of the eligible entity is to establish a local  
 30               investment pool to:  
 31               (A) attract private equity investment to provide grants, equity  
 32               investments, loans, and loan guarantees for the establishment or  
 33               operation of businesses in Indiana; and  
 34               (B) provide a low to moderate rate of return to investors in the  
 35               short term, with higher rates of return in the long term.  
 36               (2) The governing body of the eligible entity must include:  
 37               (A) persons who are qualified by professional background and  
 38               business experience to make sound financial and investment  
 39               decisions in the private sector; and  
 40               (B) representatives of nontraditional entrepreneurs.  
 41               (3) The eligible entity may receive funds from:  
 42               (A) equity investors;  
 43               (B) grants and loans from local units of government;  
 44               (C) grants and loans from the federal government;  
 45               (D) donations; and  
 46               (E) loans from the ~~enterprise development~~ fund.

47          SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS FOLLOWS  
 48          [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local opportunity pool may  
 49          be established only by a nonprofit corporation or a for profit  
 50          corporation established for that purpose. A political subdivision may

1 participate in the establishment of such a corporation but may not be the  
2 sole member of the corporation.

3 (b) The articles of incorporation or bylaws of the corporation, as  
4 appropriate, must provide the following:

5 (1) The exclusive purpose of the corporation is to establish a local  
6 opportunity pool to:

7 (A) attract sources of funding other than private equity  
8 investment to provide grants, loans, and loan guarantees for the  
9 establishment or operation of nontraditional entrepreneurial  
10 endeavors in Indiana; and

11 (B) enter into financing agreements that seek the return of the  
12 principal amounts advanced by the pool, with the potential for a  
13 greater return.

14 (2) The board of directors of the corporation must include:

15 (A) persons who are actively engaged in Indiana in private  
16 enterprise, organized labor, or state or local governmental  
17 agencies and who are qualified by professional background and  
18 business experience to make sound financial and investment  
19 decisions in the private sector; and

20 (B) representatives of nontraditional entrepreneurs.

21 (3) The corporation may receive funds from:

22 (A) philanthropic foundations;

23 (B) grants and loans from local units of government;

24 (C) grants and loans from the federal government;

25 (D) donations;

26 (E) bequests; and

27 (F) loans from the ~~enterprise development~~ fund.

28 SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation  
30 or bylaws of the corporation, as appropriate, must provide that:

31 (1) the exclusive purpose of the corporation is to contribute to the  
32 strengthening of the economy of the state by:

33 (A) coordinating the activities of all parties having a role in the  
34 state's economic development through evaluating, overseeing,  
35 and appraising those activities on an ongoing basis;

36 (B) overseeing the implementation of the state's economic  
37 development plan and monitoring the updates of that plan; and

38 (C) educating and assisting all parties involved in improving the  
39 long range vitality of the state's economy;

40 (2) the board must include:

41 (A) the governor;

42 (B) the lieutenant governor;

43 (C) the chief operating officer of the corporation;

44 (D) the chief operating officer of the corporation for Indiana's  
45 international future; and

46 (E) additional persons appointed by the governor, who are  
47 actively engaged in Indiana in private enterprise, organized labor,  
48 state or local governmental agencies, and education, and who  
49 represent the diverse economic and regional interests throughout  
50 Indiana;

- 1 (3) the governor shall serve as chairman of the board of the  
2 corporation, and the lieutenant governor shall serve as the chief  
3 executive officer of the corporation;
- 4 (4) the governor shall appoint as vice chairman of the board a  
5 member of the board engaged in private enterprise;
- 6 (5) the lieutenant governor shall be responsible as chief executive  
7 officer for overseeing implementation of the state's economic  
8 development plan as articulated by the corporation and shall oversee  
9 the activities of the corporation's chief operating officer;
- 10 (6) the governor may appoint an executive committee composed of  
11 members of the board (size and structure of the executive  
12 committee shall be set by the articles and bylaws of the  
13 corporation);
- 14 (7) the corporation may receive funds from any source and may  
15 expend funds for any activities necessary, convenient, or expedient  
16 to carry out its purposes;
- 17 (8) any amendments to the articles of incorporation or bylaws of  
18 the corporation must be approved by the governor;
- 19 (9) the corporation shall submit an annual report to the governor  
20 and to the Indiana general assembly on or before the first day of  
21 November for each year;
- 22 (10) the corporation shall conduct an annual public hearing to  
23 receive comment from interested parties regarding the annual  
24 report, and notice of the hearing shall be given at least fourteen (14)  
25 days prior to the hearing in accordance with IC 5-14-1.5-5(b); and
- 26 (11) the corporation is subject to an annual audit by the state board  
27 of accounts, and the corporation shall bear the full costs of this  
28 audit.
- 29 (b) The corporation may perform other acts and things necessary,  
30 convenient, or expedient to carry out the purposes identified in this  
31 section, and it has all rights, powers, and privileges granted to  
32 corporations by IC 23-17 and by common law.
- 33 **(c) The corporation shall:**
- 34 **(1) approve and administer loans from the microenterprise**  
35 **partnership program fund established under IC 4-3-13-9;**
- 36 **(2) establish and administer the nontraditional entrepreneur**  
37 **program under IC 4-3-13;**
- 38 **(3) establish and administer the small and minority business**  
39 **assistance program under IC 4-3-16; and**
- 40 **(4) establish and administer the microenterprise partnership**  
41 **program under IC 4-4-32.4.**
- 42 SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS FOLLOWS  
43 [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this chapter,  
44 "corporation" refers to the Indiana ~~small business economic~~  
45 development ~~corporation.~~ **council established under IC 4-3-14.**
- 46 SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS  
47 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this  
48 chapter, "fund" refers to the ~~enterprise development~~ **microenterprise**  
49 **partnership program** fund established by IC 4-3-13-9.

