

UTAH SCIENCE, TECHNOLOGY, AND RESEARCH

MODIFICATIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ann Millner

House Sponsor: Brad R. Wilson

LONG TITLE

General Description:

This bill modifies provisions related to the Utah Science Technology and Research Initiative.

Highlighted Provisions:

This bill:

- ▶ rewrites provisions relating to the Utah Science and Technology Research Initiative (USTAR), its governing authority, and funding and other support provided by USTAR;
- ▶ modifies the powers and duties of the USTAR governing authority;
- ▶ modifies reporting requirements;
- ▶ modifies provisions related to USTAR researchers and USTAR buildings;
- ▶ modifies provisions related to an audit of USTAR's annual report;
- ▶ repeals provisions relating to a technology outreach innovation program and an advisory council;
- ▶ makes appropriations to USTAR nonlapsing; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **63A-5-305**, as last amended by Laws of Utah 2003, Chapter 289

32 **63J-1-602.4**, as last amended by Laws of Utah 2015, Chapters 179 and 283

33 **63M-2-102**, as last amended by Laws of Utah 2015, Chapter 357

34 **63M-2-301**, as last amended by Laws of Utah 2015, Chapter 357

35 **63M-2-302.5**, as enacted by Laws of Utah 2014, Chapter 186

36 ENACTS:

37 **63M-2-501**, Utah Code Annotated 1953

38 **63M-2-502**, Utah Code Annotated 1953

39 **63M-2-503**, Utah Code Annotated 1953

40 **63M-2-504**, Utah Code Annotated 1953

41 **63M-2-601**, Utah Code Annotated 1953

42 **63M-2-602**, Utah Code Annotated 1953

43 **63M-2-701**, Utah Code Annotated 1953

44 **63M-2-702**, Utah Code Annotated 1953

45 **63M-2-703**, Utah Code Annotated 1953

46 **63M-2-704**, Utah Code Annotated 1953

47 **63M-2-705**, Utah Code Annotated 1953

48 **63M-2-801**, Utah Code Annotated 1953

49 **63M-2-802**, Utah Code Annotated 1953

50 REPEALS AND REENACTS:

51 **63M-2-302**, as last amended by Laws of Utah 2015, Chapter 357

52 RENUMBERS AND AMENDS:

53 **63M-2-803**, (Renumbered from 63M-2-402, as last amended by Laws of Utah 2015,
54 Chapter 357)

55 REPEALS:

56 **63M-2-201**, as last amended by Laws of Utah 2014, Chapter 186

57 **63M-2-202**, as last amended by Laws of Utah 2015, Chapter 357

58 **63M-2-203**, as last amended by Laws of Utah 2014, Chapter 186

59 [63M-2-204](#), as last amended by Laws of Utah 2015, Chapter 357
60 [63M-2-303](#), as last amended by Laws of Utah 2014, Chapter 186
61 [63M-2-401](#), as last amended by Laws of Utah 2015, Chapter 357

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

64 Section 1. Section [63A-5-305](#) is amended to read:

65 **[63A-5-305. Leasing by higher education institutions.](#)**

66 (1) The Board of Regents shall establish written policies and procedures governing
67 leasing by higher education institutions.

68 (2) Except as provided in Section [53B-2a-113](#)[~~, each~~] and Section [63M-2-602](#), a higher
69 education institution shall comply with the procedures and requirements of the Board of
70 Regents' policies before signing or renewing [~~any~~] a lease.

71 Section 2. Section [63J-1-602.4](#) is amended to read:

72 **[63J-1-602.4. List of nonlapsing funds and accounts -- Title 61 through Title 63N.](#)**

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

75 (2) Funds paid to the Division of Real Estate for the cost of a criminal background
76 check for principal broker, associate broker, and sales agent licenses, as provided in Section
77 [61-2f-204](#).

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

80 (4) Appropriations from the National Professional Men's Basketball Team Support of
81 Women and Children Issues Restricted Account created in Section [62A-1-202](#).

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

84 (6) Appropriations from the Choose Life Adoption Support Restricted Account created
85 in Section [62A-4a-608](#).

86 (7) Appropriations to the Division of Services for People with Disabilities, as provided
87 in Section [62A-5-102](#).

