

## SB0062S01 compared with SB0062

~~{deleted text}~~ shows text that was in SB0062 but was deleted in SB0062S01.

inserted text shows text that was not in SB0062 but was inserted into SB0062S01.

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Senator Brian E. Shiozawa proposes the following substitute bill:

### 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}~~requires the Utah Science Technology and Research (USTAR)~~{ governing authority by adding a member of the Senate and a member of~~

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~~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;
- ▶ modifies the allocation of commercialization revenues;
- ▶ repeals the nonlapsing status of appropriations to the USTAR governing authority;{

~~provides a sunset date for the USTAR governing authority act;}~~ and

- ▶ makes technical changes.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### Utah Code Sections Affected:

AMENDS:

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

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

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

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

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

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

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

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

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

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

ENACTS:

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63M-2-302.5, Utah Code Annotated 1953

63M-2-401, Utah Code Annotated 1953

63M-2-402, Utah Code Annotated 1953

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

Section 1. Section ~~{63I-1-263}~~63J-1-602.4 is amended to read:

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

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authorizing the Risk Management Fund to provide coverage to any public school district which chooses to participate, is repealed July 1, 2016.~~

~~———— (2) Subsections 63A-5-104(4)(d) and (e) are repealed on July 1, 2014.~~

~~———— (3) Section 63A-5-603, State Facility Energy Efficiency Fund, is repealed July 1, 2016.~~

~~———— (4) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2018.~~

~~———— (5) Section 53B-24-402, rural residency training program, is repealed July 1, 2015.~~

~~———— (6) Title 63C, Chapter 13, Prison Relocation and Development Authority Act, is repealed July 1, 2014.~~

~~———— (7) Title 63C, Chapter 14, Federal Funds Commission, is repealed July 1, 2018.~~

~~———— (8) Subsection 63G-6a-1402(7) authorizing certain transportation agencies to award a contract for a design-build transportation project in certain circumstances, is repealed July 1, 2015.~~

~~———— (9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1, 2020.~~

~~———— (10) The Resource Development Coordinating Committee, created in Section 63J-4-501, is repealed July 1, 2015.~~

~~———— (11) Title 63M, Chapter 1, Part 4, Enterprise Zone Act, is repealed July 1, 2018.~~

~~———— (12) (a) Title 63M, Chapter 1, Part 11, Recycling Market Development Zone Act, is repealed January 1, 2021.~~

~~———— (b) Subject to Subsection (12)(c), Sections 59-7-610 and 59-10-1007 regarding tax credits for certain persons in recycling market development zones, are repealed for taxable years beginning on or after January 1, 2021.~~

~~———— (c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007.~~

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~~—— (i) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or~~

~~—— (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if the expenditure is made on or after January 1, 2021.~~

~~—— (d) Notwithstanding Subsections (12)(b) and (c), a person may carry forward a tax credit in accordance with Section 59-7-610 or 59-10-1007 if:~~

~~—— (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and~~

~~—— (ii) (A) for the purchase price of machinery or equipment described in Section 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31, 2020; or~~

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

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

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

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

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

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

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

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

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

~~—— (D) whether the compact's calculation of current year inflation adjustment factor, without consideration of the regional medical inflation rate in the current year, is adequate to~~

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~~protect the state from increased costs associated with administering a state-based Medicaid and a state-based Medicare program;~~

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

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

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

~~—— (H) whether the state has the infrastructure necessary to implement and administer a better state-based Medicare program;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) Funding for the Medical Education Program administered by the Medical Education Council, as provided in Section 53B-24-202.

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

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

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

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

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

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

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

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

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

As used in this chapter:

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

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

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

(2) "Executive director" means the person appointed by the governing authority under

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Section 63M-2-301.

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

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

University.

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

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

~~[(4) "Project"]~~ (7) (a) "USTAR initiative" means the Utah Science Technology and Research ~~[Project]~~ Initiative created in Section 63M-2-301.

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

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

Section ~~{4}~~3. Section **63M-2-201** is amended to read:

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

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

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

(a) construct at Utah State University:

(i) a Bio Innovations Research Institute;

(ii) an Infectious Disease Research Center; and

(iii) an Informatics/Computing Research Center; and

(b) construct at the University of Utah:

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

(ii) an Information Technology and Bioinformatics Research Center.