1 SECTION 11. IC 4-4-32.4 IS ADDED TO THE INDIANA CODE AS  
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
3 2004]:

4 **Chapter 32.4. Microenterprise Partnership Program**

5 **Sec. 1. As used in this chapter, "council" means the Indiana**  
6 **economic development council established under IC 4-3-14.**

7 **Sec. 2. As used in this chapter, "microenterprise" means a**  
8 **business with fewer than five (5) employees. The term includes**  
9 **startup, home based, and self-employed businesses.**

10 **Sec. 3. As used in this chapter, "microloan" means a business**  
11 **loan of not more than twenty-five thousand dollars (\$25,000).**

12 **Sec. 4. As used in this chapter, "microloan delivery**  
13 **organization" means a community based or nonprofit program**  
14 **that:**

- 15 (1) has developed a viable plan for providing training, access  
16 to financing, and technical assistance to microenterprises; and  
17 (2) meets the criteria and qualifications set forth in this  
18 chapter.

19 **Sec. 5. As used in this chapter, "operating costs" refers to the**  
20 **costs associated with administering a loan or a loan guaranty,**  
21 **administering a revolving loan program, or providing for business**  
22 **training and technical assistance to a microloan recipient.**

23 **Sec. 6. As used in this chapter, "program" refers to the**  
24 **microenterprise partnership program established under section 7**  
25 **of this chapter.**

26 **Sec. 7. (a) The council shall establish the microenterprise**  
27 **partnership program to provide grants to microloan delivery**  
28 **organizations.**

29 **(b) A grant provided under subsection (a) may not exceed**  
30 **twenty-five thousand dollars (\$25,000).**

31 **(c) A microloan delivery organization receiving a grant under**  
32 **this section must use the grant for the purposes set forth in this**  
33 **chapter.**

34 **Sec. 8. To establish the criteria for making a grant to a**  
35 **microloan delivery organization, the council shall consider the**  
36 **following:**

- 37 (1) The microloan delivery organization's plan for providing  
38 business development services and microloans to  
39 microenterprises.  
40 (2) The scope of services provided by the microloan delivery  
41 organization.  
42 (3) The microloan delivery organization's plan for coordinating  
43 the services and loans provided under this chapter with those  
44 provided by commercial lending institutions.  
45 (4) The geographic representation of all regions of the state,  
46 including both urban and rural communities and  
47 neighborhoods.

1           (5) The microloan delivery organization's emphasis on  
2 supporting female and minority entrepreneurs.

3           (6) The ability of the microloan delivery organization to  
4 provide business training and technical assistance to  
5 microenterprises.

6           (7) The ability of the microloan delivery organization to  
7 monitor and provide financial oversight of recipients of  
8 microloans.

9           (8) The sources and sufficiency of the microloan delivery  
10 organization's operating funds.

11       **Sec. 9. A grant received by a microloan delivery organization**  
12 **may be used for the following purposes:**

13           (1) To satisfy matching fund requirements for federal or  
14 private grants.

15           (2) To establish a revolving loan fund from which the  
16 microloan delivery organization may make loans to  
17 microenterprises.

18           (3) To establish a guaranty fund from which the microloan  
19 delivery organization may guarantee loans made by  
20 commercial lending institutions to microenterprises.

21           (4) To pay the operating costs of the microloan delivery  
22 organization. However, not more than ten percent (10%) of a  
23 grant may be used for this purpose.

24       **Sec. 10. Money appropriated to the program must be matched by**  
25 **at least an equal amount of money derived from any of the**  
26 **following nonstate sources:**

27           (1) Private foundations.

28           (2) Federal sources.

29           (3) Local government sources.

30           (4) Quasi-governmental entities.

31           (5) Commercial lending institutions.

32           (6) Any other source whose funds do not include money  
33 appropriated by the general assembly.

