

**Senator Aaron Osmond** proposes the following substitute bill:

**USTAR GOVERNANCE AMENDMENTS**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Aaron Osmond**

House Sponsor: Rebecca P. Edwards

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**LONG TITLE**

**General Description:**

This bill modifies provisions regarding the Utah Science Technology and Research Governing Authority.

**Highlighted Provisions:**

This bill:

- ▶ modifies certain intent language regarding the Utah Science Technology and Research Governing Authority;
- ▶ requires that prospective gubernatorial appointees to the Utah Science Technology and Research Governing Authority be approved by the Senate;
- ▶ gives the governor authority to remove a member of the Utah Science Technology and Research Governing Authority before a member's term is completed;
- ▶ modifies provisions of the technology outreach innovation program; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**



26 AMENDS:

27 **63B-15-101**, as enacted by Laws of Utah 2006, Chapter 123

28 **63B-19-101**, as enacted by Laws of Utah 2010, Chapter 181

29 **63M-2-102**, as last amended by Laws of Utah 2014, Chapter 186

30 **63M-2-202**, as last amended by Laws of Utah 2014, Chapter 186

31 **63M-2-204**, as last amended by Laws of Utah 2014, Chapter 186

32 **63M-2-301**, as last amended by Laws of Utah 2014, Chapter 186

33 **63M-2-302**, as last amended by Laws of Utah 2014, Chapter 186

34 **63M-2-401**, as enacted by Laws of Utah 2014, Chapter 186

35 **63M-2-402**, as enacted by Laws of Utah 2014, Chapter 186



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

38 Section 1. Section **63B-15-101** is amended to read:

39 **63B-15-101. Capital facilities bonds -- Utah Science Technology and Research**  
40 **Governing Authority -- Maximum amount -- Projects authorized.**

41 (1) (a) The total amount of bonds issued under this section may not exceed  
42 \$111,100,000.

43 (b) When Utah State University certifies to the commission that the university has  
44 obtained reliable commitments, convertible to cash, of \$10,000,000 or more in nonstate funds  
45 to construct the Bio Innovations Research Institute, and when the chairs of the Legislature's  
46 Executive Appropriations Committee have certified that the committee has heard a  
47 presentation by the chair of the bonding commission and the Utah Science Technology and  
48 Research Governing Authority on the project, the commission may issue and sell general  
49 obligation bonds in a total amount not to exceed \$40,400,000.

50 (c) When the University of Utah certifies to the commission that the university has  
51 obtained reliable commitments, convertible to cash, of \$30,000,000 or more in nonstate funds  
52 to construct the Neuroscience and Biomedical Technology Research Building, and when the  
53 chairs of the Legislature's Executive Appropriations Committee have certified that the  
54 committee has heard a presentation by the chair of the bonding commission and the Utah  
55 Science Technology and Research Governing Authority on the project, the commission may  
56 issue and sell general obligation bonds in a total amount not to exceed \$70,700,000.

57 (2) (a) Proceeds from the issuance of bonds shall be provided to the Utah Science  
58 Technology and Research Governing Authority to provide funds to pay all or part of the cost of  
59 acquiring and constructing the projects listed in this Subsection (2).

60 (b) These costs may include the cost of acquiring easements and rights-of-way,  
61 improving sites, and acquiring, constructing, equipping, and furnishing facilities and all  
62 structures, roads, parking facilities, utilities, and improvements necessary, incidental, or  
63 convenient to the facilities, interest estimated to accrue on these bonds during the period to be  
64 covered by construction of the projects plus a period of six months after the end of the  
65 construction period, and all related engineering, architectural, and legal fees.

66 (c) For the Utah Science Technology and Research Governing Authority, proceeds  
67 shall be provided for the following:

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68 CAPITAL DEVELOPMENT PROJECTS

69 Project Description	Estimated Operations and Maintenance	Amount Funded
70 Bio Innovations Research Institute -- Utah State University	\$0	\$40,000,000
71 Neuroscience and Biomedical Technology Research Building -- University of Utah	\$0	\$70,000,000
72 TOTAL CAPITAL DEVELOPMENT PROJECTS		\$110,000,000
73 TOTAL GENERAL OBLIGATION BOND AUTHORIZATION FOR CAPITAL DEVELOPMENT PROJECTS		\$110,000,000

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74 ~~[(d) The Legislature intends that the Utah Science Technology and Research~~  
75 ~~Governing Authority pay the operations and maintenance costs on the research buildings~~  
76 ~~authorized by this section.]~~

77 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not  
78 constitute a limitation on the amount that may be expended for the projects.

