

**Senator Scott D. Sandall** proposes the following substitute bill:

**USTAR AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Scott D. Sandall**

House Sponsor: Tim Quinn

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

- ▶ modifies provisions of the Workforce Development Restricted Account;
- ▶ dissolves the USTAR Governing Authority;
- ▶ puts the program director of USTAR under the supervision of the executive director of the Governor's Office of Economic Development (GOED);
- ▶ modifies provisions related to grants offered by USTAR;
- ▶ modifies the reporting requirements of USTAR, including requiring the reporting of a plan to move USTAR programs to GOED; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

This bill appropriates in fiscal year 2020:

- ▶ to the Utah Science Technology and Research Governing Authority -- Support Programs, as an ongoing appropriation:
  - from the General Fund, (\$3,282,600); and



- 26           • from Dedicated Credits Revenue, (\$16,100);
- 27           ▶ to the Utah Science Technology and Research Governing Authority -- Grant
- 28 Programs, as a one-time appropriation:
- 29           • from the General Fund, (\$4,500,000);
- 30           ▶ to the Governor's Office of Economic Development -- Pass-Through, as a one-time
- 31 appropriation:
- 32           • from the General Fund, \$1,705,900;
- 33           ▶ to the Governor's Office of Economic Development -- Pass-Through, as an ongoing
- 34 appropriation:
- 35           • from the General Fund, \$385,600; and
- 36           • from Dedicated Credits Revenue, \$16,100;
- 37           ▶ to the General Fund Restricted -- Workforce Development Restricted Account, as
- 38 an ongoing appropriation:
- 39           • from the General Fund, \$2,897,000; and
- 40           ▶ to the General Fund Restricted -- Workforce Development Restricted Account, as a
- 41 one-time appropriation:
- 42           • from the General Fund, \$2,794,100.

43 **Other Special Clauses:**

44           None

45 **Utah Code Sections Affected:**

46 AMENDS:

- 47           13-1-14, as enacted by Laws of Utah 2018, Chapter 453
- 48           63M-2-102, as last amended by Laws of Utah 2016, Chapter 240
- 49           63M-2-301, as last amended by Laws of Utah 2016, Chapter 240
- 50           63M-2-302, as repealed and reenacted by Laws of Utah 2016, Chapter 240
- 51           63M-2-302.5, as last amended by Laws of Utah 2016, Chapter 240
- 52           63M-2-304, as enacted by Laws of Utah 2018, Chapter 427
- 53           63M-2-502, as last amended by Laws of Utah 2018, Chapter 453
- 54           63M-2-503, as enacted by Laws of Utah 2016, Chapter 240
- 55           63M-2-504, as enacted by Laws of Utah 2016, Chapter 240
- 56           63M-2-703, as enacted by Laws of Utah 2016, Chapter 240

57 **63M-2-802**, as last amended by Laws of Utah 2018, Chapter 453

58 **63M-2-803**, as renumbered and amended by Laws of Utah 2016, Chapter 240



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

61 Section 1. Section **13-1-14** is amended to read:

62 **13-1-14. Workforce Development Restricted Account.**

63 (1) There is created a restricted account within the General Fund known as the  
64 Workforce Development Restricted Account.

65 (2) The restricted account shall be administered to provide funding for collaborative  
66 projects that support:

67 (a) economic development in the state;

68 (b) workforce development in the state; and

69 (c) [~~the support of~~] scientific and technical innovation and entrepreneurship in the  
70 state[~~; and~~].

71 [~~(d) the programs and duties of the governing authority in accordance with this  
72 chapter.~~]

73 (3) The state treasurer shall invest the money in the restricted account according to the  
74 procedures and requirements of Title 51, Chapter 7, State Money Management Act, except that  
75 interest and other earnings derived from the restricted account shall be deposited into the  
76 restricted account.

77 (4) The restricted account shall be funded by appropriations made to the account by the  
78 Legislature.

79 (5) Subject to appropriation and direction from the Legislature, account money may be  
80 used in accordance with this [~~part~~] section.

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

82 **63M-2-102. Definitions.**

83 As used in this chapter:

84 [~~(1) "Executive director" means the individual appointed under Subsection  
85 63M-2-301(9).~~]

86 [~~(2)~~] (1) "Governing authority" means the Utah Science Technology and Research  
87 Governing Authority created in Section **63M-2-301**.