34       **Sec. 11. At least fifty percent (50%) of the microloan money**  
35 **disbursed by a microloan delivery organization must be disbursed**  
36 **in microloans that do not exceed ten thousand dollars (\$10,000).**

37       **Sec. 12. The council may prescribe standards, procedures, and**  
38 **other guidelines to implement this chapter.**

39       **Sec. 13. The council may use money in the microenterprise**  
40 **partnership program fund established by IC 4-3-13-9 or any other**  
41 **money available to the council to carry out this chapter.**

42       **Sec. 14. Before August 1, 2005, and before August 1 of each**  
43 **year thereafter, the council shall submit to the budget committee**  
44 **a supplemental report on a longitudinal study:**

45           (1) describing the economic development outcomes resulting  
46 from microloans made under this chapter; and

47           (2) evaluating the effectiveness of the microloan delivery

1           **organizations and the microloans made under this chapter in:**

2           **(A) expanding employment and self-employment**  
3           **opportunities in Indiana; and**

4           **(B) increasing the incomes of persons employed by**  
5           **microenterprises.**

6           SECTION 12. [EFFECTIVE JULY 1, 2004] (a) **After June 30,**  
7           **2004, any reference in any law, rule, or other document to the**  
8           **enterprise development fund shall be treated as a reference to the**  
9           **microenterprise partnership program fund.**

10          (b) **After June 30, 2004, any reference in any law, rule, or other**  
11          **document to the Indiana small business development corporation**  
12          **as it relates to the programs established under IC 4-3-13 and**  
13          **IC 4-3-16, as effective before July 1, 2004, shall be treated as a**  
14          **reference to the Indiana economic development council.**

15          (c) **Effective July 1, 2004, any property or liabilities accruing to**  
16          **the Indiana small business development corporation in connection**  
17          **with the administration of IC 4-3-13 and IC 4-3-16, as effective**  
18          **before July 1, 2004, are transferred to the Indiana economic**  
19          **development council.**

20          (d) **This SECTION expires July 1, 2005.**

21          SECTION 13. IC 4-4-30-8, AS ADDED BY P.L.159-2002,  
22          SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
23          JULY 1, 2004]: Sec. 8. (a) The coal technology research fund is  
24          established to provide money for the center for coal technology  
25          research and for the director to carry out the duties specified under this  
26          chapter. The budget agency shall administer the fund.

27          (b) The fund consists of the following:

28               (1) Money appropriated **or otherwise designated or dedicated** by  
29               the general assembly.

30               (2) Gifts, grants, and bequests.

31          (c) The treasurer of state shall invest the money in the fund not  
32          currently needed to meet the obligations of the fund in the same manner  
33          as the treasurer may invest other public funds.

34          (d) Money in the fund at the end of a state fiscal year does not revert  
35          to the state general fund.

36          SECTION 14. IC 4-12-10-3, AS ADDED BY P.L.26-2001,  
37          SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38          JULY 1, 2004]: Sec. 3. (a) The Indiana economic development  
39          partnership fund is established to provide grants for economic  
40          development initiatives that support the following:

41               (1) The establishment of regional technology **and**  
42               **entrepreneurship** centers for the creation of high technology  
43               companies **to support access to technology for existing**  
44               **businesses** and for the support of workforce development.

45               (2) The providing of leadership and technical support necessary for  
46               the centers' start-up operations and long term success.

47               (3) The expansion of the Purdue Technical Assistance Program **to**  
48               **other higher education institutions** in ten (10) geographic

1 regions of Indiana.

2 (4) The creation of a rural/community economic development  
3 regional outreach program by Purdue University.

4 (5) The expansion of workforce development for high technology  
5 business development through the centers.

6 (b) The fund shall be administered by the budget agency. The fund  
7 consists of appropriations from the general assembly and gifts and  
8 grants to the fund, **including money received from the state**  
9 **technology advancement and retention account established by**  
10 **IC 4-12-12-1.**

11 (c) The treasurer of state shall invest the money in the fund not  
12 currently needed to meet the obligations of the fund in the same manner  
13 as other public funds may be invested.

14 (d) The money in the fund at the end of a state fiscal year does not  
15 revert to the state general fund but remains in the fund to be used  
16 exclusively for the purposes of this chapter.

17 SECTION 15. IC 4-12-10-4, AS ADDED BY P.L.26-2001,  
18 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
19 JULY 1, 2004]: Sec. 4. (a) The budget agency, after review by the  
20 budget committee, shall **enter into an agreement with the**  
21 **department of commerce** to do the following:

22 (1) Review, prioritize, and approve or disapprove proposals for  
23 centers.

24 (2) Create detailed application procedures and selection criteria for  
25 center proposals. These criteria may include the following:

26 (A) Geographical proximity to and partnership agreement with an  
27 Indiana public or private university.

28 (B) Proposed local contributions to the center.

29 (C) Minimum standards and features for the physical facilities of  
30 a center, including telecommunications infrastructure.

31 (D) The minimum support services, both technical and financial,  
32 that must be provided by the centers.

33 (E) Guidelines for selecting entities that may participate in the  
34 center.

35 (3) Develop performance measures and reporting requirements for  
36 the centers.

37 (4) Monitor the effectiveness of each center and report its findings  
38 to the governor, **the budget agency**, and the budget committee  
39 before October 1 of each even-numbered year.

40 ~~(5) Contract with Purdue University for any staff support~~  
41 ~~necessary for the budget agency to carry out this chapter.~~

42 ~~(6)~~ (5) Approve a regional technology center only if the center  
43 agrees to do all of the following:

44 (A) Nurture the development and expansion of high technology  
45 ventures that have the potential to become high growth  
46 businesses.