79 (b) The commission, by resolution and in consultation with the Utah Science  
80 Technology and Research Governing Authority, may delete the project if the inclusion of that  
81 project could be construed to violate state law or federal law or regulation.

82 (4) The Utah Science Technology and Research Governing Authority may enter into  
83 agreements related to the project before the receipt of proceeds of bonds issued under this  
84 chapter.

85 (5) The commission or the state treasurer may make any statement of intent relating to  
86 that reimbursement that is necessary or desirable to comply with federal tax law.

87 (6) The commission may not issue or execute bonds authorized by this section that  
88 have a maturity date or dates of more than 20 years after the date of delivery of the bonds.

89 (7) The Utah Science Technology and Research Governing Authority shall contract  
90 with the Division of Facilities Construction and Management to oversee construction of the  
91 buildings.

92 (8) The Utah Science Technology and Research Governing Authority may not delegate  
93 authority over construction of the capitol development projects identified in this section to any  
94 entity other than the Division of Facilities Construction and Management.

95 Section 2. Section **63B-19-101** is amended to read:

96 **63B-19-101. Capital facilities bonds -- Utah Science Technology and Research**  
97 **Governing Authority -- Maximum amount -- Projects authorized.**

98 (1) The bonds issued under this section may not exceed \$46,000,000 for acquisition  
99 and construction proceeds, plus additional amounts necessary to pay costs of issuance, to pay  
100 capitalized interest, and to fund any debt service reserve requirements, with the total amount of  
101 the bonds not to exceed \$46,460,000.

102 (2) (a) Proceeds from the issuance of bonds shall be provided to the Utah Science  
103 Technology and Research Governing Authority to provide funds to pay all or part of the cost of  
104 constructing the projects listed in this Subsection (2).

105 (b) These costs may include the cost of acquiring easements and rights-of-way,  
106 improving sites, and acquiring, constructing, equipping, and furnishing facilities and all  
107 structures, roads, parking facilities, utilities, and improvements necessary, incidental, or  
108 convenient to the facilities, interest estimated to accrue on these bonds during the period to be  
109 covered by construction of the projects plus a period of six months after the end of the  
110 construction period, and all related engineering, architectural, and legal fees.

111 (c) For the Utah Science Technology and Research Governing Authority, proceeds  
112 shall be provided for the following:

CAPITAL DEVELOPMENT PROJECTS			
Project Description	Estimated		Amount Funded
	Operations and Maintenance		
Bio Innovations Research Institute -- Utah State University	\$0		\$18,400,000
Neuroscience and Biomedical Technology Research Building -- University of Utah	\$0		\$27,600,000
TOTAL CAPITAL DEVELOPMENT PROJECTS			\$46,000,000
ADDITIONAL AUTHORIZED AMOUNTS			\$460,000
TOTAL GENERAL OBLIGATION BOND AUTHORIZATION FOR CAPITAL DEVELOPMENT PROJECTS			\$46,460,000

~~[(d) The Legislature intends that the Utah Science Technology and Research Governing Authority pay the operations and maintenance costs on the research buildings authorized by this section.]~~

(3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not constitute a limitation on the amount that may be expended for the projects.

(b) The commission, by resolution and in consultation with the Utah Science Technology and Research Governing Authority, may delete the project if the inclusion of that project could be construed to violate state law or federal law or regulation.

(4) The Utah Science Technology and Research Governing Authority may enter into agreements related to the project before the receipt of proceeds of bonds issued under this chapter.

(5) The commission or the state treasurer may make any statement of intent relating to that reimbursement that is necessary or desirable to comply with federal tax law.

(6) The Utah Science Technology and Research Governing Authority shall contract with the Division of Facilities Construction and Management to oversee construction of the buildings.

(7) The Utah Science Technology and Research Governing Authority may not delegate authority over construction of the capital development projects identified in this section to any

138 entity other than the Division of Facilities Construction and Management.

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

140 **63M-2-102. Definitions.**

141 As used in this chapter:

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

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

146 (b) expenditures incurred by the university to legally protect the intellectual property.

