
ASSEMBLY BILL NO. 29—COMMITTEE ON REVENUE

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT
IN THE OFFICE OF THE GOVERNOR)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Revenue

SUMMARY—Revises provisions governing programs for the development and commercialization of research and technology in this State. (BDR 18-256)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to economic development; redesignating the Knowledge Account as the Nevada Innovation Account; requiring the Executive Director of the Office of Economic Development to establish a competitive grant program to facilitate research and development of technology and address market gaps in the development of technology in this State; revising provisions governing commercialization revenue allocated between the Office, the research universities and the Desert Research Institute; revising the duties of the Executive Director; expanding the services that must be provided by a technology outreach program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law establishes the Knowledge Account, containing money which may
- 2 be used to fund a program for the development and commercialization of research
- 3 and technology at the University of Nevada, Las Vegas, the University of Nevada,
- 4 Reno, and the Desert Research Institute. (NRS 231.1591-231.1597) **Sections 1-7** of
- 5 this bill redesignate the Knowledge Account as the Nevada Innovation Account.
- 6 Existing law authorizes the Executive Director of the Office of Economic
- 7 Development to allocate money in the Knowledge Account among certain entities
- 8 to support commercialization and technology transfer to the private sector. (NRS
- 9 231.1592) **Section 2** of this bill instead authorizes the Executive Director to



10 establish one or more competitive grant programs to address market gaps in the
11 development of technology in this State or to facilitate the research and
12 development of promising technologies that have reached a technology readiness
13 level of at least 3, which, under **section 1** of this bill, would be determined using
14 the method of assessing the maturity level of technology used by the Federal
15 Government.

16 Existing law requires commercialization revenue received by the Office
17 pursuant to an agreement with a research university or the Desert Research Institute
18 to be deposited in the Knowledge Account. (NRS 231.1593) **Section 3** of this bill
19 includes certain types of revenue as commercialization revenue and requires any
20 stock or equity received pursuant to such an agreement to be transferred to a
21 nonprofit corporation formed under existing law to promote, aid and encourage
22 economic development and to be held for the benefit of the Nevada Innovation
23 Account.

24 Existing law requires the Executive Director, in making allocations from the
25 Knowledge Account, to consider certain factors, including whether each of the
26 entities to whom an allocation can be made has received an equitable share of such
27 allocations. (NRS 231.1594) **Section 4** of this bill removes the requirement for the
28 Executive Director to consider this factor. **Section 4** also establishes the procedures
29 for a research university, the Desert Research Institute, the technology outreach
30 program established by existing law, private entities or a partnership between a
31 private entity and a research university or the Desert Research Institute to apply for
32 a grant pursuant to the competitive grant program established pursuant to **section 2**.

33 Existing law requires the Executive Director to take certain actions in
34 consultation with the Board of Economic Development and the Chancellor of the
35 Nevada System of Higher Education. (NRS 231.1595) **Section 5** of this bill adds to
36 this list of actions a requirement to facilitate research and development of
37 technologies that have reached a certain technology readiness level at the research
38 universities and the Desert Research Institute and to offer grants through a
39 competitive grant program established pursuant to **section 2**.

40 Existing law requires the Executive Director to use money in the Knowledge
41 Account to establish a technology outreach program and to ensure that the program
42 provides certain services. (NRS 231.1596) **Section 6** of this bill expands the list of
43 services which the technology outreach program must provide.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 231.1591 is hereby amended to read as
2 follows:

3 231.1591 As used in NRS 231.1591 to 231.1597, inclusive,
4 unless the context otherwise requires:

5 1. "Chancellor" means the Chancellor of the Nevada System of
6 Higher Education or his or her designee.

7 2. "**Private entity**":

8 (a) *Means a privately-owned corporation, limited-liability*
9 *company, partnership or other business entity or association,*
10 *including, without limitation, a nonprofit corporation.*

11 (b) *Does not include a sole proprietorship.*



1 3. "Research universities" means the University of Nevada,
2 Las Vegas, and the University of Nevada, Reno.