47 (B) Increase high technology employment in Indiana.

48 (C) Stimulate the flow of new venture capital necessary to  
49 support the growth of high technology businesses in Indiana.

- 1 (D) Expand workforce education and training for highly skilled,  
 2 high technology jobs.  
 3 (E) Affiliate with an Indiana public or private university and be  
 4 located in close proximity to a university campus.  
 5 (F) Be a party to a written agreement among:  
 6 (i) the affiliated university;  
 7 (ii) the city or town in which the proposed center is located, or  
 8 the county in which the proposed center is located if the center  
 9 is not located in a city or town;  
 10 (iii) Purdue University, for technical and personnel training  
 11 support; and  
 12 (iv) any other affiliated entities;  
 13 that outlines the responsibilities of each party.  
 14 (G) Establish a debt free physical structure designed to  
 15 accommodate research and technology ventures.  
 16 (H) Provide support services, including business planning,  
 17 management recruitment, legal services, securing of seed capital  
 18 marketing, and mentor identification.  
 19 (I) Establish a commitment of local resources that is at least  
 20 equal to the money provided from the fund for the physical  
 21 facilities of the center.

22 (b) The ~~budget agency~~ **department of commerce** may not approve  
 23 more than five (5) regional technology centers in any biennium.

24 **(c) The budget agency shall contract with Purdue University:**

25 **(1) for any support staff necessary for the budget agency to**  
 26 **provide grants under section 3(a)(3) and 3(a)(4) of this**  
 27 **chapter; and**

28 **(2) to provide services under section 7 of this chapter.**

29 SECTION 16. IC 4-12-10-6, AS ADDED BY P.L.26-2001,  
 30 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2004]: Sec. 6. (a) If **the department of commerce and the**  
 32 **budget agency approve** a center, ~~is approved by the budget agency~~;  
 33 the budget agency shall allocate from available appropriations the money  
 34 authorized to:

35 (1) subsidize construction or rehabilitation of the physical facilities;  
 36 and

37 (2) cover operating costs, not to exceed two hundred fifty  
 38 thousand dollars (\$250,000) each year, until the center is  
 39 self-sustaining or has identified another source of operating money  
 40 or the amount appropriated for this purpose is exhausted.

41 (b) Operating costs may not be supported by the fund for any center  
 42 for more than four (4) years.

43 SECTION 17. IC 4-12-12 IS ADDED TO THE INDIANA CODE AS  
 44 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 45 2004]:

46 **Chapter 12. State Technology Advancement and Retention**  
 47 **(STAR) Account**

48 **Sec. 1. The state technology advancement and retention (STAR)**  
 49 **account is established within the state general fund. The purpose**

1 of the account is to provide funding for programs within Indiana  
2 that are designed to:

3 (1) advance and retain technology related enterprises within  
4 Indiana; and

5 (2) train and retain students with an emphasis on technology.

6 Sec. 2. The budget agency shall administer the STAR account.

7 Sec. 3. The account consists of money, including federal money,  
8 appropriated to the account by the general assembly and gifts and  
9 grants to the account. An appropriation, a gift, or a grant may be  
10 designated for one (1) or more purposes listed in section 6 of this  
11 chapter.

12 Sec. 4. The treasurer of state shall invest the money in the  
13 account not currently needed to meet the obligations of the  
14 account in the same manner as other public funds may be  
15 invested.

16 Sec. 5. Money in the account at the end of a state fiscal year  
17 reverts to the state general fund.

18 Sec. 6. Money in the account that is not otherwise designated  
19 under section 3 of this chapter is annually dedicated to the  
20 following:

21 (1) The certified school to career program and grants under  
22 IC 22-4.1-8.

23 (2) The certified internship program and grants under  
24 IC 22-4.1-7.

25 (3) The Indiana economic development partnership fund under  
26 IC 4-12-10.

27 (4) Minority training program grants under IC 22-4-18.1-11.

28 (5) Technology apprenticeship grants under IC 20-1-18.7.

29 (6) The back home in Indiana program under IC 22-4-18.1-12.

30 (7) The Indiana schools smart partnership under IC 22-4.1-9.

31 (8) The scientific instrument project within the department of  
32 education.

33 (9) The coal technology research fund under IC 4-4-30-8.

34 Sec. 7. Expenses for administering the account or any of the  
35 programs funded from the account may be taken from the  
36 account but may not exceed two percent (2%) of the balance in  
37 the account. The budget agency must approve administrative  
38 expenses taken from the account.

39 SECTION 18. IC 20-1-18.7 IS ADDED TO THE INDIANA CODE  
40 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
41 1, 2004]: Chapter 18.7. Technology Apprenticeship Grants

42 Sec. 1. As used in this chapter, "department" refers to the  
43 department of education established by IC 20-1-1.1-2.

44 Sec. 2. As used in this chapter, "program" refers to the  
45 technology apprenticeship grant program established by section 3  
46 of this chapter.

47 Sec. 3. The technology apprenticeship grant program is

1 established. The department, with the advice of the department of  
2 labor established by IC 22-1-1-1, shall administer the program.