88 (8) Appropriations to the Division of Fleet Operations for the purpose of upgrading
89 underground storage tanks under Section [63A-9-401](#).

90 (9) A portion of the funds appropriated to the Utah Seismic Safety Commission, as
91 provided in Section [63C-6-104](#).

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

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

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

97 (13) Appropriations to the Utah Science Technology and Research Initiative created in
98 Section [63M-2-301](#).

99 [~~(13)~~] (14) Appropriations to fund the Governor's Office of Economic Development's
100 Enterprise Zone Act, as provided in Title 63N, Chapter 2, Part 2, Enterprise Zone Act.

101 [~~(14)~~] (15) The Motion Picture Incentive Account created in Section [63N-8-103](#).

102 [~~(15)~~] (16) Certain money payable for commission expenses of the Pete Suazo Utah
103 Athletic Commission, as provided under Section [63N-10-301](#).

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

105 **63M-2-102. Definitions.**

106 As used in this chapter:

107 [~~(1) "Commercialization revenues" means dividends, realized capital gains, license~~
108 ~~fees, royalty fees, and all other revenues received by a university as a result of commercial~~
109 ~~applications, inventions, or intellectual property developed from the USTAR initiative, less:]~~

110 [~~(a) the portion of revenues allocated to the inventor; and]~~

111 [~~(b) expenditures incurred by the university to legally protect the intellectual property.]~~

112 [~~(2)~~] (1) "Executive director" means the ~~[person]~~ individual appointed under ~~[Section]~~
113 Subsection [63M-2-301\(9\)](#).

114 (2) "Governing authority" means the Utah Science Technology and Research
115 Governing Authority created in Section [63M-2-301](#).

116 (3) "Higher education institution" means an institution listed in Section [53B-2-101](#).

117 (4) "Principal researcher" means an individual who:

118 (a) (i) on May 10, 2016, is employed, alone or as part of a research team, by a research
119 university;

120 (ii) before May 10, 2016, received funding from USTAR for some or all of the

- 121 researcher's startup costs or research university salary;
- 122 (iii) was recruited by a research university to become a member of a research
- 123 university's faculty; and
- 124 (iv) on or after May 10, 2016, continues to receive USTAR support; or
- 125 (b) (i) is employed on or after May 10, 2016 as a researcher by a higher education
- 126 institution;
- 127 (ii) receives USTAR support; and
- 128 (iii) is recruited by the governing authority and the higher education institution to
- 129 become a member of the higher education institution's faculty.
- 130 (5) "Private entity":
- 131 (a) means a privately owned corporation, limited liability company, partnership, or
- 132 other business entity or association; and
- 133 (b) does not include an individual or a sole proprietorship.
- 134 ~~[(3)]~~ (6) "Research [~~buildings~~] means any of the buildings listed in Section
- 135 ~~63M-2-201.~~] building" means a building:
- 136 (a) for which the governing authority holds title; and
- 137 (b) that is located on the campus of a research university.
- 138 ~~[(4)]~~ (7) "Research [~~universities~~] university" means:
- 139 (a) the University of Utah [~~and~~]; or
- 140 (b) Utah State University.
- 141 ~~[(5) "Technology outreach innovation program" or "TOIP" means the program~~
- 142 ~~described in Section ~~63M-2-202.~~]~~
- 143 ~~[(6) "USTAR governing authority" means the Utah Science Technology and Research~~
- 144 ~~Governing Authority created in Section ~~63M-2-301.~~]~~
- 145 ~~[(7)-(a)]~~ (8) "USTAR [~~initiative~~]" means the Utah Science Technology and Research
- 146 Initiative created in Section ~~63M-2-301.~~
- 147 ~~[(b) "USTAR initiative" includes the projects, operations, activities, programs, and~~
- 148 ~~services described in this chapter.]~~
- 149 (9) "USTAR researcher" means:
- 150 (a) a principal researcher; or
- 151 (b) an individual, other than a principal researcher, who:

- 152 (i) is employed by a higher education institution; and
- 153 (ii) receives USTAR support.
- 154 (10) "USTAR support" means assistance provided by USTAR including:
- 155 (a) financial support;
- 156 (b) technical assistance;
- 157 (c) mentoring; and
- 158 (d) the use of:
- 159 (i) research or laboratory space controlled by USTAR in a building other than a
- 160 research building; and
- 161 (ii) equipment in space described in Subsection (10)(d)(i).