3 4. *"Technology readiness level" means the level of maturity*
4 *of a technology as determined using the method for assessing such*
5 *maturity that is used by the Federal Government and is*
6 *determined by the Office to be most appropriate for assessing the*
7 *maturity of the technology.*

8 **Sec. 2.** NRS 231.1592 is hereby amended to read as follows:

9 231.1592 1. The ~~[Knowledge]~~ *Nevada Innovation* Account
10 is hereby created in the State General Fund.

11 2. The interest and income earned on:

12 (a) Money in the ~~[Knowledge]~~ *Nevada Innovation* Account,
13 after deducting any applicable charges; and

14 (b) Unexpended appropriations made to the Account from the
15 State General Fund,

16 ↪ must be credited to the ~~[Knowledge]~~ *Nevada Innovation*
17 Account.

18 3. Any money in the ~~[Knowledge]~~ *Nevada Innovation*
19 Account and any unexpended appropriations made to the Account
20 from the State General Fund remaining at the end of a fiscal year do
21 not revert to the State General Fund, and the balance in the
22 ~~[Knowledge]~~ *Nevada Innovation* Account must be carried forward
23 to the next fiscal year.

24 4. The Executive Director:

25 (a) Shall administer the ~~[Knowledge]~~ *Nevada Innovation*
26 Account in a manner that is consistent with the State Plan for
27 Economic Development developed by the Executive Director
28 pursuant to subsection 2 of NRS 231.053;

29 (b) May apply for and accept any gift, grant, donation, bequest
30 or other source of money for deposit in the ~~[Knowledge]~~ *Nevada*
31 *Innovation* Account; and

32 (c) Subject to any restrictions imposed by ~~[such]~~ a grant, gift,
33 donation , ~~[or]~~ appropriation ~~[, may allocate money in the~~
34 ~~Knowledge Account among the research universities, the Desert~~
35 ~~Research Institute, the technology outreach program established~~
36 ~~pursuant to NRS 231.1596 and the technology transfer offices of the~~
37 ~~research universities and the Desert Research Institute to support~~
38 ~~commercialization and technology transfer to the private sector.] or~~
39 *other source of money, shall establish one or more competitive*
40 *grant programs that:*

41 (1) *Are designed to:*

42 (I) *Address market gaps in the development of*
43 *technology in this State; or*



1 (ii) Facilitate research and development of promising
2 technologies that have reached a technology readiness level of at
3 least 3;

4 (2) Do not overlap with or duplicate other state-funded
5 programs; and

6 (3) Offer grants on a competitive basis to:

7 (i) The research universities, the Desert Research
8 Institute or the technology outreach program established pursuant
9 to NRS 231.1596;

10 (ii) Private entities; or

11 (iii) Partnerships between private entities and the
12 research universities or the Desert Research Institute.

13 5. An entity that is awarded a grant pursuant to paragraph (c)
14 of subsection 4 must, before receiving any money pursuant to the
15 grant, enter into an agreement with the Office that establishes the
16 terms and conditions of the grant. The agreement must establish
17 specific objectives to be accomplished by the recipient of the grant
18 and require the recipient to submit to the Office reports
19 concerning the progress of the recipient toward accomplishing
20 those objectives.

21 **Sec. 3.** NRS 231.1593 is hereby amended to read as follows:

22 231.1593 1. The Executive Director may enter into
23 agreements, when the Executive Director deems such an agreement
24 to be appropriate, with the research universities and the Desert
25 Research Institute for the allocation of commercialization revenue
26 between the Office, the research universities and the Desert
27 Research Institute. Any commercialization revenue received by the
28 Office pursuant to such an agreement must be deposited in the
29 ~~[Knowledge]~~ Nevada Innovation Account created by NRS
30 231.1592 ~~[.]~~, except that any commercialization revenue received
31 in the form of stock or other type of equity interest in an entity
32 must be transferred to a nonprofit corporation formed pursuant to
33 NRS 231.0545 and held by the nonprofit corporation for the
34 benefit of the Nevada Innovation Account.

