

1 **TECHNOLOGY COMMERCIALIZATION AND INNOVATION**

2 **ACT**

3 2011 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Curtis S. Bramble**

6 House Sponsor: Wayne A. Harper

8 **LONG TITLE**

9 **General Description:**

10 This bill changes the name of the Centers of Excellence Act to the Technology
11 Commercialization and Innovation Act and makes conforming technical changes.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ changes the name of the Centers of Excellence Act to the Technology
15 Commercialization and Innovation Act;
- 16 ▶ defines Technology Commercialization and Innovation Program for purposes of the
17 Act; and
- 18 ▶ makes conforming technical changes.

19 **Money Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 None

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **63M-1-701**, as renumbered and amended by Laws of Utah 2008, Chapter 382

26 **63M-1-702**, as renumbered and amended by Laws of Utah 2008, Chapter 382

27 **63M-1-703**, as renumbered and amended by Laws of Utah 2008, Chapter 382

28 **63M-1-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382

29 **63M-1-705**, as renumbered and amended by Laws of Utah 2008, Chapter 382

30 **63M-1-1112**, as renumbered and amended by Laws of Utah 2008, Chapter 382

31 **63M-2-204**, as renumbered and amended by Laws of Utah 2008, Chapter 382



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **63M-1-701** is amended to read:

35 **Part 7. Technology Commercialization and Innovation Act**

36 **63M-1-701. Title.**

37 This part is known as the "~~Centers of Excellence~~ Technology Commercialization and
38 Innovation Act."

39 Section 2. Section **63M-1-702** is amended to read:

40 **63M-1-702. Purpose.**

41 (1) (a) The Legislature recognizes that the growth of new industry and expansion of
42 existing industry requires a strong technology base, new ideas, concepts, innovations, and
43 prototypes.

44 (b) These generally come from strong research colleges and universities.

45 (c) Technical research in Utah's colleges and universities should be enhanced and
46 expanded, particularly in those areas targeted by the state for economic development.

47 (d) Most states are enhancing their research base by direct funding, usually on a
48 matching basis.

49 (e) The purpose of this part is to catalyze and enhance the growth of these technologies
50 by encouraging interdisciplinary research activities in targeted areas and by facilitating the
51 transition of these technologies out of the university environment into industry where the
52 technologies can be used to enhance job creation.

53 (f) The Legislature recognizes that one source of funding is in matching state funds
54 with federal funds and industrial support to provide the needed new technologies.

55 (2) The Legislature recommends that the governor consider the allocation of economic
56 development funds for ~~Centers of Excellence~~ the Technology Commercialization and
57 Innovation Program to be matched by industry and federal grants on at least a two-for-one basis

58 for colleges and universities in the state that offer any doctoral degrees.

59 (3) (a) The Legislature recommends that the funds be allocated on a competitive basis
60 to the various colleges and universities in the state and to companies working in partnership
61 with colleges and universities to commercialize their technologies.

62 (b) The funds made available should be used to support interdisciplinary research in
63 ~~[specialized Centers of Excellence]~~ the Technology Commercialization and Innovation
64 Program in technologies that are considered to have potential for economic development in this
65 state and to help transition these technologies out of the colleges and universities into industry.

66 Section 3. Section **63M-1-703** is amended to read:

67 **63M-1-703. Definitions.**

68 As used in this part:

69 (1) "Business team consultant" means an experienced technology executive,
70 entrepreneur, or business person who:

71 (a) is recruited by the office through a request for proposal process to work directly
72 with a college or university in the ~~[Centers for Excellence program]~~ Technology
73 Commercialization and Innovation Program; and

74 (b) works with the institution to facilitate the transition of its technology into industry
75 by assisting the institution in developing strategies, including spin out strategies when
76 appropriate, and go-to-market plans, and identifying and working with potential customers and
77 partners.

78 ~~[(2) "Centers of excellence" means university-based, federal and industry-supported,~~
79 ~~cooperative research and development programs.]~~

80 ~~[(3)]~~ (2) "Direct license" means the licensing between a company and a Utah college or
81 university of technology developed at the college or university for the intent of
82 commercializing the technology or facilitating its transition into industry.

83 ~~[(4)]~~ (3) "Licensee" means:

84 (a) a company that executes or is in the process of executing a direct license; or

85 (b) a sublicensee of the technology from a direct license.

86 (4) "Technology Commercialization and Innovation Program" means university-based,
87 federal- and industry-supported cooperative research and development programs.

88 Section 4. Section **63M-1-704** is amended to read:

89 **63M-1-704. Administration -- Grants and loans.**

90 (1) The Governor's Office of Economic Development shall administer this part.

91 (2) (a) (i) The office may award [~~Centers of Excellence~~] Technology
92 Commercialization and Innovation Program grants or issue loans to the various colleges,
93 universities, and licensees in the state for the purposes of this part.

94 (ii) If loans are issued under Subsection (2)(a)(i), the Division of Finance may set up a
95 fund or account as necessary for the proper accounting of the loans.