Section 4. Section 63M-2-301 is amended to read:

63M-2-301. The Utah Science Technology and Research Initiative -- Governing authority -- Executive director.

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

(2) To oversee [~~the Utah Science Technology and Research Initiative~~] USTAR, there is created the Utah Science Technology and Research Governing Authority consisting of:

(a) the state treasurer or the state treasurer's designee[-];

(b) the executive director of the Governor's Office of Economic Development[-and the following eight members appointed as follows:];

~~[(a)]~~ (c) three members appointed by the governor, with the consent of the Senate;

~~[(b)]~~ (d) two members appointed by the president of the Senate;

~~[(c)]~~ (e) two members appointed by the speaker of the House of Representatives; and

~~[(d)]~~ (f) one member appointed by the commissioner of higher education.

(3) (a) ~~[(f)]~~ The eight appointed members under Subsections (2)(c) through (f) shall serve four-year staggered terms.

~~[(ii) The]~~ (b) An appointed [members] member under Subsection (2)(c), (d), (e), or (f):

(i) may not serve more than two full consecutive terms[-]; and

~~[(iii) An appointed member]~~

(ii) may be removed from the [board] governing authority for any reason before the member's term is completed;

(A) at the discretion of the original appointing authority; and

183 (B) after [consultation] the original appointing authority consults with the governing
184 authority.

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

188 (4) ~~[Vacancies in the appointed positions]~~ A vacancy on the governing authority in an
189 appointed position under Subsection (2)(c), (d), (e), or (f) shall be filled for the unexpired term
190 by the appointing authority in the same manner as the original appointment [for the unexpired
191 term].

192 (5) (a) ~~[The]~~ Except as provided in Subsection (5)(b), the governor, with the consent of
193 the Senate, shall select the chair of the governing authority to serve a one-year term.

194 (b) The governor may extend the term of a sitting chair of the governing authority
195 without the consent of the Senate.

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

198 (6) The governing authority shall meet at least six times each year and may meet more
199 frequently at the request of a majority of the members of the governing authority.

200 (7) Five members of the governing authority are a quorum.

201 (8) A member of the governing authority may not receive compensation or benefits for
202 the member's service, but may receive per diem and travel expenses as allowed in:

203 (a) Section [63A-3-106](#);

204 (b) Section [63A-3-107](#); and

205 (c) rules made by the Division of Finance ~~[according]~~:

206 (i) pursuant to Sections [63A-3-106](#) and [63A-3-107](#)[-]; and

207 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

208 (9) (a) After consultation with the ~~[USTAR]~~ governing authority, the governor, with
209 the consent of the Senate, shall appoint a full-time executive director to provide staff support
210 for the ~~[USTAR]~~ governing authority.

211 (b) The executive director is an at-will employee who may be terminated with or
212 without cause by:

213 (i) the governor; or [by]

214 (ii) majority vote of the [USTAR] governing authority.

215 Section 5. Section 63M-2-302 is repealed and reenacted to read:

216 **63M-2-302. USTAR governing authority powers and duties.**

217 (1) The governing authority shall:

218 (a) ensure that funds appropriated to USTAR are used appropriately, effectively, and
219 efficiently in accordance with this chapter;

220 (b) in cooperation with a research university's administration, work to expand research
221 at the research university;

222 (c) enhance technology transfer and commercialization of research and technology
223 developed at a higher education institution to create high-quality jobs and new industries in the
224 private sector in the state;

225 (d) ensure that USTAR programs do not duplicate existing or planned programs of
226 other state agencies;

227 (e) establish written economic development objectives for USTAR that are measurable
228 and verifiable;

229 (f) consider input from the Governor's Office of Economic Development and higher
230 education institutions;

231 (g) establish and administer a grant program, as provided in Section 63M-2-503, and
232 provide USTAR support, as provided in Section 63M-2-504, consistent with and to further
233 economic development objectives that the governing authority establishes; and

234 (h) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
235 make rules to implement this chapter.