88            [~~3~~] (2) "Higher education institution" means an institution listed in Section  
89 [53B-2-101](#).

90            [~~4~~] (3) "Principal researcher" means an individual who:

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

93            (ii) before May 10, 2016, received funding from USTAR for some or all of the  
94 researcher's startup costs or research university salary;

95            (iii) was recruited by a research university to become a member of a research  
96 university's faculty; and

97            (iv) on or after May 10, 2016, continues to receive USTAR support; or

98            (b) (i) is employed on or after May 10, 2016 as a researcher by a higher education  
99 institution;

100            (ii) receives USTAR support; and

101            (iii) is recruited by the governing authority and the higher education institution to  
102 become a member of the higher education institution's faculty.

103            [~~5~~] (4) "Private entity":

104            (a) means a privately owned corporation, limited liability company, partnership, or  
105 other business entity or association; and

106            (b) does not include an individual or a sole proprietorship.

107            (5) "Program director" means the individual appointed under Subsection  
108 [63M-2-301\(9\)](#).

109            (6) "Research building" means a building:

110            (a) for which the governing authority holds title; and

111            (b) that is located on the campus of a research university.

112            (7) "Research university" means:

113            (a) the University of Utah; or

114            (b) Utah State University.

115            (8) "USTAR" means the Utah Science Technology and Research Initiative created in  
116 Section [63M-2-301](#).

117            (9) "USTAR researcher" means:

118            (a) a principal researcher; or

- 119 (b) an individual, other than a principal researcher, who:
- 120 (i) is employed by a higher education institution; and
- 121 (ii) receives USTAR support.
- 122 (10) "USTAR support" means assistance provided by USTAR including:
- 123 (a) financial support;
- 124 (b) technical assistance;
- 125 (c) mentoring; and
- 126 (d) the use of:
- 127 (i) research or laboratory space controlled by USTAR in a building other than a
- 128 research building; and

- 129 (ii) equipment in space described in Subsection (10)(d)(i).

130 Section 3. Section **63M-2-301** is amended to read:

131 **63M-2-301. The Utah Science Technology and Research Initiative -- Governing**  
132 **authority -- Executive director.**

- 133 (1) There is created the Utah Science Technology and Research Initiative.
- 134 (2) ~~[Fø]~~ Subject to Subsection (10), to oversee USTAR, there is created the Utah  
135 Science Technology and Research Governing Authority consisting of:
  - 136 (a) the state treasurer or the state treasurer's designee;
  - 137 (b) the executive director of the Governor's Office of Economic Development;
  - 138 (c) three members appointed by the governor, with the consent of the Senate;
  - 139 (d) two members appointed by the president of the Senate;
  - 140 (e) two members appointed by the speaker of the House of Representatives; and
  - 141 (f) one member appointed by the commissioner of higher education.
- 142 (3) (a) The eight appointed members under Subsections (2)(c) through (f) shall serve  
143 four-year staggered terms.
  - 144 (b) An appointed member under Subsection (2)(c), (d), (e), or (f):
    - 145 (i) may not serve more than two full consecutive terms; and
    - 146 (ii) may be removed from the governing authority for any reason before the member's  
147 term is completed:
      - 148 (A) at the discretion of the original appointing authority; and
      - 149 (B) after the original appointing authority consults with the governing authority.

150 (4) A vacancy on the governing authority in an appointed position under Subsection  
151 (2)(c), (d), (e), or (f) shall be filled for the unexpired term by the appointing authority in the  
152 same manner as the original appointment.

153 (5) (a) Except as provided in Subsection (5)(b), the governor, with the consent of the  
154 Senate, shall select the chair of the governing authority to serve a one-year term.

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

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

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

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

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

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

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

166 (c) rules made by the Division of Finance:

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

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

169 (9) (a) ~~[After consultation with the governing authority, the]~~ The governor, with the  
170 consent of the Senate, ~~[shall]~~ may appoint a ~~[full-time executive]~~ program director to ~~[provide~~  
171 ~~staff support for the governing authority]~~ oversee USTAR.

