

**UTAH SCIENCE TECHNOLOGY AND RESEARCH  
GOVERNING AUTHORITY AMENDMENTS**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brian E. Shiozawa**

House Sponsor: \_\_\_\_\_

Cosponsor: John L. Valentine

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**LONG TITLE**

**General Description:**

This bill modifies Title 63M, Chapter 2, Utah Science Technology and Research Governing Authority Act, and other related provisions.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ modifies the membership of the Utah Science Technology and Research (USTAR)

governing authority by adding a member of the Senate and a member of the House of Representatives;

▶ requires the USTAR governing authority to:

- lease certain science and technology buildings to state universities;
- establish written performance standards and expectations for each technology outreach program location;
- establish written performance standards and expectations for each research team funded by the USTAR initiative;
- provide a detailed annual report; and
- provide an annual audit;



- 27           ▶ modifies the allocation of commercialization revenues;
- 28           ▶ repeals the nonlapsing status of appropriations to the USTAR governing authority;
- 29           ▶ provides a sunset date for the USTAR governing authority act; and
- 30           ▶ makes technical changes.

31 **Money Appropriated in this Bill:**

32           None

33 **Other Special Clauses:**

34           None

35 **Utah Code Sections Affected:**

36 AMENDS:

37           **63I-1-263**, as last amended by Laws of Utah 2013, Chapters 28, 62, 101, 167, 250, and  
38 413

39           **63J-1-602.4**, as last amended by Laws of Utah 2013, Chapter 28

40           **63M-2-102**, as renumbered and amended by Laws of Utah 2008, Chapter 382

41           **63M-2-201**, as renumbered and amended by Laws of Utah 2008, Chapter 382

42           **63M-2-202**, as renumbered and amended by Laws of Utah 2008, Chapter 382

43           **63M-2-203**, as renumbered and amended by Laws of Utah 2008, Chapter 382

44           **63M-2-204**, as last amended by Laws of Utah 2011, Chapter 392

45           **63M-2-301**, as last amended by Laws of Utah 2010, Chapter 286

46           **63M-2-302**, as last amended by Laws of Utah 2012, Chapter 242

47           **63M-2-303**, as last amended by Laws of Utah 2010, Chapter 286

48 ENACTS:

49           **63M-2-302.5**, Utah Code Annotated 1953

50           **63M-2-401**, Utah Code Annotated 1953

51           **63M-2-402**, Utah Code Annotated 1953



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

54           Section 1. Section **63I-1-263** is amended to read:

55           **63I-1-263. Repeal dates, Titles 63A to 63M.**

56           (1) Section **63A-4-204**, authorizing the Risk Management Fund to provide coverage to  
57 any public school district which chooses to participate, is repealed July 1, 2016.

- 58 (2) Subsections 63A-5-104(4)(d) and (e) are repealed on July 1, 2014.
- 59 (3) Section 63A-5-603, State Facility Energy Efficiency Fund, is repealed July 1, 2016.
- 60 (4) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July  
61 1, 2018.
- 62 (5) Section 53B-24-402, rural residency training program, is repealed July 1, 2015.
- 63 (6) Title 63C, Chapter 13, Prison Relocation and Development Authority Act, is  
64 repealed July 1, 2014.
- 65 (7) Title 63C, Chapter 14, Federal Funds Commission, is repealed July 1, 2018.
- 66 (8) Subsection 63G-6a-1402(7) authorizing certain transportation agencies to award a  
67 contract for a design-build transportation project in certain circumstances, is repealed July 1,  
68 2015.
- 69 (9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,  
70 2020.
- 71 (10) The Resource Development Coordinating Committee, created in Section  
72 63J-4-501, is repealed July 1, 2015.
- 73 (11) Title 63M, Chapter 1, Part 4, Enterprise Zone Act, is repealed July 1, 2018.
- 74 (12) (a) Title 63M, Chapter 1, Part 11, Recycling Market Development Zone Act, is  
75 repealed January 1, 2021.
- 76 (b) Subject to Subsection (12)(c), Sections 59-7-610 and 59-10-1007 regarding tax  
77 credits for certain persons in recycling market development zones, are repealed for taxable  
78 years beginning on or after January 1, 2021.
- 79 (c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:
- 80 (i) for the purchase price of machinery or equipment described in Section 59-7-610 or  
81 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or  
82 (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if  
83 the expenditure is made on or after January 1, 2021.
- 84 (d) Notwithstanding Subsections (12)(b) and (c), a person may carry forward a tax  
85 credit in accordance with Section 59-7-610 or 59-10-1007 if:
- 86 (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and  
87 (ii) (A) for the purchase price of machinery or equipment described in Section  
88 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,