236 (2) The governing authority may:

237 (a) in addition to receiving money appropriated by the Legislature, receive
238 contributions to USTAR from any source, in the form of money, property, labor, or other thing
239 of value;

240 (b) subject to restrictions imposed by a donor or legislative appropriation, allocate
241 money for programs and activities described in this chapter;

242 (c) enter into an agreement necessary to obtain private equity investment in USTAR;

243 (d) charge and collect rent for space in a facility or building that USTAR controls;

244 (e) in fulfilling the governing authority's duties and responsibilities under this chapter,

245 collaborate with:

246 (i) the Governor's Office of Economic Development and other state agencies with an
247 interest in economic development; and

248 (ii) private entities with an interest in economic development; and

249 (f) delegate powers and duties to the executive director.

250 (3) A state agency, higher education institution, or political subdivision with which the
251 governing authority seeks to collaborate in fulfilling the governing authority's duties under this
252 chapter shall cooperate with the governing authority as reasonably necessary to enable the
253 governing authority to fulfill its duties under this chapter.

254 Section 6. Section **63M-2-302.5** is amended to read:

255 **63M-2-302.5. USTAR governing authority requirements.**

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

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

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

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

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

264 Section 7. Section **63M-2-501** is enacted to read:

265 **Part 5. USTAR Support**

266 **63M-2-501. Title.**

267 This part is known as "USTAR Support."

268 Section 8. Section **63M-2-502** is enacted to read:

269 **63M-2-502. Principal researchers -- Agreement requirements -- Discontinuing**
270 **funding.**

271 (1) Subject to legislative appropriation, the governing authority shall:

272 (a) provide funding to help a research university honor its commitments to principal
273 researchers employed by the research university; and

274 (b) give priority to funding provided under Subsection (1)(a).

275 (2) The governing authority shall enter into a written agreement with a higher

276 education institution that employs a principal researcher:

277 (a) establishing performance standards and expectations for a principal researcher; and

278 (b) requiring the higher education institution to require a principal researcher to comply
279 with reporting requirements set forth in Section 63M-2-702.

280 (3) (a) A principal researcher may not be hired on or after May 10, 2016 without the
281 approval of the governing authority and the higher education institution.

282 (b) A higher education institution that enters into or renews an agreement with a
283 principal researcher on or after May 10, 2016 shall include in the agreement:

284 (i) a specific time period for the commitment of USTAR funding;

285 (ii) the amount of USTAR funding committed to the higher education institution for
286 the principal researcher, specifying the purpose of the funding;

287 (iii) an acknowledgment that the principal researcher understands and agrees to the
288 reporting requirements and performance standards under this chapter; and

289 (iv) the governing authority's written approval of the terms of the new or renewed
290 agreement.

291 (4) The governing authority may not allocate money to a higher education institution
292 for a principal researcher unless the higher education institution provides the reporting required
293 under Section 63M-2-702.

294 (5) The governing authority may discontinue allocating money to a higher education
295 institution for a principal researcher if the governing authority and the president of the higher
296 education institution employing the principal researcher agree in writing that:

297 (a) the principal researcher:

298 (i) fails to meet the performance standards and expectations established under
299 Subsection (2)(a);

300 (ii) receives a reasonable opportunity to remedy the failure to meet performance
301 standards and expectations; and

302 (iii) fails to remedy the failure to meet performance standards and expectations; and

303 (b) under the circumstances, discontinuing USTAR funding to the higher education
304 institution for the principal researcher is appropriate and justified.