147 (2) "Executive director" means the person appointed [~~by the governing authority~~] under  
148 Section **63M-2-301**.

149 (3) "Research buildings" means any of the buildings listed in Section **63M-2-201**.

150 (4) "Research universities" means the University of Utah and Utah State University.

151 (5) "Technology outreach innovation program" or "TOIP" means the program  
152 described in Section **63M-2-202**.

153 (6) "USTAR governing authority" means the Utah Science Technology and Research  
154 Governing Authority created in Section **63M-2-301**.

155 (7) (a) "USTAR initiative" means the Utah Science Technology and Research Initiative  
156 created in Section **63M-2-301**.

157 (b) "USTAR initiative" includes the projects, operations, activities, programs, and  
158 services described in this chapter.

159 Section 4. Section **63M-2-202** is amended to read:

160 **63M-2-202. Technology outreach innovation program.**

161 (1) As funding becomes available from the Legislature or other sources, the USTAR  
162 governing authority shall establish a technology outreach innovation program, also known as  
163 the TOIP, at up to five locations distributed strategically throughout Utah.

164 (2) [~~(a)~~] The USTAR governing authority shall ensure that the technology innovation  
165 outreach program acts as a resource to:

166 [~~(i)~~] (a) broker ideas, new technologies, and services to entrepreneurs and businesses  
167 throughout a defined service area;

168 [~~(ii)~~] (b) engage local entrepreneurs and professors at applied technology centers,

169 colleges, and universities by connecting them to Utah's research universities;

170 ~~[(iii)]~~ (c) screen business ideas and new technologies to ensure that the ones with the  
171 highest growth potential receive the most targeted services and attention;

172 ~~[(iv)]~~ (d) connect market ideas and technologies in new or existing businesses or  
173 industries or in regional colleges and universities with the expertise of Utah's research  
174 universities;

175 ~~[(v)]~~ (e) assist businesses, applied technology centers, colleges, and universities in  
176 developing commercial applications for their research; and

177 ~~[(vi)]~~ (f) disseminate and share discoveries and technologies emanating from Utah's  
178 research universities to local entrepreneurs, businesses, applied technology centers, colleges,  
179 and universities.

180 ~~[(b)]~~ (3) In designing and operating the ~~[technology outreach program,]~~ TOIP, for each  
181 TOIP location the USTAR governing authority ~~[shall]~~:

182 ~~[(i) for each technology outreach program location:]~~

183 (a) may hire a TOIP director;

184 ~~[(A)]~~ (b) shall establish written performance standards and expectations ~~[for each~~  
185 ~~location];~~ and

186 ~~[(B)]~~ (c) shall require reporting ~~[from each location]~~ related to those performance  
187 standards and expectations on at least an annual basis~~[-and]~~.

188 ~~[(ii) work cooperatively with the Technology Commercialization Offices at Utah State~~  
189 ~~University and the University of Utah.]~~

190 (4) A TOIP director hired under Subsection (3) shall:

191 (a) be categorized as a schedule AC employee in accordance with Section [67-19-15](#);

192 (b) report to, and be supervised by, the executive director;

193 (c) ensure the TOIP serves to further the vision and mission of the USTAR initiative;

194 and

195 (d) as directed by the executive director, implement the policies and procedures  
196 adopted by the USTAR governing authority.

197 Section 5. Section **63M-2-204** is amended to read:

198 **63M-2-204. Financial participation agreement.**

199 (1) In consideration of the money and services provided or agreed to be provided, the

200 state of Utah, Utah State University, and the University of Utah agree that they will allocate  
201 commercialization revenues as follows:

202 ~~[(a) for the first \$15,000,000 received:]~~

203 ~~[(i) \$10,000,000 to Utah State University and the University of Utah, with the money~~  
204 ~~distributed proportionately based upon which university conducted the research that generated~~  
205 ~~the commercialization revenues; and]~~

206 ~~[(ii) \$5,000,000 to the USTAR governing authority for the ongoing operations of the~~  
207 ~~USTAR initiative; and]~~

208 (a) for up to and including the first \$15,000,000 in commercialization revenues  
209 generated:

210 (i) 66.6% shall be retained by the research universities, with the money distributed  
211 proportionably to the university that generated the commercialization revenue; and