89 2020; or

90 (B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), the  
91 expenditure is made on or before December 31, 2020.

92 (13) (a) Section 63M-1-2507, Health Care Compact is repealed on July 1, 2014.

93 (b) (i) The Legislature shall, before reauthorizing the Health Care Compact:

94 (A) direct the Health System Reform Task Force to evaluate the issues listed in  
95 Subsection (13)(b)(ii), and by January 1, 2013, develop and recommend criteria for the  
96 Legislature to use to negotiate the terms of the Health Care Compact; and

97 (B) prior to July 1, 2014, seek amendments to the Health Care Compact among the  
98 member states that the Legislature determines are appropriate after considering the  
99 recommendations of the Health System Reform Task Force.

100 (ii) The Health System Reform Task Force shall evaluate and develop criteria for the  
101 Legislature regarding:

102 (A) the impact of the Supreme Court ruling on the Affordable Care Act;

103 (B) whether Utah is likely to be required to implement any part of the Affordable Care  
104 Act prior to negotiating the compact with the federal government, such as Medicaid expansion  
105 in 2014;

106 (C) whether the compact's current funding formula, based on adjusted 2010 state  
107 expenditures, is the best formula for Utah and other state compact members to use for  
108 establishing the block grants from the federal government;

109 (D) whether the compact's calculation of current year inflation adjustment factor,  
110 without consideration of the regional medical inflation rate in the current year, is adequate to  
111 protect the state from increased costs associated with administering a state based Medicaid and  
112 a state based Medicare program;

113 (E) whether the state has the flexibility it needs under the compact to implement and  
114 fund state based initiatives, or whether the compact requires uniformity across member states  
115 that does not benefit Utah;

116 (F) whether the state has the option under the compact to refuse to take over the federal  
117 Medicare program;

118 (G) whether a state based Medicare program would provide better benefits to the  
119 elderly and disabled citizens of the state than a federally run Medicare program;

120 (H) whether the state has the infrastructure necessary to implement and administer a  
121 better state based Medicare program;

122 (I) whether the compact appropriately delegates policy decisions between the  
123 legislative and executive branches of government regarding the development and  
124 implementation of the compact with other states and the federal government; and

125 (J) the impact on public health activities, including communicable disease surveillance  
126 and epidemiology.

127 (14) Title 63M, Chapter 2, Utah Science Technology and Research Governing  
128 Authority Act, is repealed July 1, 2019.

129 [~~(14)~~] (15) The Crime Victim Reparations and Assistance Board, created in Section  
130 63M-7-504, is repealed July 1, 2017.

131 [~~(15)~~] (16) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1,  
132 2017.

133 Section 2. Section **63J-1-602.4** is amended to read:

134 **63J-1-602.4. List of nonlapsing funds and accounts -- Title 61 through Title 63M.**

135 (1) Funds paid to the Division of Real Estate for the cost of a criminal background  
136 check for a mortgage loan license, as provided in Section 61-2c-202.

137 (2) Funds paid to the Division of Real Estate for the cost of a criminal background  
138 check for principal broker, associate broker, and sales agent licenses, as provided in Section  
139 61-2f-204.

140 (3) Certain funds donated to the Department of Human Services, as provided in  
141 Section 62A-1-111.

142 (4) Certain funds donated to the Division of Child and Family Services, as provided in  
143 Section 62A-4a-110.

144 (5) Appropriations from the Choose Life Adoption Support Restricted Account created  
145 in Section 62A-4a-608.

146 (6) Appropriations to the Division of Services for People with Disabilities, as provided  
147 in Section 62A-5-102.

