

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 4354

6 By: Hill

7 COMMITTEE SUBSTITUTE

8 [economic development - Oklahoma Research and
9 Development Attraction Act - Oklahoma Center for
10 the Advancement of Science and Technology -
11 effective date]

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14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 5003.10f of Title 74, unless
17 there is created a duplication in numbering, reads as follows:

18 This act shall be known and may be cited as the "Oklahoma
19 Research and Development Attraction Act".

20 SECTION 2. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 5003.10g of Title 74, unless
22 there is created a duplication in numbering, reads as follows:

23 A. The Oklahoma Center for the Advancement of Science and
24 Technology ("OCAST") shall create a Research and Development

1 Attraction Grants Program ("Program"), to be administered in
2 accordance with this section for the purpose of fostering research
3 and development in key industry clusters, leading to the creation of
4 new products and services that are brought to market by Oklahoma-
5 based companies, or brought to market by companies financially
6 sponsored by an Oklahoma-based capital provider and which conduct a
7 substantial portion of total business activity in the State of
8 Oklahoma.

9 B. OCAST may award matching funds to eligible businesses to
10 offset a portion of expenses incurred through a collaborative
11 research and development project engagement with an Oklahoma
12 institution of higher education or nonprofit research institution.

13 C. OCAST may award matching funds up to fifty percent (50%) of
14 the cost of the project, not to exceed One Hundred Thousand Dollars
15 (\$100,000.00). A business may receive only one matching grant under
16 this section per year.

17 D. In order to be eligible for matching funds under this
18 section, a business must satisfy all of the following conditions:

19 1. The business must be an Oklahoma-based small business. For
20 the purposes of this section, "Oklahoma-based" means a business that
21 has its principal place of business in this state or a business that
22 has, in the preceding twelve (12) months, raised an equity round not
23 less than Five Hundred Thousand Dollars (\$500,000.00) with an
24 Oklahoma-based capital provider investing not less than ten percent

1 (10%) of such equity round, that commits to spend all eligible
2 Program funds in the State of Oklahoma, and that has filed a
3 certificate of qualification with the Oklahoma Secretary of State.
4 For the purposes of this section "small business" means a business
5 entity that employs not more than one hundred (100) persons;

6 2. In accordance with the Oklahoma Office of Science and
7 Innovation's 2021-2026 strategic plan, the business must operate in
8 one of the state's three strategic industry clusters, including
9 aerospace and autonomous systems, life sciences, and energy
10 diversification;

11 3. The research and development service provider which partners
12 with the business must be an Oklahoma-based research entity. For
13 the purposes of this section, "Oklahoma-based research entity" means
14 an institution of higher education or another nonprofit organization
15 that primarily provides research services, and which has its main
16 physical campus in this state. For the purposes of this section,
17 "research services" means research and development, technology
18 exploration, technical development, product development, and
19 commercialization intended to foster innovation in eligible small
20 businesses;

21 4. The research and development project for which matching
22 funds are provided must be conducted physically within the State of
23 Oklahoma, for the duration of the engagement with the Oklahoma-based
24 research entity; and

1 5. To be awarded matching funds under the Program, an Oklahoma-
2 based small business must file an application with OCAST, attesting
3 to the total cost of the project and demonstrating available and
4 unrestricted private capital to meet at least fifty percent (50%) of
5 the total project cost. Matching funds may be used only to purchase
6 research services, as defined in this section, from an Oklahoma-
7 based research entity.

8 E. When administering the Program under this section, OCAST
9 shall select eligible projects to qualify for matching funds within
10 the Research and Development Attraction Act based on factors
11 including, but not limited to:

12 1. The amount of private capital the matching funds will induce
13 to be spent in Oklahoma;

14 2. The total market size of the Oklahoma-based small
15 businesses' product or service offering;

16 3. Third-party validation of the Oklahoma-based small
17 businesses' intellectual assets, including but not limited to equity
18 raised from venture capital or private equity firms, federal
19 commercialization grants through the Small Business Innovation
20 Research or Small Business Technology Transfer programs, or
21 competitive federal research awards through National Institutes of
22 Health, National Science Foundation, Department of Defense,
23 Department of Energy, and others;

1 4. The projected future job creation impact of the Oklahoma-
2 based small business for the state;

3 5. Other economic benefits to the state, including through
4 increased state and local revenues and growth in private investment;

5 6. The need of the Oklahoma-based small business to acquire
6 specialized services and resources in Oklahoma;

7 7. The alignment of the project within Oklahoma's identified
8 cluster strategies; and

9 8. The impact on Oklahoma-based research entities, including
10 through increased revenue, exposure to new technologies, and
11 increased attraction opportunities for students, researchers, and
12 professional staff.

13 SECTION 3. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 5003.10h of Title 74, unless
15 there is created a duplication in numbering, reads as follows:

16 OCAST shall promulgate rules to enforce the provisions of the
17 Research and Development Attraction Grants Program, including the
18 following:

19 1. The application process for applying for matching funds;

20 2. The criteria to be used by OCAST to evaluate matching funds
21 applications from Oklahoma-based small businesses, and to determine
22 the amount of the award;

23 3. The evaluation metrics which will be gathered to report
24 efficacy of this pilot program back to the State of Oklahoma, which

1 may include, but will not be limited to, volume of applications,
2 technological diversity of companies taking up the Program, the
3 success of Oklahoma-based small businesses at raising follow-on
4 capital rounds or advancing in technological readiness level (TRL),
5 and follow-on capital spent in the state and at Oklahoma-based
6 research entities; and

7 4. The agreements that Oklahoma-based small businesses must
8 enter into, in regard to claiming matching funds and to ensure
9 compliance in spending of matching funds.

10 SECTION 4. This act shall become effective November 1, 2022.

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12 58-2-10958 JM 03/02/22

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