

1                   **TECHNOLOGY COMMERCIALIZATION AND INNOVATION**

2                                   **ACT**

3   2011 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Curtis S. Bramble**

6                                   House Sponsor: Wayne A. Harper

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8   **LONG TITLE**

9   **General Description:**

10           This bill changes the name of the Centers of Excellence Act to the Technology  
11 Commercialization and Innovation Act and makes conforming technical changes.

12   **Highlighted Provisions:**

13           This bill:

- 14           ▶ changes the name of the Centers of Excellence Act to the Technology  
15 Commercialization and Innovation Act;
- 16           ▶ defines Technology Commercialization and Innovation Program for purposes of the  
17 Act; and
- 18           ▶ makes conforming technical changes.

19   **Money Appropriated in this Bill:**

20           None

21   **Other Special Clauses:**

22           None

23   **Utah Code Sections Affected:**

24   AMENDS:

25           **63M-1-701**, as renumbered and amended by Laws of Utah 2008, Chapter 382

26           **63M-1-702**, as renumbered and amended by Laws of Utah 2008, Chapter 382

27           **63M-1-703**, as renumbered and amended by Laws of Utah 2008, Chapter 382



28 **63M-1-704**, as renumbered and amended by Laws of Utah 2008, Chapter 382

29 **63M-1-705**, as renumbered and amended by Laws of Utah 2008, Chapter 382

30 **63M-1-1112**, as renumbered and amended by Laws of Utah 2008, Chapter 382

31 **63M-2-204**, as renumbered and amended by Laws of Utah 2008, Chapter 382



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

34 Section 1. Section **63M-1-701** is amended to read:

35 **Part 7. Technology Commercialization and Innovation Act**

36 **63M-1-701. Title.**

37 This part is known as the "~~Centers of Excellence~~ Technology Commercialization and  
38 Innovation Act."

39 Section 2. Section **63M-1-702** is amended to read:

40 **63M-1-702. Purpose.**

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

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

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

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

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

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

55 (2) The Legislature recommends that the governor consider the allocation of economic  
56 development funds for ~~Centers of Excellence~~ the Technology Commercialization and  
57 Innovation Program to be matched by industry and federal grants on at least a two-for-one basis  
58 for colleges and universities in the state that offer any doctoral degrees.

59 (3) (a) The Legislature recommends that the funds be allocated on a competitive basis  
 60 to the various colleges and universities in the state and to companies working in partnership  
 61 with colleges and universities to commercialize their technologies.

62 (b) The funds made available should be used to support interdisciplinary research in  
 63 [~~specialized Centers of Excellence~~] the Technology Commercialization and Innovation  
 64 Program in technologies that are considered to have potential for economic development in this  
 65 state and to help transition these technologies out of the colleges and universities into industry.

66 Section 3. Section **63M-1-703** is amended to read:

67 **63M-1-703. Definitions.**

68 As used in this part:

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

71 (a) is recruited by the office through a request for proposal process to work directly  
 72 with a college or university in the [~~Centers for Excellence program~~] Technology  
 73 Commercialization and Innovation Program; and

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

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

80 [~~(3)~~] (2) "Direct license" means the licensing between a company and a Utah college or  
 81 university of technology developed at the college or university for the intent of  
 82 commercializing the technology or facilitating its transition into industry.

83 [~~(4)~~] (3) "Licensee" means:

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

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

86 (4) "Technology Commercialization and Innovation Program" means university-based,  
 87 federal- and industry-supported cooperative research and development programs.

88 Section 4. Section **63M-1-704** is amended to read:

89 **63M-1-704. Administration -- Grants ~~§~~→ and loans ←~~§~~ .**

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

91 (2) (a) ~~§→ (i) ←§~~ The office may award [~~Centers of Excellence~~] Technology

91a Commercialization

92 and Innovation Program grants ~~§→~~ or issue loans ~~←§~~ to the various colleges, universities, and  
92a licensees in the state

93 for the purposes of this part.

93a ~~§→~~ **(ii) If loans are issued under Subsection (2)(a)(i), the Division of Finance may set up a**  
93b **fund or account as necessary for the the proper accounting of the loans.** ~~←§~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

130 Section 5. Section **63M-1-705** is amended to read:

131 **63M-1-705. Business team consultants.**

132 (1) The office may enter into work agreements with business team consultants through  
133 a request for proposal process to participate in the [~~Centers for Excellence program~~]  
134 Technology Commercialization and Innovation Program.

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

137 Section 6. Section **63M-1-1112** is amended to read:

138 **63M-1-1112. Technology Commercialization and Innovation Program.**

139 In accordance with Part 6, State Advisory Council on Science and Technology, the  
140 office may award grants to the [~~Centers of Excellence~~] Technology Commercialization and  
141 Innovation Program, as defined by Section 63M-1-703, to fund development of new  
142 technology for recycling if the program funded is a cooperative effort between the [~~Centers of~~  
143 ~~Excellence~~] Technology Commercialization and Innovation Program and one or more  
144 recycling market development zones created under this part.

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

146 **63M-2-204. Financial participation agreement.**

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

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

151 (i) \$10,000,000 to Utah State University and the University of Utah, with the money

152 distributed proportionately based upon which university conducted the research that generated  
153 the commercialization revenues; and

154 (ii) \$5,000,000 to the Governor's Office of Economic Development for the [~~Centers of~~  
155 ~~Excellence program~~] Technology Commercialization and Innovation Program created by  
156 Chapter 1, Part 7, [~~Centers of Excellence Act~~] Technology Commercialization and Innovation  
157 Act; and

158 (b) for all subsequent money received:

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

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

164 (A) the [~~Centers of Excellence program~~] Technology Commercialization and  
165 Innovation Program created by Chapter 1, Part 7, [~~Centers of Excellence~~] Technology  
166 Commercialization and Innovation Act;

167 (B) replacement of equipment in the research buildings;

168 (C) recruiting and paying additional research teams; and

169 (D) construction of additional research buildings.

170 (2) The Governor's Office of Economic Development shall:

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

175 (b) credit those amounts to the universities as matching funds under Subsection  
176 63M-1-702(2).

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**Legislative Review Note**  
as of **3-1-11 8:07 AM**

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

S.B. 319

SHORT TITLE: **Technology Commercialization and Innovation Act**

SPONSOR: **Bramble, C.**

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.