148 (7) A portion of the funds appropriated to the Utah Seismic Safety Commission, as  
149 provided in Section 63C-6-104.

150 (8) Funding for the Medical Education Program administered by the Medical

151 Education Council, as provided in Section [53B-24-202](#).

152 (9) Certain money payable for commission expenses of the Pete Suazo Utah Athletic  
153 Commission, as provided under Section [63C-11-301](#).

154 (10) Funds appropriated or collected for publishing the Division of Administrative  
155 Rules' publications, as provided in Section [63G-3-402](#).

156 (11) The Immigration Act Restricted Account created in Section [63G-12-103](#).

157 (12) Money received by the military installation development authority, as provided in  
158 Section [63H-1-504](#).

159 (13) The appropriation to fund the Governor's Office of Economic Development's  
160 Enterprise Zone Act, as provided in Section [63M-1-416](#).

161 (14) The Motion Picture Incentive Account created in Section [63M-1-1803](#).

162 ~~[(15) Appropriations to the Utah Science Technology and Research Governing  
163 Authority, created under Section [63M-2-301](#), as provided under Section [63M-2-302](#).]~~

164 Section 3. Section **63M-2-102** is amended to read:

165 **63M-2-102. Definitions.**

166 As used in this chapter:

167 (1) "Commercialization revenues" means dividends, realized capital gains, license fees,  
168 royalty fees, and other revenues received by a university as a result of commercial applications  
169 developed from the ~~[project]~~ USTAR initiative, less:

170 (a) the portion of those revenues allocated to the inventor; and

171 (b) expenditures incurred by the university to legally protect the intellectual property.

172 (2) "Executive director" means the person appointed by the governing authority under  
173 Section [63M-2-301](#).

174 ~~[(5)]~~ (3) "Research buildings" means any of the buildings listed in Section [63M-2-201](#).

175 ~~[(6)]~~ (4) "Research universities" means the University of Utah and Utah State  
176 University.

177 ~~[(7)]~~ (5) "Technology outreach program" means the program ~~[required by]~~ described in  
178 Section [63M-2-202](#).

179 ~~[(3) "Governing authority"]~~ (6) "USTAR governing authority" means the Utah Science  
180 Technology and Research Governing Authority created in Section [63M-2-301](#).

181 ~~[(4) "Project"]~~ (7) (a) "USTAR initiative" means the Utah Science Technology and

182 Research [Project] Initiative created in Section 63M-2-301.

183 ~~[(8) "Utah Science Technology and Research Project" means the buildings and~~  
184 ~~activities]~~

185 (b) "USTAR initiative" includes the projects, operations, activities, programs, and  
186 services described in [Part 2, Utah Science Technology and Research Project] this chapter.

187 Section 4. Section **63M-2-201** is amended to read:

188 **Part 2. Utah Science Technology and Research Initiative**

189 **63M-2-201. Science technology research buildings.**

190 (1) As funding becomes available from the Legislature or other sources, the [~~Utah~~  
191 ~~Science Technology and Research Governing Authority created in Part 3]~~ USTAR governing  
192 authority shall:

193 (a) construct at Utah State University:

194 (i) a Bio Innovations Research Institute;

195 (ii) an Infectious Disease Research Center; and

196 (iii) an Informatics/Computing Research Center; and

197 (b) construct at the University of Utah:

198 (i) a Neuroscience and Biomedical Technology Research Building; and

199 (ii) an Information Technology and Bioinformatics Research Center.

200 (2) The USTAR governing authority shall, subject to any restrictions or directions  
201 established by the Legislature, plan, design, and construct the buildings.

202 (3) (a) Utah State University shall provide the land for the construction of science  
203 technology and research buildings on its campus.

204 (b) The University of Utah shall provide the land for the construction of science  
205 technology and research buildings on its campus.

206 (4) The USTAR governing authority shall hold title to the research buildings.