3 **Sec. 4. The department, working with the department of labor,**  
4 **shall develop a grant program to provide grants from the state**  
5 **technology advancement and retention account established by**  
6 **IC 4-12-12-1 for apprenticeships that are designed to develop the**  
7 **skills of apprentices in the area of technology.**

8 **Sec. 5. The department, with the department of labor, shall**  
9 **develop standards for the issuance of grants to businesses and**  
10 **unions that are working to enhance the technology skills of**  
11 **apprentices.**

12 **Sec. 6. Grants issued under this chapter are subject to approval**  
13 **by the budget agency.**

14 SECTION 19. IC 22-4-18.1-3 IS AMENDED TO READ AS  
15 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The state human  
16 resource investment council is established pursuant to 29 U.S.C. 1501  
17 et seq. to do the following:

18 (1) Review the services and use of funds and resources under  
19 applicable federal programs and advise the governor on methods of  
20 coordinating the services and use of funds and resources consistent  
21 with the laws and regulations governing the particular applicable  
22 federal programs.

23 (2) Advise the governor on:

24 (A) the development and implementation of state and local  
25 standards and measures; and

26 (B) the coordination of the standards and measures;  
27 concerning the applicable federal programs.

28 (3) Perform the duties as set forth in federal law of the particular  
29 advisory bodies for applicable federal programs described in section  
30 4 of this chapter.

31 (4) Identify the human investment needs in Indiana and recommend  
32 to the governor goals to meet the investment needs.

33 (5) Recommend to the governor goals for the development and  
34 coordination of the human resource system in Indiana.

35 (6) Prepare and recommend to the governor a strategic plan to  
36 accomplish the goals developed under subdivisions (4) and (5).

37 (7) Monitor the implementation of and evaluate the effectiveness of  
38 the strategic plan described in subdivision (6).

39 (8) Advise the governor on the coordination of federal, state, and  
40 local education and training programs and on the allocation of state  
41 and federal funds in Indiana to promote effective services, service  
42 delivery, and innovative programs.

43 (9) **Administer the minority training grant program**  
44 **established by section 11 of this chapter.**

45 (10) **Administer the back home in Indiana program**  
46 **established by section 12 of this chapter.**

47 (11) Any other function assigned to the council by the governor  
48 with regard to the study and evaluation of Indiana's human service  
49 delivery system.

1 SECTION 20. IC 22-4-18.1-4 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The council shall  
 3 serve as the state advisory body required under the following federal  
 4 laws:

5 (1) ~~The Job Training Partnership Act under 29 U.S.C. 1501 et seq.~~  
 6 **Workforce Investment Act of 1998 under 29 U.S.C. 2801 et**  
 7 **seq.**

8 (2) The Wagner-Peyser Act under 29 U.S.C. 49 et seq.

9 (3) The Carl D. Perkins Vocational and Applied Technology Act  
 10 under 20 U.S.C. 2301 et seq.

11 (4) The Adult Education **and Family Literacy Act** under 20 U.S.C.  
 12 ~~1201~~ **9201** et seq.

13 (b) In addition, the council may be designated to serve as the state  
 14 advisory body required under any of the following federal laws upon  
 15 approval of the particular state agency directed to administer the  
 16 particular federal law:

17 (1) The National and Community Service Act of 1990 under 42  
 18 U.S.C. 12501 et seq.

19 (2) Part ~~F A~~ of Title IV of the Social Security Act under 42 U.S.C.  
 20 ~~681~~ **601** et seq.

21 (3) The employment and training program established under the  
 22 Food Stamp Act of 1977 under 7 U.S.C. ~~2015(d)(4)~~ **2015**.

23 **(c) The council shall administer the minority training grant**  
 24 **program established by section 11 of this chapter and the back**  
 25 **home in Indiana program established by section 12 of this chapter.**

26 SECTION 21. IC 22-4-18.1-7 IS AMENDED TO READ AS  
 27 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) Except as  
 28 provided in subsections (b) and (c) and subject to the approval of the  
 29 commissioner of workforce development, the state personnel  
 30 department, and the budget agency, the council may employ  
 31 professional, technical, and clerical personnel necessary to carry out the  
 32 duties imposed by this chapter from funds available under applicable  
 33 federal and state programs, appropriations by the general assembly for  
 34 this purpose, **funds in the state technology advancement and**  
 35 **retention account established by IC 4-12-12-1**, and any other funds  
 36 (other than federal funds) available to the council for this purpose.

37 (b) Subject to the approval of the commissioner of workforce  
 38 development and the budget agency, the council may contract for  
 39 services necessary to implement this chapter.

40 (c) The budget agency shall serve as the fiscal agent for the  
 41 distribution of all funds of the council.

42 SECTION 22. IC 22-4-18.1-11 IS ADDED TO THE INDIANA  
 43 CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
 44 JULY 1, 2004]: **Sec. 11. (a) For purposes of this section, "minority**  
 45 **student" means a student who is a member of at least one (1) of**  
 46 **the following groups:**

47 **(1) Blacks.**

48 **(2) American Indians.**

49 **(3) Hispanics.**

1 (4) Asian Americans.