305 Section 9. Section **63M-2-503** is enacted to read:

306 **63M-2-503. USTAR grant programs.**

- 307 (1) The governing authority shall establish at least one competitive grant program that:
308 (a) is designed to:
309 (i) address market gaps in technology development in the state; or
310 (ii) facilitate research and development of promising technologies;
311 (b) does not overlap with or duplicate other state funded programs; and
312 (c) offers grants, on a competitive basis, to:
313 (i) researchers employed by higher education institutions;
314 (ii) private entities; or
315 (iii) partnerships between researchers employed by higher education institutions and
316 private entities.
- 317 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
318 governing authority shall make rules that describe, for each grant program:
319 (a) the purpose;
320 (b) eligibility criteria to receive a grant;
321 (c) how the governing authority determines which proposals receive grants;
322 (d) reporting requirements in accordance with Part 7, Reporting by Recipients of
323 USTAR Support; and
324 (e) other information the governing authority determines is necessary or appropriate.
- 325 (3) The governing authority:
326 (a) shall solicit proposals for each grant program; and
327 (b) may, subject to legislative appropriation and Subsection [63M-2-502\(1\)\(b\)](#), award
328 grants for each program.
- 329 (4) In evaluating a grant proposal received in response to a solicitation under this
330 section, the governing authority shall consider, as applicable:
331 (a) the extent to which the planned research has the potential for commercialization;
332 (b) the market gap the technology or research fills; and
333 (c) other factors the governing authority determines are relevant, important, or
334 necessary.
- 335 (5) The governing authority shall require a recipient of a grant under this section, as a
336 condition of receiving a grant, to comply with the reporting requirements described in:
337 (a) Section [63M-2-702](#), for a USTAR researcher; or

338 (b) Section 63M-2-703, for a private entity or for a partnership between a USTAR
339 researcher and a private entity.

340 Section 10. Section 63M-2-504 is enacted to read:

341 **63M-2-504. Other USTAR support.**

342 (1) The governing authority shall:

343 (a) provide mentoring, networking, and entrepreneurial training for a private entity or
344 USTAR researcher to help take a new technology to market;

345 (b) provide support to a private entity or USTAR researcher in assessing the potential
346 for bringing a technology to market; and

347 (c) encourage industry partnerships between a private entity and a USTAR researcher.

348 (2) The governing authority shall require a recipient of USTAR support under this
349 section, as a condition of receiving USTAR support, to comply with the reporting requirements
350 in:

351 (a) Section 63M-2-702, for a USTAR researcher; or

352 (b) Section 63M-2-703, for a private entity or for a partnership between a USTAR
353 researcher and a private entity.

354 Section 11. Section 63M-2-601 is enacted to read:

355 **Part 6. Research Buildings**

356 **63M-2-601. Title.**

357 This part is known as "Research Buildings."

358 Section 12. Section 63M-2-602 is enacted to read:

359 **63M-2-602. Lease agreement for a research building -- Requirements for lease**
360 **agreement.**

361 (1) The governing authority shall enter into a written lease agreement with a research
362 university to lease to the research university a research building constructed on the research
363 university's campus.

364 (2) A lease agreement under Subsection (1) shall:

365 (a) require the research university to pay the ongoing operation and maintenance
366 expenses associated with the research building, including for any infrastructure in the research
367 building; and

368 (b) subject to the reporting requirements described in Section 63M-2-705, permit the

369 research university to use or rent space within the research building for research other than
370 research receiving USTAR support, including research by a private entity.

371 Section 13. Section **63M-2-701** is enacted to read:

372 **Part 7. Reporting by Recipients of USTAR Support**

373 **63M-2-701. Title.**

374 This part is known as "Reporting by Recipients of USTAR Support."

375 Section 14. Section **63M-2-702** is enacted to read:

376 **63M-2-702. Reporting requirements for higher education institutions.**

377 (1) Except as provided in Subsection (3), on or before September 1 each year, a higher
378 education institution employing a USTAR researcher shall submit a written report to the
379 governing authority.

380 (2) A report under Subsection (1) shall contain information on:

381 (a) collaborations established by a USTAR researcher with other researchers;

382 (b) the amount and source of funding, other than USTAR funding, expended on a
383 USTAR researcher's research program, including:

384 (i) federal funds;

385 (ii) philanthropic or nonprofit funds;

386 (iii) industry funds; and

387 (iv) state funds other than USTAR funds, including funds from a higher education
388 institution;

389 (c) a copy of each:

390 (i) technology disclosure that a USTAR researcher files with a higher education
391 institution;

392 (ii) license agreement that the higher education institution enters into with respect to a
393 technology developed by a USTAR researcher, including any current, expired, or breached
394 license; and

395 (iii) patent filed by the higher education institution based on technology developed by a
396 USTAR researcher;

397 (d) publications in which a USTAR researcher participated, including a citation for
398 each peer reviewed publication;

399 (e) the number of research jobs maintained by a USTAR researcher's research program

400 and average wages paid to those holding those jobs;

401 (f) expenses paid using USTAR funds, including:

402 (i) salary and benefits for a USTAR researcher or staff;

403 (ii) operational expenses;

404 (iii) capital equipment expenses; and

405 (iv) travel; and

406 (g) compensation, including salary and benefits, that a USTAR researcher received
407 from a publicly funded source other than USTAR funds.