35 2. In consideration of the money and services provided or
36 agreed to be provided by the Office, the research universities and
37 the Desert Research Institute shall agree to allocate
38 commercialization revenue in accordance with any agreement
39 entered into pursuant to subsection 1.

40 3. As used in this section, “commercialization revenue” means
41 dividends, realized capital gains, license fees, royalty fees, *stock or*
42 *other type of equity interest in an entity received in connection*
43 *with the licensing of technology or from a spin-out company, any*
44 *net proceeds from the commercialization of technology received in*
45 *the form of cash or stock or other type of equity interest in an*



1 *entity, or a combination thereof, by a research university or the*
2 *Desert Research Institute, revenue from fee-for-service*
3 *agreements as a result of projects supported by the Nevada*
4 *Innovation Account at a research university or the Desert*
5 *Research Institute* and other revenues received by a research
6 university or the Desert Research Institute as a result of commercial
7 applications developed as a result of the programs established
8 pursuant to NRS 231.1591 to 231.1597, inclusive, less:

- 9 (a) The portion of those revenues allocated to the inventor; and
- 10 (b) Expenditures incurred by the research university or the
11 Desert Research Institute to legally protect the intellectual property.

12 **Sec. 4.** NRS 231.1594 is hereby amended to read as follows:

13 231.1594 1. After considering the advice and
14 recommendations of the Board, the Executive Director shall
15 establish procedures for applying for ~~[an allocation]~~ *a grant* of
16 money from the ~~[Knowledge]~~ *Nevada Innovation* Account created
17 by NRS 231.1592 ~~[.]~~ *pursuant to a competitive grant program*
18 *established pursuant to paragraph (c) of subsection 4 of NRS*
19 *231.1592*. The procedures must include, without limitation, a
20 requirement that applications for ~~[allocations]~~ *grants* of money set
21 forth:

- 22 (a) The proposed use of the money;
- 23 (b) The plans, projects and programs for which the money will
24 be used;
- 25 (c) The expected benefits of the money; and
- 26 (d) A statement of the short-term and long-term impacts of the
27 use of the money.

28 2. In making ~~[allocations]~~ *grants* of money from the
29 ~~[Knowledge]~~ *Nevada Innovation* Account created ~~[pursuant to]~~ *by*
30 *NRS 231.1592 [.] pursuant to a competitive grant program*
31 *established pursuant to paragraph (c) of subsection 4 of NRS*
32 *231.1592*, the Executive Director must consider ~~[:~~

33 ~~—(a) The] the~~ extent to which ~~[an allocation]~~ *a grant* will promote
34 the economic development of this State and aid the implementation
35 of the State Plan for Economic Development developed by the
36 Executive Director pursuant to subsection 2 of NRS 231.053 . ~~[; and~~

37 ~~—(b) Whether the research universities and the Desert Research~~
38 ~~Institute have received an equitable share of the allocations of~~
39 ~~money from the Knowledge Account.]~~

40 3. In accordance with the procedures established pursuant to
41 subsection 1, a research university , ~~[or]~~ the Desert Research
42 Institute , *the technology outreach program established pursuant*
43 *to NRS 231.1596, a private entity, or a partnership between a*
44 *private entity and a research university or the Desert Research*
45 *Institute* may apply for ~~[an allocation]~~ *a grant* of money from the



1 ~~[Knowledge]~~ *Nevada Innovation* Account. Upon receipt of an
2 application for ~~[an allocation]~~ *a grant* from the ~~[Knowledge]~~
3 *Nevada Innovation* Account, the Executive Director shall review
4 the application and determine whether the approval of the
5 application would promote the economic development of this State
6 and aid the implementation of the State Plan for Economic
7 Development developed by the Executive Director pursuant to
8 subsection 2 of NRS 231.053. If the Executive Director determines
9 that approving the application will promote the economic
10 development of this State and aid the implementation of the State
11 Plan for Economic Development, the Executive Director may
12 approve the application and make ~~[an allocation]~~ *a grant* of money
13 from the ~~[Knowledge]~~ *Nevada Innovation* Account to the applicant.