207 (5) The governing authority [~~may~~] shall:

208 (a) lease [~~the buildings to Utah State University and the University of Utah]~~ each  
209 building constructed on Utah State University's campus to Utah State University and each  
210 building constructed on the University of Utah's campus to the University of Utah by entering  
211 into a written lease agreement with each university that clearly establishes the terms for the  
212 university's use, maintenance, and ongoing rental payments for the building;

213 (b) require research teams to generate a certain amount of revenue from grants or other  
214 sources to contribute to the [~~project~~] USTAR initiative; and

215 (c) unless prohibited by law, deposit lease payments and other money received from  
216 the universities and research teams with the state treasurer for deposit into the sinking funds  
217 created under Section 63B-1a-301 for debt service on the bonds issued to fund planning,  
218 design, and construction of the research buildings.

219 Section 5. Section **63M-2-202** is amended to read:

220 **63M-2-202. Technology outreach program.**

221 (1) As funding becomes available from the Legislature or other sources, the [~~Utah~~  
222 ~~Science Technology and Research Governing Authority created in Part 3~~] USTAR governing  
223 authority shall establish a technology outreach program at up to five locations distributed  
224 strategically throughout Utah.

225 (2) (a) The USTAR governing authority shall ensure that the technology outreach  
226 program acts as a resource to:

227 (i) broker ideas, new technologies, and services to entrepreneurs and businesses  
228 throughout a defined service area;

229 (ii) engage local entrepreneurs and professors at applied technology centers, colleges,  
230 and universities by connecting them to Utah's research universities;

231 (iii) screen business ideas and new technologies to ensure that the ones with the highest  
232 growth potential receive the most targeted services and attention;

233 (iv) connect market ideas and technologies in new or existing businesses or industries  
234 or in regional colleges and universities with the expertise of Utah's research universities;

235 (v) assist businesses, applied technology centers, colleges, and universities in  
236 developing commercial applications for their research; and

237 (vi) disseminate and share discoveries and technologies emanating from Utah's  
238 research universities to local entrepreneurs, businesses, applied technology centers, colleges,  
239 and universities.

240 (b) In designing and operating the technology outreach program, the USTAR  
241 governing authority shall:

242 (i) for each technology outreach program location:

243 (A) establish written performance standards and expectations for each location; and

244 (B) require reporting from each location related to those performance standards and  
245 expectations on at least an annual basis; and

246 (ii) work cooperatively with the Technology Commercialization Offices at Utah State  
247 University and the University of Utah.

248 Section 6. Section **63M-2-203** is amended to read:

249 **63M-2-203. Research teams.**

250 (1) As funding becomes available from the Legislature or other sources, and subject to  
251 any restrictions or directions established by the Legislature, the USTAR governing authority  
252 shall allocate money to Utah State University and the University of Utah to provide funding for  
253 research teams to conduct science and technology research.

254 (2) The USTAR governing authority shall:

255 (a) establish written performance standards and expectations for each research team  
256 receiving USTAR initiative funding;

257 (b) require each research team to report on the team's performance related to those  
258 standards and expectations on at least an annual basis; and

259 (c) require each research team to report on the amount of funding received from  
260 sources other than USTAR initiative funding on at least an annual basis.

261 (3) The USTAR governing authority shall discontinue allocating money to a research  
262 team that does not provide the reporting required by Subsection (2).

263 (4) The USTAR governing authority may discontinue allocating money to a research  
264 team for any reason, including:

265 (a) when the research team is failing to meet expectations established through  
266 performance standards and expectations; and

267 (b) when the research team is receiving sufficient funding from other sources to no  
268 longer reasonably need USTAR initiative funding.

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

270 **63M-2-204. Financial participation agreement.**

271 (1) In consideration of the money and services provided or agreed to be provided, the  
272 state of Utah, Utah State University, and the University of Utah [~~covenant and~~] agree that they  
273 will allocate commercialization revenues as follows:

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

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

278 (ii) \$5,000,000 to the [~~Governor's Office of Economic Development for the~~  
279 ~~Technology Commercialization and Innovation Program created by Chapter 1, Part 7,~~  
280 ~~Technology Commercialization and Innovation Act~~] USTAR governing authority for the  
281 ongoing operations of the USTAR initiative; and

282 (b) for all subsequent money received:

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

286 (ii) 50% to the USTAR governing authority or other entity designated by the state to be  
287 used for:

288 [~~(A) the Technology Commercialization and Innovation Program created by Chapter 1,~~  
289 ~~Part 7, Technology Commercialization and Innovation Act;~~]

290 (A) unless prohibited by law, deposit with the state treasurer for deposit into the  
291 sinking fund created under Section 63B-1a-301 for debt service on the bonds issued to fund  
292 planning, design, and construction of the research buildings;

293 (B) ongoing operations of the USTAR initiative;

294 [~~(B)~~] (C) replacement of equipment in the research buildings;

295 [~~(C)~~] (D) [recruiting and paying] recruitment and funding of additional research teams;

296 and

297 [~~(D)~~] (E) construction of additional research buildings.

298 [~~(2) The Governor's Office of Economic Development shall:~~]

299 [~~(a) distribute that portion of the \$5,000,000 allocated to the Technology~~  
300 ~~Commercialization and Innovation Program by Subsection (1)(a)(ii) to Utah State University~~  
301 ~~and the University of Utah based upon which institution performed the research that generated~~  
302 ~~the commercialization revenues; and]~~

303 [~~(b) credit those amounts to the universities as matching funds under Subsection~~  
304 ~~63M-1-702(2).]~~

305 Section 8. Section **63M-2-301** is amended to read:

306           **63M-2-301. The Utah Science Technology and Research Initiative and the Utah**  
 307 **Science Technology and Research Governing Authority -- Creation -- Membership --**  
 308 **Meetings -- Staff.**

309           (1) There is created the Utah Science Technology and Research Initiative.

310           ~~[(1) There]~~ (2) To oversee the Utah Science Technology and Research Initiative, there  
 311 is created the Utah Science Technology and Research Governing Authority consisting of the  
 312 state treasurer, the executive director of the Governor's Office of Economic Development, and  
 313 the following [eight] 10 members appointed as follows [with the consent of the Senate]:

314           (a) three appointed by the governor with the consent of the Senate;

315           (b) ~~[two]~~ three appointed by the president of the Senate, one of whom shall be a  
 316 member of the Senate;

317           (c) ~~[two]~~ three appointed by the speaker of the House of Representatives, one of whom  
 318 shall be a member of the House of Representatives; and

319           (d) one appointed by the commissioner of higher education.

320           ~~[(2)]~~ (3) (a) (i) The [eight] 10 appointed members shall serve four-year staggered  
 321 terms.

322           (ii) The appointed members may not serve more than two full consecutive terms.

323           (b) Notwithstanding Subsection ~~[(2)]~~ (3)(a)(i), the terms of the first members of the  
 324 governing authority shall be staggered by lot so that half of the initial members serve two-year  
 325 terms and half serve four-year terms.

326           ~~[(3)]~~ (4) Vacancies in the appointed positions on the governing authority shall be filled  
 327 by the appointing authority with consent of the Senate for the unexpired term.

328           ~~[(4)]~~ (5) (a) The governor, with the consent of the Senate, shall select the chair of the  
 329 governing authority to serve a one-year term.

330           (b) The executive director of the Governor's Office of Economic Development shall  
 331 serve as the vice chair of the governing authority.

332           ~~[(5)]~~ (6) The governing authority shall meet at least monthly and may meet more  
 333 frequently at the request of a majority of the members of the governing authority.

334           ~~[(6) Five]~~ (7) Six members of the governing authority are a quorum.

335           ~~[(7)]~~ (8) (a) A member who is not a legislator may not receive compensation or  
 336 benefits for the member's service, but may receive per diem and travel expenses [in accordance

337 ~~with]~~ as allowed in:

338 ~~[(a)]~~ (i) Section 63A-3-106;

339 ~~[(b)]~~ (ii) Section 63A-3-107; and

340 ~~[(c)]~~ (iii) rules made by the Division of Finance ~~[pursuant]~~ according to Sections

341 63A-3-106 and 63A-3-107.

342 (b) Compensation and expenses of a board member who is a legislator are governed by

343 Section 36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and Expenses.

344 ~~[(8)]~~ (9) (a) (i) ~~[The governing authority shall hire]~~ After consultation with the USTAR

345 governing authority, the governor, with the consent of the Senate, shall appoint a full-time

346 executive director to provide staff support for the USTAR governing authority.