212 (ii) 33.4% shall be paid to the USTAR governing authority for the ongoing operation  
213 of the USTAR initiative;

214 (b) for all subsequent money received:

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

218 (ii) 50% to the USTAR governing authority or other entity designated by the state to be  
219 used for:

220 (A) unless prohibited by law, deposit with the state treasurer for deposit into the  
221 sinking fund created under Section 63B-1a-301 for debt service on the bonds issued to fund  
222 planning, design, and construction of the research buildings;

223 (B) ongoing operations of the USTAR initiative;

224 (C) replacement of equipment in the research buildings;

225 (D) recruitment and funding of additional research teams; and

226 (E) construction of additional research buildings.

227 Section 6. Section 63M-2-301 is amended to read:

228 **63M-2-301. The Utah Science Technology and Research Initiative and the Utah**  
229 **Science Technology and Research Governing Authority -- Creation -- Membership --**  
230 **Meetings -- Staff.**



- 231 (1) There is created the Utah Science Technology and Research Initiative.
- 232 (2) To oversee the Utah Science Technology and Research Initiative, there is created  
233 the Utah Science Technology and Research Governing Authority consisting of the state  
234 treasurer or the state treasurer's designee, the executive director of the Governor's Office of  
235 Economic Development, and the following eight members appointed as follows:
- 236 (a) three appointed by the governor, with the consent of the Senate;
- 237 (b) two appointed by the president of the Senate;
- 238 (c) two appointed by the speaker of the House of Representatives; and
- 239 (d) one appointed by the commissioner of higher education.
- 240 (3) (a) (i) The eight appointed members shall serve four-year staggered terms.
- 241 (ii) The appointed members may not serve more than two full consecutive terms.
- 242 (iii) An appointed member may be removed from the board for any reason before the  
243 member's term is completed at the discretion of the governor after consultation with the  
244 governing authority.
- 245 (b) Notwithstanding Subsection (3)(a)(i), the terms of the first members of the  
246 governing authority shall be staggered by lot so that half of the initial members serve two-year  
247 terms and half serve four-year terms.
- 248 (4) Vacancies in the appointed positions on the governing authority shall be filled by  
249 the appointing authority [~~with consent of the Senate~~] in the same manner as the original  
250 appointment for the unexpired term.
- 251 (5) (a) The governor, with the consent of the Senate, shall select the chair of the  
252 governing authority to serve a one-year term.
- 253 (b) The governor may extend the term of a sitting chair of the governing authority  
254 without the consent of the Senate.
- 255 [~~(b)~~] (c) The executive director of the Governor's Office of Economic Development  
256 shall serve as the vice chair of the governing authority.
- 257 (6) The governing authority shall meet at least [~~monthly~~] six times each year and may  
258 meet more frequently at the request of a majority of the members of the governing authority.
- 259 (7) Five members of the governing authority are a quorum.
- 260 (8) A member may not receive compensation or benefits for the member's service, but  
261 may receive per diem and travel expenses as allowed in:

- 262 (a) Section 63A-3-106;
- 263 (b) Section 63A-3-107; and
- 264 (c) rules made by the Division of Finance according to Sections 63A-3-106 and
- 265 63A-3-107.

266 (9) (a) After consultation with the USTAR governing authority, the governor, with the  
267 consent of the Senate, shall appoint a full-time executive director to provide staff support for  
268 the USTAR governing authority.

269 (b) The executive director is an at-will employee who may be terminated without cause  
270 by the governor or by majority vote of the USTAR governing authority.

271 Section 7. Section 63M-2-302 is amended to read:

272 **63M-2-302. USTAR governing authority powers.**

273 (1) The USTAR governing authority shall:

274 (a) ensure that funds appropriated and received for research and development at the  
275 research universities and for the ~~[technology outreach program]~~ TOIP are used appropriately,  
276 effectively, and efficiently in accordance with the intent of the Legislature;

277 (b) in cooperation with the universities' administrations, expand key research at the two  
278 research universities;

279 (c) enhance technology transfer and commercialization of research and technologies  
280 developed at the research universities to create high-quality jobs and new industries in the  
281 private sector in Utah;

282 (d) review state and local economic development plans and appropriations to ensure  
283 that the USTAR initiative and its appropriations do not duplicate existing or planned programs;