14 4. If a research university, ~~[or]~~ the Desert Research Institute,
15 *the technology outreach program established pursuant to NRS*
16 *231.1596, a private entity, or a partnership between a private entity*
17 *and a research university or the Desert Research Institute* receives
18 ~~[an allocation]~~ *a grant* of money from the ~~[Knowledge]~~ *Nevada*
19 *Innovation* Account, the money must be used ~~[for the purposes set~~
20 ~~forth in NRS 231.1597.]~~ *in accordance with the agreement entered*
21 *into by the Office and the recipient pursuant to subsection 5 of*
22 *NRS 231.1592.*

23 **Sec. 5.** NRS 231.1595 is hereby amended to read as follows:

24 231.1595 1. In consultation with the Board and the
25 Chancellor, the Executive Director shall:

26 (a) Establish, for the programs established pursuant to NRS
27 231.1591 to 231.1597, inclusive, economic development goals
28 which are consistent with the State Plan for Economic Development
29 developed by the Executive Director pursuant to subsection 2 of
30 NRS 231.053 and the strategic plans of the research universities and
31 the Desert Research Institute.

32 (b) In cooperation with the administration of the research
33 universities and the Desert Research Institute, ~~[expand science and~~
34 ~~technology]~~ *facilitate research and development of promising*
35 *technologies that have reached a technology readiness level of 3 or*
36 *higher* at the research universities and the Desert Research Institute.

37 (c) Enhance technology transfer and commercialization of
38 research and technologies developed at the research universities and
39 the Desert Research Institute to create high-quality jobs and new
40 industries in this State ~~[]~~ *or to address market gaps in technology*
41 *development in this State.*

42 (d) *Offer grants through a competitive grant program*
43 *established pursuant to NRS 231.1592.*

44 (e) Establish economic development objectives for the programs
45 established pursuant to NRS 231.1591 to 231.1597, inclusive.



1 ~~(e)~~ (f) Verify that the programs established pursuant to NRS
2 231.1591 to 231.1597, inclusive, are being enhanced by research
3 grants and that such programs are meeting the Board's economic
4 development objectives.

5 ~~(f)~~ (g) Monitor all research plans that are part of the programs
6 established pursuant to NRS 231.1591 to 231.1597, inclusive, at the
7 research universities and the Desert Research Institute to determine
8 that allocations from the ~~[Knowledge]~~ Nevada Innovation Account
9 created by NRS 231.1592 are being spent in accordance with
10 legislative intent and to maximize the benefit and return to this
11 State.

12 ~~(g)~~ (h) Develop methods and incentives to encourage
13 investment in and contributions to the programs established
14 pursuant to NRS 231.1591 to 231.1597, inclusive, from the private
15 sector.

16 ~~(h)~~ (i) Establish requirements for periodic reports from the
17 research universities and the Desert Research Institute concerning
18 the use of allocations from the ~~[Knowledge]~~ Nevada Innovation
19 Account pursuant to NRS 231.1597. The requirements must include,
20 without limitation, a requirement that the recipient of the allocation
21 include in such a report:

22 (1) A description of each activity undertaken with money
23 from the allocation and the amount of money used for each such
24 activity; and

25 (2) Such documentation as the Executive Director deems
26 appropriate to support the information provided in the report.