347 (ii) The executive director is an at-will employee who may be terminated without cause

348 by the governor or by majority vote of the USTAR governing authority.

349 (b) The Governor's Office of Economic Development shall provide office space and

350 administrative support for the executive director.

351 Section 9. Section **63M-2-302** is amended to read:

352 **63M-2-302. USTAR governing authority powers.**

353 (1) The USTAR governing authority shall:

354 (a) ensure that funds appropriated and received for research and development at the

355 research universities and for the technology outreach program are used appropriately,

356 effectively, and efficiently in accordance with the intent of the Legislature;

357 (b) in cooperation with the universities' administrations, expand key research at the two

358 research universities;

359 (c) enhance technology transfer and commercialization of research and technologies

360 developed at the research universities to create high-quality jobs and new industries in the

361 private sector in Utah;

362 (d) review state and local economic development plans and appropriations to ensure

363 that the ~~[project]~~ USTAR initiative and its appropriations do not duplicate existing or planned

364 programs;

365 (e) establish written economic development objectives for the ~~[project]~~ USTAR

366 initiative that are measurable and verifiable, including how to maximize revenue to the

367 USTAR initiative so that it becomes financially self-supporting;

368 (f) by following the procedures and requirements of Title 63G, Chapter 3, Utah  
 369 Administrative Rulemaking Act, make rules for allocating [~~money appropriated to it~~]  
 370 appropriated money for research teams and for the commercialization of new technology  
 371 between Utah State University and the University of Utah;

372 (g) verify that the [~~project~~] USTAR initiative is being enhanced by research grants and  
 373 that it is meeting the governing authority's economic development objectives;

374 (h) monitor all research plans that are part of the [~~project~~] USTAR initiative at the  
 375 research universities to determine that appropriations are being spent in accordance with  
 376 legislative intent and to maximize the benefit and return to the state; and

377 (i) develop methods and incentives to encourage investment in and contributions to the  
 378 [~~project~~] USTAR initiative from the private sector[~~; and~~].

379 [~~(j) annually report and make recommendations to:~~]

380 [~~(i) the governor; and~~]

381 [~~(ii) the Business, Economic Development, and Labor Appropriations Subcommittee.~~]

382 (2) The USTAR governing authority may:

383 (a) in addition to money received [~~by it~~] from the Legislature, receive contributions for  
 384 the USTAR initiative from any source in the form of money, property, labor, or other things of  
 385 value [~~for the project~~];

386 (b) subject to any restrictions imposed by the donation, appropriations, or bond  
 387 authorizations, allocate money received by it among the research universities, technology  
 388 outreach program, and technology transfer offices to support commercialization and technology  
 389 transfer to the private sector; or

390 (c) enter into agreements necessary to obtain private equity investment in the [~~project~~]  
 391 USTAR initiative.

392 [~~(3) All money appropriated to the governing authority is nonlapsing.~~]

393 [~~(4) The governing authority shall report to the Business, Economic Development, and~~  
 394 ~~Labor Appropriations Subcommittee and to the Legislative Executive Appropriations~~  
 395 ~~Committee by November 1 of each year on its activities, including:~~]

396 [~~(a) the achievement of the objectives and duties provided under this part;~~]

397 [~~(b) its annual expenditure of funds; and~~]

398 [~~(c) nonlapsing balances retained by the governing authority.~~]

399 Section 10. Section **63M-2-302.5** is enacted to read:

400 **63M-2-302.5. USTAR governing authority requirements.**

401 The USTAR governing authority is subject to the requirements of an executive branch  
402 agency and is:

403 (1) an agency for purposes of Title 63J, Chapter 1, Budgetary Procedures Act;

404 (2) an executive branch procurement unit for purposes of Title 63G, Chapter 6a, Utah  
405 Procurement Code;

406 (3) a governmental entity for purposes of Title 63G, Chapter 2, Government Records  
407 Access and Management Act; and

408 (4) a public body for purposes of Title 52, Chapter 4, Open and Public Meetings Act.