408 (3) The governing authority may make rules, in accordance with Title 63G, Chapter 3,
409 Utah Administrative Rulemaking Act, to simplify or eliminate the reporting requirements
410 described in this section for a USTAR researcher who has received less than \$100,000 in
411 cumulative USTAR funding for a particular line of research.

412 Section 15. Section **63M-2-703** is enacted to read:

413 **63M-2-703. Reporting requirements for private entities.**

414 (1) On or before September 1 of each year, the governing authority shall collect the
415 information described in Subsection (2) from each private entity that:

416 (a) receives USTAR support;

417 (b) receives more than 20 hours of training from USTAR;

418 (c) purchases a private entity that previously received USTAR support; or

419 (d) licenses a technology developed by a USTAR researcher.

420 (2) The governing authority shall collect information on:

421 (a) public or private investment received by the private entity after the private entity:

422 (i) begins to receive USTAR support;

423 (ii) licenses a technology from a USTAR researcher; or

424 (iii) purchases a private entity that previously received USTAR support;

425 (b) sales or revenue generated by the product or technology;

426 (c) the number of jobs created by the private entity and the average wage for each
427 position; and

428 (d) the location of the private entity.

429 (3) (a) To collect the information described in Subsection (2), the governing authority
430 shall, in accordance with Title 63G, Chapter 6a, Utah Procurement Code, contract with an

431 independent third party to conduct a survey of each private entity described in Subsection (1).

432 (b) The independent third party selected under Subsection (3)(a) shall use industry
433 standard practices to collect the information described in Subsection (2).

434 (4) The governing authority and Department of Workforce Services shall coordinate to
435 verify the job and average wage information described in Subsection (2)(c).

436 Section 16. Section **63M-2-704** is enacted to read:

437 **63M-2-704. Reporting on licensed or acquired intellectual property.**

438 In an agreement between an institution of higher education and a private entity that
439 licenses or acquires an interest in intellectual property developed by a USTAR researcher, the
440 institution of higher education shall include a provision requiring the private entity, as a
441 condition of receiving a license or acquiring an interest in intellectual property, to comply with
442 the reporting requirements in Section [63M-2-703](#).

443 Section 17. Section **63M-2-705** is enacted to read:

444 **63M-2-705. Reporting on use of research buildings.**

445 On or before September 1 of each year, a research university shall submit a report to the
446 governing authority concerning the use, during the immediately preceding fiscal year, of the
447 research building located on the research university's campus, including:

448 (1) the name of each individual who conducts research in the research building;

449 (2) the name of each private entity that uses the research building;

450 (3) the total amount charged by the research university for the use of space or facilities
451 in the research building;

452 (4) the amount and source of funding, other than USTAR funding, received by a
453 researcher, other than a researcher that is a private entity, housed in the research building,
454 including:

455 (a) federal funding;

456 (b) state funding, including institutional funding;

457 (c) private philanthropic or nonprofit funding; and

458 (d) industry funding; and

459 (5) the number of disclosures, patents, and licenses resulting from research conducted
460 in the research building.

461 Section 18. Section **63M-2-801** is enacted to read:

462 **Part 8. USTAR Reporting and Audit Requirements**

463 **63M-2-801. Title.**

464 This part is known as "USTAR Reporting and Audit Requirements."

465 Section 19. Section **63M-2-802** is enacted to read:

466 **63M-2-802. USTAR annual report.**

467 (1) (a) On or before October 1 of each year, the governing authority shall submit an
468 annual written report for the preceding fiscal year to:

469 (i) the Business, Economic Development, and Labor Appropriations Subcommittee;

470 (ii) the Economic Development and Workforce Services Interim Committee;

471 (iii) the Business and Labor Interim Committee; and

472 (iv) the governor.

