

CENTERS OF EXCELLENCE AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bradley M. Daw

Senate Sponsor: Sheldon L. Killpack

LONG TITLE

General Description:

This bill modifies the Centers of Excellence Act by creating a commercialization grant component to more readily link companies with college and university researchers in transitioning their research developed technologies into industry.

Highlighted Provisions:

This bill:

- ▶ modifies the recognized purposes of the Centers of Excellence Act to include facilitating the transition of research generated technologies from the state's colleges and universities into industry to grow and expand the state's economy;
- ▶ provides that, in addition to state colleges and universities, Centers of Excellence grants may be awarded to companies that are working in partnership with colleges and universities and their researchers to transition their research generated technologies into industry for economic development;
- ▶ provides that a repayment by a college or university of grant proceeds or a portion of grant proceeds shall come only from the proceeds of a license established between the company and the college or university, or in the case of a company that receives a grant, from the proceeds of the license to that company; and
- ▶ provides that the Governor's Office of Economic Development may enter into work agreements with business team consultants, who would assist colleges and universities in facilitating the transition of technology into industry.

Monies Appropriated in this Bill:

None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **63-38f-701**, as last amended by Chapter 356, Laws of Utah 2006

35 **63-38f-703**, as enacted by Chapter 148, Laws of Utah 2005

36 **63-38f-704**, as last amended by Chapter 356, Laws of Utah 2006

37 ENACTS:

38 **63-38f-705**, Utah Code Annotated 1953



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

41 Section 1. Section **63-38f-701** is amended to read:

42 **63-38f-701. Purpose.**

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

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

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

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

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

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

57 (2) The Legislature recommends that the governor consider the allocation of economic

58 development funds for Centers of Excellence to be matched by industry and federal grants on at
59 least a two-for-one basis for colleges and universities in the state that offer any doctoral
60 degrees.

61 (3) (a) The Legislature recommends that the funds be allocated on a competitive basis
62 to the various colleges and universities in the state~~[-]~~ and to companies working in partnership
63 with colleges and universities to commercialize their technologies.

64 (b) The funds made available should be used to support interdisciplinary research in
65 specialized Centers of Excellence in technologies that are considered to have potential for
66 economic development in this state and to help transition these technologies out of the colleges
67 and universities into industry.

68 Section 2. Section **63-38f-703** is amended to read:

69 **63-38f-703. Definitions.**

70 As used in this part~~[-,"centers"]~~:

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

73 (a) is recruited by the office through a request for proposal process to work directly
74 with a college or university in the Centers for Excellence program; and

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

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

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

84 (4) "Licensee" means:

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

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

87 Section 3. Section **63-38f-704** is amended to read:

88 **63-38f-704. Administration -- Grants.**

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

90 (2) (a) The office may award Centers of Excellence grants to the various colleges
91 [and], universities, and licensees in the state for the purposes of this part.

92 (b) The governor's Office of Economic Development shall develop a process to
93 determine whether a college or university that receives a grant under this part must return the
94 grant proceeds or a portion of the grant proceeds if the technology that is developed with the
95 grant proceeds is licensed to a licensee that:

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

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

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

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

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

109 (B) initially maintains a manufacturing or service location in the state from which the
110 licensee exploits the technology, but within five years after issuance of the grant the licensee
111 transfers the manufacturing or service location for the technology to an out of state location.

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

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

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

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

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

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

124 (5) The State Advisory Council on Science and Technology shall review the activities
125 and progress of [~~individual centers~~] grant recipients on a regular basis and assist the office in
126 preparing an annual report on the accomplishments and direction of the Centers of Excellence
127 Program.

128 Section 4. Section **63-38f-705** is enacted to read:

129 **63-38f-705. Business team consultants.**

130 (1) The office may enter into work agreements with business team consultants through
131 a request for proposal process to participate in the Centers for Excellence program.

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