409 Section 11. Section **63M-2-303** is amended to read:

410 **63M-2-303. USTAR Governing Authority Advisory Council -- Chair -- Meetings.**

411 (1) There is created the [~~Utah Science Technology and Research~~] USTAR Governing  
412 Authority Advisory Council consisting of 12 members appointed as follows:

413 (a) one member appointed by the director of the Governor's Office of Economic  
414 Development;

415 (b) one member appointed by the [~~Utah Information Technology Association~~] Utah  
416 Technology Council;

417 (c) one member appointed by the Utah Nanotechnology Initiative;

418 (d) one member appointed by the Economic Development Corporation of Utah;

419 (e) one member appointed by [~~the Utah Life Science Association~~] BioUtah;

420 (f) one member appointed by the Salt Lake Area Chamber of Commerce;

421 (g) one member appointed by the Provo-Orem Chamber of Commerce;

422 (h) one member appointed by the Davis Area Chamber of Commerce;

423 (i) one member appointed by the Ogden-Weber Chamber of Commerce;

424 (j) one member appointed by the Cache Chamber of Commerce;

425 (k) one member appointed by the St. George Area Chamber of Commerce; and

426 (l) one member appointed by the Vernal Chamber of Commerce.

427 (2) The USTAR governing authority shall consult with the advisory council about the  
428 [~~project~~] USTAR initiative.

429 (3) The advisory council shall select a chair from among its members to serve a

430 two-year term.

431 (4) The advisory council shall convene whenever the USTAR governing authority  
432 requests a meeting for consultation.

433 (5) A member may not receive compensation or benefits for the member's service, but  
434 may receive per diem and travel expenses [~~in accordance with~~] as allowed in:

435 (a) Section 63A-3-106;

436 (b) Section 63A-3-107; and

437 (c) rules made by the Division of Finance [~~pursuant~~] according to Sections 63A-3-106  
438 and 63A-3-107.

439 Section 12. Section **63M-2-401** is enacted to read:

440 **Part 4. USTAR Reporting and Audit Requirements**

441 **63M-2-401. Reporting requirements.**

442 (1) By October 1 of each year, the USTAR governing authority shall submit to the  
443 governor; the Legislature; the Business, Economic Development, and Labor Appropriations  
444 Subcommittee; and the Economic Development and Workforce Services Interim Committee an  
445 annual written report of the operations, activities, programs, and services of the governing  
446 authority and the USTAR initiative for the preceding fiscal year.

447 (2) For each project, operation, activity, program, or service related to the USTAR  
448 initiative or overseen or funded through the USTAR governing authority, the annual report  
449 shall include:

450 (a) a description of the project, operation, activity, program, or service;

451 (b) data selected and used by the governing authority to measure progress,  
452 performance, and scope of the project, operation, activity, program, or service, including  
453 summary data;

454 (c) a clear description of the methodology for any data in the report that includes an  
455 estimation;

456 (d) the amount and source of all USTAR initiative funding, including:

457 (i) funding from Legislative appropriations;

458 (ii) funding procured outside of legislative appropriations, including a separate  
459 accounting of grants or investments contributing to research teams and other activities of the  
460 USTAR initiative from the federal government, private entities, or other sources, and an

461 explanation of the extent to which:

462 (A) outside funding was contingent on or leveraged by legislative appropriations; and

463 (B) outside funding would continue if legislative appropriations were discontinued;

464 (iii) commercialization revenue, including a separate accounting of:

465 (A) realized commercialization revenue;

466 (B) unrealized and expected commercialization revenue; and

467 (C) commercialization revenue going to other parties attributable to USTAR initiative  
468 funding;

469 (iv) lease revenue from each building in which the USTAR governing authority holds  
470 title; and

471 (v) the amount of money deposited with the state treasurer for deposit into the sinking  
472 fund created under Section 63B-1a-301 for debt service on the bonds issued to fund planning,  
473 design, and construction of the research buildings;

474 (e) all expenses of the USTAR initiative, including:

475 (i) operational expenses;

476 (ii) for each employee receiving compensation from USTAR initiative funding,  
477 compensation information, including:

478 (A) salary expenses, benefit expenses, and travel expenses;

479 (B) information for each research team employee and each employee of the technology  
480 outreach program that receives compensation directly or indirectly through USTAR initiative  
481 funding; and

482 (C) information regarding compensation for each employee from sources other than  
483 USTAR initiative funding, including grants and compensation from a university or private  
484 entity;

485 (iii) for each research team, salary expenses, benefit expenses, travel expenses, and  
486 operations and maintenance expenses;

487 (iv) operational and maintenance expenses for each building in which the USTAR  
488 governing authority holds title;

489 (v) operational and maintenance expenses paid for by USTAR initiative funding for  
490 each location that has an established technology outreach program; and

491 (vi) each grant or other incentive given as a result of the USTAR initiative, including

492 grants or incentives awarded through the technology outreach program;

493 (f) the number of jobs and the corresponding salary ranges created by the USTAR  
494 initiative, including the number of jobs where the employee is expected to be employed for at  
495 least one year and earns at least 125% of the prevailing wage of the county where the employee  
496 works;

497 (g) the name of each business entity receiving a grant or other incentive as a result of  
498 the USTAR initiative, including the outreach program;

499 (h) a list of business entities that have hired employees as a result of the USTAR  
500 initiative;

501 (i) the tax revenue generated as a result of the USTAR initiative, with actual revenue  
502 generated clearly separated from potential revenue;

503 (j) a list of intellectual property assets, including patents, generated by research teams  
504 as a result of the USTAR initiative, including a reasonable estimate of the USTAR initiative's  
505 percentage share of potential commercialization revenue that may be realized from those  
506 assets;

507 (k) a description of any agreements entered into regarding private equity investment in  
508 the USTAR initiative;

509 (l) historical data from previous years for comparison with the annual data reported  
510 under this Subsection (2);

511 (m) goals, challenges, and achievements related to the project, operation, activity,  
512 program, or service;

513 (n) relevant federal and state statutory references and requirements;

514 (o) contact information of officials knowledgeable and responsible for each project,  
515 operation, activity, program, or service;

516 (p) other information determined by the USTAR governing authority that:

517 (i) may be needed, useful, or of historical significance; or

518 (ii) promotes accountability and transparency for each project, operation, activity,  
519 program, or service with the public and elected officials;

520 (q) the written economic development objectives required under Subsection

521 [63M-2-302\(1\)\(e\)](#) and a description of any progress or challenges in meeting the objectives; and

522 (r) the audit report described in Section [63M-2-402](#).

523 (3) The annual report shall be designed to provide clear, accurate, and accessible  
524 information to the public, the governor, and the Legislature.

525 (4) The governing authority shall:

526 (a) submit the annual report in accordance with Section [68-3-14](#); and

527 (b) make the annual report and previous annual reports accessible to the public by  
528 placing a link to the reports on the USTAR initiative's website.

529 (5) In addition to the annual written report described in this section, upon the request of  
530 a committee, the USTAR governing authority shall provide information and progress reports to  
531 the Economic Development and Workforce Services Interim Committee; the Business and  
532 Labor Interim Committee; and the Business, Economic Development, and Labor  
533 Appropriations Subcommittee.

534 Section 13. Section **63M-2-402** is enacted to read:

535 **63M-2-402. Audit requirements.**

536 (1) Each fiscal year, an audit of the activities of the USTAR initiative shall be made as  
537 described in this section.

538 (2) (a) As approved by the Legislative Audit Subcommittee, the audit shall be  
539 conducted by:

540 (i) the legislative auditor; or

541 (ii) an independent auditor engaged by the legislative auditor.

542 (b) An independent auditor used under Subsection (2)(a)(ii) may not have a business or  
543 contractual connection, or other connection, with the USTAR initiative or the USTAR  
544 governing authority.

545 (3) The USTAR governing authority shall pay the costs associated with the annual  
546 audit.

547 (4) The annual audit shall include a verification of the accuracy of the information  
548 required to be included in the annual report described in Section [63M-2-401](#).

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**Legislative Review Note**  
**as of 2-10-14 6:09 AM**

**Office of Legislative Research and General Counsel**