2 (5) Other similar racial groups.

3 (b) The council shall develop a program to provide grants from  
4 the state technology advancement and retention account  
5 established by IC 4-12-12-1 for minority training programs for  
6 minority students. The grants must be used as follows:

7 (1) Thirty-five percent (35%) for programs designed to  
8 enhance training in technology advancement for minority  
9 students.

10 (2) Sixty-five percent (65%) for generalized training programs  
11 for minority students.

12 (c) The council shall adopt policies under which recipients may  
13 apply for and receive the grants.

14 (d) Grants issued under this section are subject to approval by  
15 the budget agency.

16 SECTION 23. IC 22-4-18.1-12 IS ADDED TO THE INDIANA  
17 CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 2004]: Sec. 12. (a) The council shall develop a program to  
19 provide for grants from the state technology advancement and  
20 retention account established by IC 4-12-12-1 or contracts to  
21 develop a back home in Indiana program. The program must  
22 provide a system to track students who have graduated from  
23 private and public colleges and universities in Indiana. The  
24 program must include a means of periodically contacting these  
25 graduates to inform them of job opportunities in Indiana.

26 (b) The council shall work with the colleges and universities in  
27 Indiana to develop the tracking system.

28 (c) Grants issued under this section are subject to approval by  
29 the budget agency.

30 SECTION 24. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS  
31 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON  
32 PASSAGE]:

33 **Chapter 7. Certified Internship Programs and Grants**

34 **Sec. 1.** As used in this chapter, "certified internship program"  
35 refers to an internship program that is certified by the  
36 department, in consultation with the department of education,  
37 under section 5 of this chapter.

38 **Sec. 2.** As used in this chapter, "employer" has the meaning set  
39 forth in IC 22-8-1.1-1.

40 **Sec. 3.** As used in this chapter, "institution of higher learning"  
41 has the meaning set forth in IC 20-12-70-4.

42 **Sec. 4.** As used in this chapter, "student" means an individual  
43 who is enrolled at an institution of higher learning on at least a  
44 part-time basis.

45 **Sec. 5. (a)** An institution of higher learning that seeks  
46 certification for an internship program under this chapter shall  
47 submit an application for certification to the department on a

1 form prescribed by the department.

2 (b) The department, in consultation with the department of  
3 education, shall certify an internship program under this chapter  
4 if the program:

5 (1) is operated or administered by an institution of higher  
6 learning or a department, school, or program within an  
7 institution of higher learning;

8 (2) integrates a particular curriculum or course of study  
9 offered at the institution of higher learning with career  
10 internships provided by employers;

11 (3) places students in career internships provided by  
12 employers;

13 (4) requires participating students to meet certain academic  
14 standards established by rule by the department in  
15 consultation with the department of education;

16 (5) requires employers to provide to participating students  
17 the:

18 (A) supervision; and

19 (B) payroll and personnel services;

20 that the employers provide to their regular part-time  
21 employees;

22 (6) is designed to provide an internship experience that  
23 enriches and enhances the classroom experience of  
24 participating students;

25 (7) requires employers to comply with all state and federal  
26 laws pertaining to the workplace; and

27 (8) complies with any other requirement adopted by rule by  
28 the department after consultation with the department of  
29 education.

30 **Sec. 6.** A certified internship program may allow a student to  
31 participate in an internship at any time during the year, including  
32 the summer, as long as the student remains enrolled at the  
33 institution of higher learning that operates or administers the  
34 certified internship program.

35 **Sec. 7. (a)** The department may issue a grant from the state  
36 technology advancement and retention account established by  
37 IC 4-12-12-1 to an employer that employs at least one (1) student  
38 through a certified internship program.

39 (b) The department shall determine the amount of a grant  
40 issued under subsection (a).

41 (c) A grant issued under this section is subject to approval by the  
42 budget agency.

43 **Sec. 8.** The department, in consultation with the department of  
44 education, may adopt rules under IC 4-22-2 to implement this  
45 chapter. However, the department shall adopt rules under  
46 IC 4-22-2 to implement section 7 of this chapter.

47 SECTION 25. IC 22-4.1-8 IS ADDED TO THE INDIANA CODE AS

1 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
2 2004]:

3 **Chapter 8. Certified School to Career Programs and Grants**

4 **Sec. 1. As used in this chapter, "certified program" means a**  
5 **school to career program approved by the department, in**  
6 **conjunction with the department of education, that is conducted**  
7 **under an agreement under this chapter and that:**

- 8 (1) integrates a secondary school curriculum with private  
9 sector job training;  
10 (2) places students in job internships; and  
11 (3) is designed to continue into postsecondary education and  
12 to result in teaching new skills, adding value to the wage  
13 earning potential of participants and increasing their long  
14 term employability in Indiana.

15 **Sec. 2. As used in this chapter, "institution of higher learning"**  
16 **has the meaning set forth under IC 20-12-70-4.**

17 **Sec. 3. As used in this chapter, "participant" means an**  
18 **individual who:**

- 19 (1) is at least sixteen (16) years of age and less than  
20 twenty-four (24) years of age;  
21 (2) is enrolled in a public or private secondary or  
22 postsecondary school; and  
23 (3) participates in a certified program as part of the  
24 individual's secondary or postsecondary school education.