27 ~~(i)~~ (j) On or before November 1, 2012, and on or before
28 November 1 of every year thereafter, submit a report to the
29 Governor and to the Director of the Legislative Counsel Bureau for
30 transmittal to the Interim Finance Committee, if the report is
31 received during an odd-numbered year, or to the next session of the
32 Legislature, if the report is received during an even-numbered year.
33 The report must include, without limitation:

34 (1) The number of research teams and faculty recruited, hired
35 and retained pursuant to NRS 231.1597 and the amount of funding
36 provided to those research teams;

37 (2) A description of the research being conducted by the
38 research teams and faculty for which the Executive Director has
39 provided funding pursuant to NRS 231.1597;

40 (3) The number of patents which have been filed as a result
41 of the programs established pursuant to NRS 231.1591 to 231.1597,
42 inclusive;

43 (4) The amount of research grants awarded to the research
44 teams and faculty recruited, hired and retained pursuant to
45 NRS 231.1597;



1 (5) The amount of all grants, gifts and donations to the
2 ~~Knowledge~~ *Nevada Innovation* Account from public and private
3 sources;

4 (6) The number of businesses which have been created or
5 expanded in this State, or relocated to this State, because of the
6 programs established pursuant to NRS 231.1591 to 231.1597,
7 inclusive; and

8 (7) The number of jobs which have been created or saved as
9 a result of the activities of the Office.

10 2. The Executive Director may enter into any agreements
11 necessary to obtain private equity investment in the programs
12 established pursuant to NRS 231.1591 to 231.1597, inclusive.

13 **Sec. 6.** NRS 231.1596 is hereby amended to read as follows:

14 231.1596 1. The Executive Director shall use money in the
15 ~~Knowledge~~ *Nevada Innovation* Account created by NRS
16 231.1592 to establish a technology outreach program at locations
17 distributed strategically throughout this State.

18 2. The Executive Director shall ensure that the technology
19 outreach program acts as a resource to:

20 (a) Broker ideas, new technologies and services to entrepreneurs
21 and businesses throughout a defined service area;

22 (b) Engage local entrepreneurs and faculty and staff at state
23 colleges and community colleges by connecting them to the research
24 universities and the Desert Research Institute;

25 (c) *Provide mentoring, networking and entrepreneurial*
26 *training to assist private entities, the research universities and the*
27 *Desert Research Institute with bringing a new technology to*
28 *market;*

29 (d) *Provide support to private entities, the research universities*
30 *and the Desert Research Institute in assessing the potential for*
31 *bringing a new technology to market;*

32 (e) *Encourage industry partnerships between private entities,*
33 *the research universities and the Desert Research Institute;*

34 (f) *Establish a small business research and innovation and*
35 *small business technology transfer matching program which may*
36 *cooperate with a nonprofit corporation formed pursuant to*
37 *NRS 231.0545;*

38 (g) *Assist the research universities and the Desert Research*
39 *Institute with effectively forming investable spin-out companies*
40 *through the creation of an independent market access entity;*

41 (h) Assist professors and researchers in finding entrepreneurs
42 and investors for the commercialization of their ideas and
43 technologies;

44 ~~(d)~~ (i) Connect market ideas and technologies in new or
45 existing businesses or industries or in state colleges and community



1 colleges with the expertise of the research universities and the
2 Desert Research Institute;

3 ~~[(e)]~~ (j) Assist businesses, the research universities, state
4 colleges, community colleges and the Desert Research Institute in
5 developing commercial applications for their research; and

6 ~~[(f)]~~ (k) Disseminate and share discoveries and technologies
7 emanating from the research universities and the Desert Research
8 Institute to local entrepreneurs, businesses, state colleges and
9 community colleges.

10 3. In designing and operating the technology outreach program,
11 the ~~[Board]~~ *Executive Director* shall work cooperatively with the
12 ~~[technology transfer offices]~~ *vice presidents for research* at the
13 research universities , ~~[and]~~ the Desert Research Institute ~~[]~~ *and*
14 *private entities.*

15 **Sec. 7.** The Legislative Counsel shall:

16 1. In preparing the reprint and supplements to the Nevada
17 Revised Statutes, appropriately change any references to the
18 “Knowledge Account” to refer to the “Nevada Innovation Account.”

19 2. In preparing supplements to the Nevada Administrative
20 Code, make such changes as necessary so that references to the
21 “Knowledge Account” are changed to the “Nevada Innovation
22 Account.”

23 **Sec. 8.** This act becomes effective on July 1, 2021.