284 (e) establish written economic development objectives for the USTAR initiative that  
285 are measurable and verifiable, including how to maximize revenue to the USTAR initiative so  
286 that it becomes financially self-supporting;

287 (f) by following the procedures and requirements of Title 63G, Chapter 3, Utah  
288 Administrative Rulemaking Act, make rules for allocating appropriated money for research  
289 teams and for the commercialization of new technology between Utah State University and the  
290 University of Utah;

291 (g) verify that the USTAR initiative is being enhanced by research grants and that it is  
292 meeting the governing authority's economic development objectives;

293 (h) monitor all research plans that are part of the USTAR initiative at the research  
294 universities to determine that appropriations are being spent in accordance with legislative  
295 intent and to maximize the benefit and return to the state; and

296 (i) develop methods and incentives to encourage investment in and contributions to the  
297 USTAR initiative from the private sector.

298 (2) The USTAR governing authority may:

299 (a) in addition to money received from the Legislature, receive contributions for the  
300 USTAR initiative from any source in the form of money, property, labor, or other things of  
301 value;

302 (b) subject to any restrictions imposed by the donation, appropriations, or bond  
303 authorizations, allocate money received by it among the research universities, technology  
304 outreach program, and technology transfer offices to support commercialization and technology  
305 transfer to the private sector; or

306 (c) enter into agreements necessary to obtain private equity investment in the USTAR  
307 initiative.

308 Section 8. Section **63M-2-401** is amended to read:

309 **63M-2-401. Reporting requirements.**

310 (1) By October 1 of each year, the USTAR governing authority shall submit to the  
311 governor; the Legislature; the Business, Economic Development, and Labor Appropriations  
312 Subcommittee; and the Economic Development and Workforce Services Interim Committee an  
313 annual written report of the operations, activities, programs, and services of the governing  
314 authority and the USTAR initiative for the preceding fiscal year.

315 (2) For each project, operation, activity, program, or service related to the USTAR  
316 initiative or overseen or funded through the USTAR governing authority, the annual report  
317 shall include:

318 (a) a description of the project, operation, activity, program, or service;

319 (b) data selected and used by the governing authority to measure progress,  
320 performance, and scope of the project, operation, activity, program, or service, including  
321 summary data;

322 (c) a clear description of the methodology for any data in the report that includes an  
323 estimation;

- 324 (d) the amount and source of all USTAR initiative funding, including:
- 325 (i) funding from legislative appropriations;
- 326 (ii) funding procured outside of legislative appropriations, including a separate
- 327 accounting of grants or investments contributing to research teams and other activities of the
- 328 USTAR initiative from the federal government, private entities, or other sources, and an
- 329 explanation of the extent to which:
  - 330 (A) outside funding was contingent on or leveraged by legislative appropriations; and
  - 331 (B) outside funding would continue if legislative appropriations were discontinued;
  - 332 (iii) commercialization revenue, including a separate accounting of:
    - 333 (A) realized commercialization revenue;
    - 334 (B) unrealized [~~and expected~~] commercialization revenue; and
    - 335 (C) commercialization revenue going to other parties attributable to USTAR initiative
    - 336 funding;
    - 337 (iv) lease revenue from each building in which the USTAR governing authority holds
    - 338 title; and
    - 339 (v) the amount of money deposited with the state treasurer for deposit into the sinking
    - 340 fund created under Section [63B-1a-301](#) for debt service on the bonds issued to fund planning,
    - 341 design, and construction of the research buildings;
    - 342 (e) all expenses of the USTAR initiative, including:
      - 343 (i) operational expenses;
      - 344 (ii) for each employee receiving compensation from USTAR initiative funding,
      - 345 compensation information, including:
        - 346 (A) salary expenses, benefit expenses, and travel expenses;
        - 347 (B) information for each research team employee and each employee of the
        - 348 [~~technology outreach program~~] TOIP that receives compensation directly or indirectly through
        - 349 USTAR initiative funding; and
        - 350 (C) information regarding compensation for each employee from sources other than
        - 351 USTAR initiative funding, including grants and compensation from a university or private
        - 352 entity;
        - 353 (iii) for each research team, salary expenses, benefit expenses, travel expenses, and
        - 354 operations and maintenance expenses;