25 **Sec. 4. As used in this chapter, "sponsor" means an individual,**  
26 **a person, an association, a committee, an organization, or other**  
27 **entity operating a certified program and in whose name the**  
28 **certified program is registered or approved.**

29 **Sec. 5. (a) The department shall do the following:**

- 30 (1) Accept applications from entities interested in sponsoring  
31 certified programs on forms prescribed by the department.  
32 (2) Investigate each applicant to determine the suitability of  
33 the applicant to sponsor a certified program.  
34 (3) Impose an application fee in an amount sufficient to pay  
35 the costs incurred in processing the application and  
36 investigating the applicant.

37 **(b) The department may adopt rules under IC 4-22-2 to**  
38 **administer this chapter.**

39 **Sec. 6. (a) The department of education shall review the**  
40 **secondary school curriculum component of each proposed certified**  
41 **program. The department may not approve a proposed certified**  
42 **program unless the department of education approves the**  
43 **applicant's proposed secondary school curriculum.**

44 **(b) Upon the request of the department, the department of**  
45 **education shall:**

- 46 (1) consult with the department before the adoption of rules  
47 under section 5 of this chapter; and

1           (2) provide any other assistance to the department.

2           **Sec. 7. The department may not approve a certified program**  
3 **unless the following requirements are met:**

4           (1) The program must be conducted under a written plan  
5           embodying the terms and conditions of employment, job  
6           training, classroom instruction, and supervision of one (1) or  
7           more participants, subscribed to by a sponsor who has  
8           undertaken to carry out the certified program.

9           (2) The program must comply with all state and federal laws  
10           pertaining to the workplace.

11           (3) The certified program agreement must provide that the  
12           sponsor or an employer participating in the program in  
13           cooperation with the sponsor agrees to assign an employee to  
14           serve as a mentor for a participant. The mentor's occupation  
15           must be in the same career pathway as the career interests of  
16           the participant.

17           (4) The program must comply with any other requirement  
18           adopted by rule by the department.

19           **Sec. 8. (a) A certified program must comply with the terms of a**  
20 **written agreement among the sponsor, each participant, and each**  
21 **cooperating employer. Except as provided in sections 9 and 10 of**  
22 **this chapter, each agreement must contain the following:**

23           (1) The names and signatures of:

24           (A) the sponsor;

25           (B) the employer (if the employer is an entity other than  
26           the sponsor); and

27           (C) the participant and the participant's parent or guardian  
28           if the participant is a minor.

29           (2) A description of the career field in which the participant is  
30           to be trained and the beginning date and duration of the  
31           training.

32           (3) The employer's agreement to provide paid employment for  
33           the participant at a base wage that may not be less than the  
34           minimum wage prescribed by the federal Fair Labor Standards  
35           Act during the participant's junior and senior years in high  
36           school.

37           (4) The employer's agreement to assign an employee to serve  
38           as a mentor for a participant. The mentor's occupation must  
39           be in the same career pathway as the career interests of the  
40           participant.

41           (5) An agreement between the participant and employer  
42           concerning specified minimum academic standards that must  
43           be maintained throughout the participant's secondary  
44           education.

45           (6) The participant's agreement to work for the employer for  
46           at least two (2) years following the completion of the  
47           participant's secondary education.

1           **(b) An agreement described in subsection (a)(6) may be modified**  
2 **to defer the participant's employment with the employer until**  
3 **after the participant completes an appropriate amount of**  
4 **postsecondary education as agreed to by the participant and the**  
5 **employer.**

6           **Sec. 9. (a) If a participant's desired career pathway requires**  
7 **postsecondary education, an agreement required under section 8**  
8 **of this chapter may be modified to include the following:**

9           **(1) The employer's agreement to provide paid employment for**  
10 **the participant at a base wage that may not be less than the**  
11 **minimum wage prescribed by the federal Fair Labor Standards**  
12 **Act during the participant's postsecondary education.**

13           **(2) An agreement that, in addition to the base wage paid to**  
14 **the participant, the employer shall pay an additional sum to be**  
15 **held in trust to be applied toward the participant's**  
16 **postsecondary education.**

17           **(3) The participant's agreement to work for the employer for**  
18 **at least two (2) years following the completion of the**  
19 **participant's postsecondary education.**

20           **(b) The additional amount described in subsection (a)(2) must**  
21 **not be less than an amount determined by the department to be**  
22 **sufficient to provide payment of tuition expenses toward**  
23 **completion of not more than two (2) academic years at an**  
24 **institution of higher learning. The amount shall be held in trust**  
25 **for the benefit of the participant under rules adopted by the**  
26 **department. Payment into a fund approved under the federal**  
27 **Employee Retirement Income Security Act of 1974 for the benefit**  
28 **of the participant satisfies this requirement. The approved fund**  
29 **must be specified in the agreement.**

30           **Sec. 10. (a) If a participant enters a certified program following**  
31 **the completion of the participant's secondary education, an**  
32 **agreement required under section 8 of this chapter must be**  
33 **modified to include the following:**