96 (b) The Governor's Office of Economic Development shall develop a process to
97 determine whether a college or university that receives a grant under this part must return the
98 grant proceeds or a portion of the grant proceeds if the technology that is developed with the
99 grant proceeds is licensed to a licensee that:

100 (i) does not maintain a manufacturing or service location in the state from which the
101 licensee or a sublicensee exploits the technology; or

102 (ii) initially maintains a manufacturing or service location in the state from which the
103 licensee or a sublicensee exploits the technology, but within five years after issuance of the
104 license the licensee or sublicensee transfers the manufacturing or service location for the
105 technology to a location out of the state.

106 (c) A repayment by a college or university of grant proceeds or a portion of the grant
107 proceeds shall come only from the proceeds of the license established between the licensee and
108 the college or university.

109 (d) (i) A licensee that receives a grant under this part shall return the grant proceeds or
110 a portion of the grant proceeds to the office if the licensee:

111 (A) does not maintain a manufacturing or service location in the state from which the
112 licensee exploits the technology; or

113 (B) initially maintains a manufacturing or service location in the state from which the

114 licensee exploits the technology, but within five years after issuance of the grant the licensee
115 transfers the manufacturing or service location for the technology to an out of state location.

116 (ii) A repayment by a licensee that receives a grant shall come only from the proceeds
117 of the license to that licensee.

118 (iii) A repayment by a licensee shall be prorated based only on the number of full years
119 the licensee operated in the state from the date of the awarded grant.

120 (3) (a) Funding allocations shall be made by the office with the advice of the State
121 Advisory Council for Science and Technology and the board.

122 (b) Each proposal shall receive the best available outside review.

123 (4) (a) In considering each proposal, the office shall weigh technical merit, the level of
124 matching funds from private and federal sources, and the potential for job creation and
125 economic development.

126 (b) Proposals or consortia that combine and coordinate related research at two or more
127 colleges and universities shall be encouraged.

128 (5) The State Advisory Council on Science and Technology shall review the activities
129 and progress of grant recipients on a regular basis and assist the office in preparing an annual
130 report on the accomplishments and direction of the [~~Centers of Excellence Program~~]
131 Technology Commercialization and Innovation Program.

132 Section 5. Section **63M-1-705** is amended to read:

133 **63M-1-705. Business team consultants.**

134 (1) The office may enter into work agreements with business team consultants through
135 a request for proposal process to participate in the [~~Centers for Excellence program~~]
136 Technology Commercialization and Innovation Program.

137 (2) Under a work agreement, a business team consultant shall assist a college or
138 university in facilitating the transition of its technology into industry.

139 Section 6. Section **63M-1-1112** is amended to read:

140 **63M-1-1112. Technology Commercialization and Innovation Program.**

141 In accordance with Part 6, State Advisory Council on Science and Technology, the

142 office may award grants to the [~~Centers of Excellence~~] Technology Commercialization and
143 Innovation Program, as defined by Section 63M-1-703, to fund development of new
144 technology for recycling if the program funded is a cooperative effort between the [~~Centers of~~
145 ~~Excellence~~] Technology Commercialization and Innovation Program and one or more
146 recycling market development zones created under this part.

147 Section 7. Section **63M-2-204** is amended to read:

148 **63M-2-204. Financial participation agreement.**

149 (1) In consideration of the money and services provided or agreed to be provided, the
150 state of Utah, Utah State University, and the University of Utah covenant and agree that they
151 will allocate commercialization revenues as follows:

152 (a) for the first \$15,000,000 received:

153 (i) \$10,000,000 to Utah State University and the University of Utah, with the money
154 distributed proportionately based upon which university conducted the research that generated
155 the commercialization revenues; and

156 (ii) \$5,000,000 to the Governor's Office of Economic Development for the [~~Centers of~~
157 ~~Excellence program~~] Technology Commercialization and Innovation Program created by
158 Chapter 1, Part 7, [~~Centers of Excellence Act~~] Technology Commercialization and Innovation
159 Act; and

160 (b) for all subsequent money received:

161 (i) 50% to Utah State University and the University of Utah, with the money
162 distributed proportionately based upon which university conducted the research that generated
163 the commercialization revenues; and

164 (ii) 50% to the governing authority or other entity designated by the state to be used
165 for:

166 (A) the [~~Centers of Excellence program~~] Technology Commercialization and
167 Innovation Program created by Chapter 1, Part 7, [~~Centers of Excellence~~] Technology
168 Commercialization and Innovation Act;

169 (B) replacement of equipment in the research buildings;

170 (C) recruiting and paying additional research teams; and
171 (D) construction of additional research buildings.
172 (2) The Governor's Office of Economic Development shall:
173 (a) distribute that portion of the \$5,000,000 allocated to the [~~Centers of Excellence~~
174 ~~program~~] Technology Commercialization and Innovation Program by Subsection (1)(a)(ii) to
175 Utah State University and the University of Utah based upon which institution performed the
176 research that generated the commercialization revenues; and
177 (b) credit those amounts to the universities as matching funds under Subsection
178 63M-1-702(2).