473 (b) An annual report under Subsection (1)(a) is subject to modification as provided in
474 Subsection (5) after an audit described in Section 63M-2-803 is released.

475 (2) An annual report described in Subsection (1) shall include:

476 (a) information reported to the governing authority:

477 (i) by an institution of higher education under Section 63M-2-702;

478 (ii) through the survey described in Section 63M-2-703; and

479 (iii) by a research university, under Section 63M-2-705;

480 (b) a clear description of the methodology used to arrive at any information in the
481 report that is based on an estimate;

482 (c) starting with fiscal year 2017 data as a baseline, data from previous years for
483 comparison with the annual data reported under this Subsection (2);

484 (d) relevant federal and state statutory references and requirements;

485 (e) contact information for the executive director;

486 (f) other information determined by the governing authority that promotes
487 accountability and transparency; and

488 (g) the written economic development objectives required under Subsection
489 63M-2-302(1)(e) and a description of progress or challenges in meeting the objectives.

490 (3) The governing authority shall design the annual report to provide clear, accurate,
491 and accessible information to the public, the governor, and the Legislature.

492 (4) The governing authority shall:

- 493 (a) submit the annual report in accordance with Section 68-3-14; and
 494 (b) place a link to the annual report and previous annual reports on USTAR's website.
 495 (5) Following the completion of an annual audit described in Section 63M-2-803, the
 496 governing authority shall:
 497 (a) publicly issue a revised annual report that:
 498 (i) addresses the audit;
 499 (ii) responds to audit findings; and
 500 (iii) incorporates any revisions to the annual report based on audit findings;
 501 (b) publish the revised annual report on USTAR's website, with a link to the audit; and
 502 (c) provide written notification of any revisions of the annual report to:
 503 (i) the Business, Economic Development, and Labor Appropriations Subcommittee;
 504 (ii) the Economic Development and Workforce Services Interim Committee;
 505 (iii) the Business and Labor Interim Committee; and
 506 (iv) the governor.
 507 (6) In addition to the annual written report described in this section, the governing
 508 authority shall:
 509 (a) provide information and progress reports to a legislative committee upon request;
 510 and
 511 (b) on or before October 1, 2019, and every five years after October 1, 2019, include
 512 with the annual report described in this section a written analysis and recommendations
 513 concerning the usefulness of the information required in the annual report and USTAR's
 514 ongoing effectiveness, including whether:
 515 (i) the reporting requirements are effective at measuring USTAR's performance;
 516 (ii) the reporting requirements should be modified; and
 517 (iii) USTAR is beneficial to the state and should continue.
 518 Section 20. Section **63M-2-803**, which is renumbered from Section 63M-2-402 is
 519 renumbered and amended to read:
 520 **~~63M-2-402~~. 63M-2-803. Audit requirements.**
 521 (1) [Each fiscal] Every third year beginning 2018, an audit of [the activities of the]
 522 USTAR [initiative] shall be made as described in this section.
 523 (2) (a) As approved by the Legislative Audit Subcommittee, the audit shall be

524 conducted by:

525 (i) the legislative auditor; or

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

527 (b) An independent auditor used under Subsection (2)(a)(ii) may not have a direct
528 financial conflict of interest with ~~the~~ USTAR ~~initiative~~ or the ~~USTAR~~ governing
529 authority.

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

532 (4) The annual audit shall:

533 (a) include a verification of the accuracy of the information required to be included in
534 the annual report described in Section ~~[63M-2-401]~~ [63M-2-802](#); and

535 (b) be completed by ~~September~~ December 1 of ~~each~~ the year the report is required
536 under Subsection (1).

537 Section 21. **Repealer.**

538 This bill repeals:

539 Section [63M-2-201](#), **Science technology research buildings.**

540 Section [63M-2-202](#), **Technology outreach innovation program.**

541 Section [63M-2-203](#), **Research teams.**

542 Section [63M-2-204](#), **Financial participation agreement.**

543 Section [63M-2-303](#), **USTAR Governing Authority Advisory Council -- Chair --**

544 **Meetings.**

545 Section [63M-2-401](#), **Reporting requirements.**

Legislative Review Note
Office of Legislative Research and General Counsel