- 355 (iv) operational and maintenance expenses for each building in which the USTAR  
356 governing authority holds title;
- 357 (v) operational and maintenance expenses paid for by USTAR initiative funding for  
358 each location that has an established [~~technology outreach program~~] TOIP; and
- 359 (vi) each grant or other incentive given as a result of the USTAR initiative, including  
360 grants or incentives awarded through the [~~technology outreach program~~] TOIP;
- 361 (f) the number of jobs and the corresponding salary ranges created by the USTAR  
362 initiative, including the number of jobs where the employee is expected to be employed for at  
363 least one year and earns at least 125% of the prevailing wage of the county where the employee  
364 works;
- 365 (g) the name of each business entity receiving a grant or other incentive as a result of  
366 the USTAR initiative, including the outreach program;
- 367 (h) a list of business entities that have hired employees as a result of the USTAR  
368 initiative;
- 369 (i) the tax revenue generated as a result of the USTAR initiative, with actual revenue  
370 generated clearly separated from potential revenue;
- 371 (j) a list of intellectual property assets, including patents, generated by research teams  
372 as a result of the USTAR initiative, including a reasonable estimate of the USTAR initiative's  
373 percentage share of potential commercialization revenue that may be realized from those  
374 assets;
- 375 (k) a description of any agreements entered into regarding private equity investment in  
376 the USTAR initiative;
- 377 (l) beginning with data from the fiscal year beginning July 1, 2013, historical data from  
378 previous years for comparison with the annual data reported under this Subsection (2);
- 379 (m) goals, challenges, and achievements related to the project, operation, activity,  
380 program, or service;
- 381 (n) relevant federal and state statutory references and requirements;
- 382 (o) contact information of officials knowledgeable and responsible for each project,  
383 operation, activity, program, or service;
- 384 (p) other information determined by the USTAR governing authority that:  
385 (i) may be needed, useful, or of historical significance; or

386 (ii) promotes accountability and transparency for each project, operation, activity,  
387 program, or service with the public and with elected officials;

388 (q) the written economic development objectives required under Subsection  
389 63M-2-302(1)(e) and a description of any progress or challenges in meeting the objectives; and

390 (r) the audit report described in Section 63M-2-402.

391 (3) The annual report shall be designed to provide clear, accurate, and accessible  
392 information to the public, the governor, and the Legislature.

393 (4) The governing authority shall:

394 (a) submit the annual report in accordance with Section 68-3-14; and

395 (b) make the annual report and previous annual reports accessible to the public by  
396 placing a link to the reports on the USTAR initiative's website.

397 (5) In addition to the annual written report described in this section:

398 (a) upon the request of a committee, the USTAR governing authority shall provide  
399 information and progress reports to the Economic Development and Workforce Services  
400 Interim Committee; the Business and Labor Interim Committee; and the Business, Economic  
401 Development, and Labor Appropriations Subcommittee; and

402 (b) on or before October 1, 2019, and every five years after October 1, 2019, the  
403 USTAR governing authority shall include with the annual report described in this section a  
404 written analysis and recommendations concerning the usefulness of the information required in  
405 the annual report and the ongoing effectiveness of the USTAR initiative, including whether:

406 (i) the reporting requirements are effective at measuring the performance of the  
407 USTAR initiative;

408 (ii) the reporting requirements should be modified; and

409 (iii) the USTAR initiative is beneficial to the state and should continue.

410 Section 9. Section 63M-2-402 is amended to read:

411 **63M-2-402. Audit requirements.**

412 (1) Each fiscal year, an audit of the activities of the USTAR initiative shall be made as  
413 described in this section.

414 (2) (a) As approved by the Legislative Audit Subcommittee, the audit shall be  
415 conducted by:

416 (i) the legislative auditor; or

- 417 (ii) an independent auditor engaged by the legislative auditor.
- 418 (b) An independent auditor used under Subsection (2)(a)(ii) may not have a [business  
419 ~~or contractual connection, or other connection,~~ direct financial conflict of interest with the  
420 USTAR initiative or the USTAR governing authority.
- 421 (3) The USTAR governing authority shall pay the costs associated with the annual  
422 audit.
- 423 (4) The annual audit shall:
- 424 (a) include a verification of the accuracy of the information required to be included in  
425 the annual report described in Section [63M-2-401](#); and
- 426 (b) be completed by September 1 of each year.