



28 **63M-1-703**, as last amended by Laws of Utah 2011, Chapter 392

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

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

33 **63M-1-702. Purpose.**

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

37 (b) [~~These generally come from~~] Growth in industry frequently results from  
38 technological innovation generated by strong research [colleges and universities] institutions of  
39 higher education and by small businesses.

40 (c) Technical research in Utah's [~~colleges and universities~~] institutions of higher  
41 education should be enhanced and expanded, particularly in those areas targeted by the state for  
42 economic development.

43 (d) Most states [~~are enhancing~~] enhance their research base by direct funding, usually  
44 on a matching basis.

45 (e) The purpose of this part is to catalyze and enhance the growth of these technologies  
46 by:

47 (i) encouraging interdisciplinary research activities in targeted areas [~~and by~~];

48 (ii) facilitating the transition of these technologies out of the [~~university~~] higher  
49 education environment into industry where the technologies can be used to enhance job  
50 creation[-]; and

51 (iii) supporting the commercialization of technologies developed by small business to  
52 enhance job creation.

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

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

59 ~~[colleges and universities]~~ institutions of higher education in the state that offer ~~[any]~~ doctoral  
60 degrees, and on a one-to-one basis for small businesses that are developing new technologies.

61 (3) (a) The Legislature recommends that the funds be allocated on a competitive basis:

62 (i) to the various ~~[colleges and universities]~~ institutions of higher education in the state  
63 ~~[and];~~

64 (ii) to companies working in partnership with ~~[colleges and universities]~~ institutions of  
65 higher education to commercialize their technologies~~[-];~~ and

66 (iii) to small businesses that are developing promising technologies.

67 (b) The funds made available should be used to support:

68 (i) interdisciplinary research in the Technology Commercialization and Innovation  
69 Program in technologies that are considered to have potential for economic development in  
70 ~~[this]~~ the state and to help transition these technologies out of ~~[the colleges and universities]~~  
71 institutions of higher education and into industry~~[-];~~ and

72 (ii) small businesses in commercializing their promising technologies that have the  
73 potential to increase economic development in the state.

74 Section 2. Section **63M-1-703** is amended to read:

75 **63M-1-703. Definitions.**

76 As used in this part:

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

79 (a) is recruited by the office through a request for proposal process to work directly  
80 with a college or university in the Technology Commercialization and Innovation Program; and

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

85 (2) "Direct license" means ~~[the licensing]~~ a written license agreement between a  
86 company and a Utah ~~[college or university of]~~ institution of higher education related to  
87 technology developed at the [college or university for] institution of higher education with the  
88 intent of commercializing the technology or facilitating its transition into industry.

89 (3) "Institution of higher education" means:

90 (a) a state institution of higher education as defined in Section 53B-3-102; or  
 91 (b) a private institution of higher education in the state accredited by a regional or  
 92 national accrediting agency recognized by the United States Department of Education.

93 ~~[(3)]~~ (4) "Licensee" means:

94 (a) a company that executes or is in the process of executing a direct license; or  
 95 (b) a sublicensee of the technology from a direct license.

96 (5) "Small business" means a business that:

97 (a) has 25 or fewer employees;

98 (b) is organized for profit;

99 (c) operates primarily within the United States;

100 (d) has a principal place of business in the state, including a manufacturing or service  
 101 location; and

102 (e) is independently owned and operated.

103 ~~[(4)]~~ (6) "Technology Commercialization and Innovation Program" means

104 ~~[university-based,];~~

105 (a) a federal- and industry-supported cooperative research and development

106 ~~[programs.]~~ program based at an institution of higher education; or

107 (b) a federally- and state-supported program for funding technologically innovative  
 108 small businesses.

109 Section 3. Section **63M-1-704** is amended to read:

110 **63M-1-704. Administration -- Grants and loans.**

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

112 (2) (a) (i) The office may award Technology Commercialization and Innovation  
 113 Program grants or issue loans ~~[to the various colleges, universities, and licensees in the state~~  
 114 ~~for the purposes of this part.]~~ under this part to an applicant that is:

115 (A) an institution of higher education;

116 (B) a licensee; or

117 (C) a small business.

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

120 (b) ~~[The Governor's Office of Economic Development shall develop]~~ In accordance

121 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules  
122 for a process to determine whether [a college or university] an institution of higher education  
123 that receives a grant under this part must return the grant proceeds or a portion of the grant  
124 proceeds if the technology that is developed with the grant proceeds is licensed to a licensee  
125 that:

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

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

132 (c) A repayment by [a college or university] an institution of higher education of grant  
133 proceeds or a portion of the grant proceeds ~~[shall come only]~~ may only come from the proceeds  
134 of the license established between the licensee and the [college or university] institution of  
135 higher education.

136 (d) (i) ~~[A licensee]~~ An applicant that is a licensee or small business that receives a  
137 grant under this part shall return the grant proceeds or a portion of the grant proceeds to the  
138 office if the [licensee] applicant:

139 (A) does not maintain a manufacturing or service location in the state from which the  
140 [licensee] applicant exploits the technology; or

141 (B) initially maintains a manufacturing or service location in the state from which the  
142 [licensee] applicant exploits the technology, but within five years after issuance of the grant,  
143 the [licensee] applicant transfers the manufacturing or service location for the technology to an  
144 out-of-state location.

145 ~~[(ii) A repayment by a licensee that receives a grant shall come only from the proceeds~~  
146 ~~of the license to that licensee.]~~

147 ~~[(iii) A repayment by a licensee shall be prorated based only on the number of full~~  
148 ~~years the licensee operated in the state from the date of the awarded grant.]~~

149 (ii) A repayment by an applicant shall be prorated based on the number of full years the  
150 applicant operated in the state from the date of the awarded grant.

151 (iii) A repayment by a licensee that receives a grant may only come from the proceeds

152 of the license to that licensee.

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

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

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

159 (b) Proposals or consortia that combine and coordinate related research at two or more  
160 [~~colleges and universities~~] institutions of higher education shall be encouraged.

161 (5) The State Advisory Council on Science and Technology shall review the activities  
162 and progress of grant recipients on a regular basis and assist the office in preparing an annual  
163 report on the accomplishments and direction of the Technology Commercialization and  
164 Innovation Program.

165 **Section 4. Appropriation.**

166 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for  
167 the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following sums of money  
168 are appropriated from resources not otherwise appropriated, or reduced from amounts  
169 previously appropriated, out of the funds or accounts indicated. These sums of money are in  
170 addition to any amounts previously appropriated for fiscal year 2015.

171 To Governor's Office of Economic Development

172 From General Fund, one-time \$3,400,000

173 Schedule of Programs:

174 Technology Commercialization and Innovation

175 Program for grants and loans \$3,400,000

176 **Section 5. Effective date.**

177 This bill takes effect on July 1, 2014.