

1                                   **CENTERS OF EXCELLENCE AMENDMENTS**

2   2007 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Bradley M. Daw**

5   Senate Sponsor: Sheldon L. Killpack

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7 **LONG TITLE**

8 **General Description:**

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

12 **Highlighted Provisions:**

13           This bill:

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



28 **Monies Appropriated in this Bill:**

29 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.

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**Legislative Review Note**  
as of 1-16-07 12:14 PM

**Office of Legislative Research and General Counsel**

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**H.B. 125 - Centers of Excellence Amendments**

**Fiscal Note**

2007 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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*1/23/2007, 8:10:58 AM, Lead Analyst: Wilko, A.*

**Office of the Legislative Fiscal Analyst**