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

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

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

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

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

~~[(a) lease the buildings to Utah State University and the University of Utah;]~~

(a) ~~[(lease [the buildings to Utah State University and the University of Utah] ]before approving occupancy of a building, lease~~ each building constructed on Utah State University's campus to Utah State University and each building constructed on the University of Utah's campus to the University of Utah by entering into a written lease agreement with each university that clearly establishes the terms for the university's use, maintenance, and ongoing rental payments for the building; ~~[(3)]~~

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

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

Section ~~{5}~~4. Section **63M-2-202** is amended to read:

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

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

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

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

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

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

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

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

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

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

(i) for each technology outreach program location:

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

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

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

Section ~~63~~5. Section **63M-2-203** is amended to read:

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

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

(2) The USTAR governing authority shall:

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

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

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

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

(4) The USTAR governing authority may discontinue allocating money to a research

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team for any reason, including:

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

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

Section ~~7~~6. Section **63M-2-204** is amended to read:

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

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

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

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

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

(b) for all subsequent money received:

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

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

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

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

(B) ongoing operations of the USTAR initiative;

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

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

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

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

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

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

Section ~~{8}~~7. Section **63M-2-301** is amended to read:

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

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

~~[(1) There]~~ (2) To oversee the Utah Science Technology and Research Initiative, there is created the Utah Science Technology and Research Governing Authority consisting of the state treasurer, the executive director of the Governor's Office of Economic Development, and the following ~~{8}~~eight~~{10}~~ members appointed as follows [with the consent of the Senate]:

(a) three appointed by the governor~~{ with the consent of the Senate}~~;

(b) ~~{2}~~two~~{3}~~ appointed by the president of the Senate~~{, one of whom shall be a member of the Senate}~~;

(c) ~~{2}~~two~~{3}~~ appointed by the speaker of the House of Representatives~~{, one of whom shall be a member of the House of Representatives}~~; and

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

~~[(2)] (3) (a) (i) The ~~{8}~~eight~~{10}~~ appointed members shall serve four-year staggered terms.~~

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

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

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

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

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

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

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

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

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

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

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

~~[(8) (a) (i) The governing authority shall hire]~~

(b) Compensation and expenses of a board member who is a legislator are governed by Section 36-2-2 and Legislative Joint Rules, Title 5, Legislative Compensation and Expenses.

~~[(8)]~~ (9) (a) ~~{(i)} {The governing authority shall hire}~~ After consultation with the USTAR governing authority, the governor, with the consent of the Senate, shall appoint a full-time executive director to provide staff support for the USTAR governing authority.

~~[(ii)]~~ (b) The executive director is an at-will employee who may be terminated without cause by the governor or by majority vote of the USTAR governing authority.

~~[(b) The Governor's Office of Economic Development shall provide office space and administrative support for the executive director.]~~

Section ~~{9}~~ 8. Section **63M-2-302** is amended to read:

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

(1) The USTAR governing authority shall:

(a) ensure that funds appropriated and received for research and development at the research universities and for the technology outreach program are used appropriately,

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

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

(c) enhance technology transfer and commercialization of research and technologies developed at the research universities to create high-quality jobs and new industries in the private sector in Utah;

(d) review state and local economic development plans and appropriations to ensure that the ~~[project]~~ USTAR initiative and its appropriations do not duplicate existing or planned programs;

(e) establish written economic development objectives for the ~~[project]~~ USTAR initiative that are measurable and verifiable, including how to maximize revenue to the USTAR initiative so that it becomes financially self-supporting;

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

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

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

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

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

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

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

(2) The USTAR governing authority may:

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

(b) subject to any restrictions imposed by the donation, appropriations, or bond

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authorizations, allocate money received by it among the research universities, technology outreach program, and technology transfer offices to support commercialization and technology transfer to the private sector; or

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

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

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

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

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

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

Section ~~{10}~~9. Section **63M-2-302.5** is enacted to read:

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

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

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

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

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

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

Section ~~{11}~~10. Section **63M-2-303** is amended to read:

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

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

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

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

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

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- (d) one member appointed by the Economic Development Corporation of Utah;
  - (e) one member appointed by [~~the Utah Life Science Association~~] BioUtah;
  - (f) one member appointed by the Salt Lake Area Chamber of Commerce;
  - (g) one member appointed by the Provo-Orem Chamber of Commerce;
  - (h) one member appointed by the Davis Area Chamber of Commerce;
  - (i) one member appointed by the Ogden-Weber Chamber of Commerce;
  - (j) one member appointed by the Cache Chamber of Commerce;
  - (k) one member appointed by the St. George Area Chamber of Commerce; and
  - (l) one member appointed by the Vernal Chamber of Commerce.
- (2) The USTAR governing authority shall consult with the advisory council about the [~~project~~] USTAR initiative.
- (3) The advisory council shall select a chair from among its members to serve a two-year term.
- (4) The advisory council shall convene whenever the USTAR governing authority requests a meeting for consultation.
- (5) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses [~~in accordance with~~] as allowed in:
- (a) Section 63A-3-106;
  - (b) Section 63A-3-107; and
  - (c) rules made by the Division of Finance [~~pursuant~~] according to Sections 63A-3-106 and 63A-3-107.

Section ~~{12}~~11. Section **63M-2-401** is enacted to read:

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

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

- (1) By October 1 of each year, the USTAR governing authority shall submit to the governor; the Legislature; the Business, Economic Development, and Labor Appropriations Subcommittee; and the Economic Development and Workforce Services Interim Committee an annual written report of the operations, activities, programs, and services of the governing authority and the USTAR initiative for the preceding fiscal year.
- (2) For each project, operation, activity, program, or service related to the USTAR initiative or overseen or funded through the USTAR governing authority, the annual report

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shall include:

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

(b) data selected and used by the governing authority to measure progress,

performance, and scope of the project, operation, activity, program, or service, including summary data;

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

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

(i) funding from Legislative appropriations;

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

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

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

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

(A) realized commercialization revenue;

(B) unrealized and expected commercialization revenue; and

(C) commercialization revenue going to other parties attributable to USTAR initiative

funding;

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

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

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

(i) operational expenses;

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

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

(B) information for each research team employee and each employee of the technology

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outreach program that receives compensation directly or indirectly through USTAR initiative funding; and

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

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

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

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

(vi) each grant or other incentive given as a result of the USTAR initiative, including grants or incentives awarded through the technology outreach program;

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

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

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

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

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

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

(l) **beginning with data from the fiscal year beginning July 1, 2013**, historical data from previous years for comparison with the annual data reported under this Subsection (2);

## SB0062S01 compared with SB0062

- (m) goals, challenges, and achievements related to the project, operation, activity, program, or service;
- (n) relevant federal and state statutory references and requirements;
- (o) contact information of officials knowledgeable and responsible for each project, operation, activity, program, or service;
- (p) other information determined by the USTAR governing authority that:
  - (i) may be needed, useful, or of historical significance; or
  - (ii) promotes accountability and transparency for each project, operation, activity, program, or service with the public and with elected officials;
- (q) the written economic development objectives required under Subsection 63M-2-302(1)(e) and a description of any progress or challenges in meeting the objectives; and
- (r) the audit report described in Section 63M-2-402.
- (3) The annual report shall be designed to provide clear, accurate, and accessible information to the public, the governor, and the Legislature.
- (4) The governing authority shall:
  - (a) submit the annual report in accordance with Section 68-3-14; and
  - (b) make the annual report and previous annual reports accessible to the public by placing a link to the reports on the USTAR initiative's website.
- (5) In addition to the annual written report described in this section ~~4.3~~:
  - (a) upon the request of a committee, the USTAR governing authority shall provide information and progress reports to the Economic Development and Workforce Services Interim Committee; the Business and Labor Interim Committee; and the Business, Economic Development, and Labor Appropriations Subcommittee; and
    - (b) on or before October 1, 2019, and every five years after October 1, 2019, the USTAR governing authority shall include with the annual report described in this section a written analysis and recommendations concerning the usefulness of the information required in the annual report and the ongoing effectiveness of the USTAR initiative, including whether:
      - (i) the reporting requirements are effective at measuring the performance of the USTAR initiative;
      - (ii) the reporting requirements should be modified; and
      - (iii) the USTAR initiative is beneficial to the state and should continue.

## SB0062S01 compared with SB0062

Section ~~{13}~~12. Section 63M-2-402 is enacted to read:

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

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

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

(i) the legislative auditor; or

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

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

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

(4) The annual audit shall:

(a) include a verification of the accuracy of the information required to be included in the annual report described in Section 63M-2-401 ~~f~~.

### Legislative Review Note

as of 2-10-14 6:09 AM

Office of Legislative Research and General Counsel; and

(b) be completed by September 1 of each year.