34           **(1) The employer's agreement to provide paid employment for**  
35 **the participant at a base wage that may not be less than the**  
36 **minimum wage prescribed by the federal Fair Labor Standards**  
37 **Act during the participant's postsecondary education.**

38           **(2) An agreement that, in addition to the base wage paid to**  
39 **the participant, the employer shall pay an additional sum to be**  
40 **applied toward the participant's postsecondary education. This**  
41 **amount may be paid directly to the participant's institution of**  
42 **higher learning on behalf of the participant.**

43           **(3) The participant's agreement to work for the employer for**  
44 **at least two (2) years following the completion of the**  
45 **participant's postsecondary education.**

46           **(b) The additional amount described in subsection (a)(2) must**  
47 **not be less than an amount determined by the department to be**

1 sufficient to provide payment of tuition expenses toward  
2 completion of not more than two (2) academic years at an  
3 institution of higher learning.

4 **Sec. 11. If a participant does not complete the certified program**  
5 **contemplated by the agreement before entering a postsecondary**  
6 **education program, the money being held in trust for the**  
7 **participant's postsecondary education must be paid back to the**  
8 **employer.**

9 **Sec. 12. If a participant does not complete the certified program**  
10 **contemplated by an agreement described in section 8, 9, or 10 of**  
11 **this chapter after entering a postsecondary education program,**  
12 **any unexpended funds being held in trust for the participant's**  
13 **postsecondary education must be paid back to the employer. In**  
14 **addition, the participant shall repay to the employer amounts paid**  
15 **from the trust that were expended on the participant's behalf for**  
16 **the participant's postsecondary education.**

17 **Sec. 13. If a participant does not complete the two (2) year**  
18 **employment obligation required under an agreement described in**  
19 **section 8, 9, or 10 of this chapter, the participant shall repay to**  
20 **the employer the amount paid by the employer toward the**  
21 **participant's postsecondary education expenses under this chapter.**

22 **Sec. 14. (a) The department may issue a grant from the state**  
23 **technology advancement and retention account established by**  
24 **IC 4-12-12-1 to an employer (as defined in IC 22-8-1.1-1) in an**  
25 **amount determined by the department.**

26 **(b) A grant issued under this section is subject to approval by**  
27 **the budget agency.**

28 **(c) The department shall adopt rules to implement this section.**

29 SECTION 26. IC 22-4.1-9 IS ADDED TO THE INDIANA CODE AS  
30 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
31 2004]:

32 **Chapter 9. Smart Partnership Grants**

33 **Sec. 1. The department shall establish guidelines for making**  
34 **grants to the Indiana schools smart partnership, which is**  
35 **established to create partnerships between schools and local**  
36 **businesses to make the curricula of math and science relevant to**  
37 **students.**

38 **Sec. 2. The department may make grants from the state**  
39 **technology advancement and retention account established by**  
40 **IC 4-12-12-1 to coordinating organizations and participating**  
41 **schools.**

42 **Sec. 3. A grant issued under this chapter is subject to approval**  
43 **by the budget agency.**

44 SECTION 27. [EFFECTIVE JULY 1, 2004] (a) Notwithstanding  
45 IC 4-12-10, for the period beginning July 1, 2004, and ending June  
46 30, 2005, grants of two hundred thousand dollars (\$200,000) shall  
47 be made from money in the state technology advancement and

1 retention account established in IC 4-12-12-1 that is dedicated to  
2 the Indiana economic development partnership fund to the:

3 (1) East Central Indiana technology transfer program  
4 administered by Ball State University; and

5 (2) Southwestern Indiana technology transfer program  
6 administered by the University of Southern Indiana;

7 for their use in establishing and operating technology talent  
8 programs.

9 (b) This SECTION expires December 31, 2005.

10 SECTION 28. [EFFECTIVE JULY 1, 2004] (a) As used in this  
11 SECTION, "department" refers to the department of workforce  
12 development.

13 (b) Notwithstanding IC 22-4.1-7-7, as added by this act, the  
14 department, in consultation with the department of education,  
15 shall adopt rules to implement IC 22-4.1-7, as added by this act,  
16 in the same manner as emergency rules are adopted under  
17 IC 4-22-2-37.1. Any rules adopted under this SECTION must be  
18 adopted not later than September 1, 2004. A rule adopted under  
19 this SECTION expires on the earlier of:

20 (1) the date a rule is adopted by the department, in  
21 consultation with the department of education, under  
22 IC 4-22-2-24 through IC 4-22-2-36 to implement IC 22-4.1-7,  
23 as added by this act; or

24 (2) January 1, 2006.

25 (c) This SECTION expires December 31, 2007.

26 SECTION 29. An emergency is declared for this act.

27 Renumber all SECTIONS consecutively

(Reference is to EHB 1434 as reprinted February 20, 2004.)

**Conference Committee Report**  
on  
**Engrossed House Bill 1434**

**S**igned by:

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Representative Crawford  
Chairperson

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Senator Server

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Representative Thompson

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Senator Howard

**House Conferees**

**Senate Conferees**