172 (b) The ~~[executive]~~ program director is an at-will employee who may be terminated  
173 with or without cause by~~[:]~~ the governor or the executive director of the Governor's Office of  
174 Economic Development.

175 ~~[(i) the governor; or]~~

176 ~~[(ii) majority vote of the governing authority.]~~

177 (10) On July 1, 2019, the governing authority is dissolved and the program director is  
178 under the supervision of the executive director of the Governor's Office of Economic  
179 Development.

180 Section 4. Section **63M-2-302** is amended to read:

181 **63M-2-302. USTAR powers and duties.**

182 [~~(1) The governing authority shall:~~]

183 (1) Before July 1, 2019, the governing authority shall, and on or after July 1, 2019, the  
184 program director and the executive director of the Governor's Office of Economic  
185 Development shall:

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

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

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

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

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

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

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

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

204 [~~(2) The governing authority may:~~]

205 (2) Before July 1, 2019, the governing authority may, and on or after July 1, 2019, the  
206 program director and the executive director of the Governor's Office of Economic  
207 Development may:

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

211 (b) subject to restrictions imposed by a donor or legislative appropriation, allocate

212 money for programs and activities described in this chapter;

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

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

215 (e) in fulfilling ~~[the governing authority's]~~ USTAR's duties and responsibilities under

216 this chapter, collaborate with:

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

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

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

221 ~~[(3) A state agency, higher education institution, or political subdivision with which~~

222 ~~the governing authority seeks to collaborate in fulfilling the governing authority's duties under~~

223 ~~this chapter shall cooperate with the governing authority as reasonably necessary to enable the~~

224 ~~governing authority to fulfill its duties under this chapter.]~~

225 Section 5. Section **63M-2-302.5** is amended to read:

226 **63M-2-302.5. USTAR requirements.**

227 ~~[The governing authority]~~ USTAR is subject to the requirements of an executive branch

228 agency and is:

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

230 (2) an executive branch procurement unit for purposes of Title 63G, Chapter 6a, Utah

231 Procurement Code;

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

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

235 Section 6. Section **63M-2-304** is amended to read:

236 **63M-2-304. Background checks for employees.**

237 (1) As used in this section, "bureau" means the Bureau of Criminal Identification

238 created in Section [53-10-201](#).

239 (2) Beginning July 1, 2018, ~~[the governing authority]~~ USTAR:

240 (a) shall require all applicants for Schedule A positions, in accordance with Section

241 [67-19-15](#), to submit to a fingerprint-based local, regional, and national criminal history

242 background check and ongoing monitoring as a condition of employment; and



243 (b) may require applicants for time limited positions to submit to a fingerprint-based,  
244 local, regional, and national criminal history background check and ongoing monitoring as a  
245 condition of employment if the applicant, as an employee:

246 (i) will interact with children, or vulnerable adults as defined in Section 62A-2-120; or

247 (ii) may have access to sensitive personal and financial information.

248 (3) Each individual in a position listed in Subsection (2) shall provide a completed  
249 fingerprint card to ~~[the governing authority]~~ USTAR upon request.

250 (4) The ~~[governing authority]~~ program director shall require that an individual required  
251 to submit to a background check under Subsection (3) provide a signed waiver on a form  
252 provided by ~~[the governing authority]~~ USTAR that meets the requirements of Subsection  
253 53-10-108(4).

254 (5) For a noncriminal justice background search and registration in accordance with  
255 Subsection 53-10-108(13), ~~[the governing authority]~~ USTAR shall submit to the bureau:

256 (a) the applicant's personal identifying information and fingerprints for a criminal  
257 history search of applicable local, regional, and national databases; and

258 (b) a request for all information received as a result of the local, regional, and  
259 nationwide background check.

260 (6) ~~[The governing authority]~~ USTAR is responsible for the payment of all fees  
261 required by Subsection 53-10-108(15) and any fees required to be submitted to the Federal  
262 Bureau of Investigation by the bureau.

263 (7) ~~[The governing authority]~~ USTAR may make rules in accordance with Title 63G,  
264 Chapter 3, Utah Administrative Rulemaking Act, that:

265 (a) determine how ~~[the governing authority]~~ USTAR will assess the employment status  
266 of an individual upon receipt of background information; and

267 (b) identify the appropriate privacy risk mitigation strategy to be used in accordance  
268 with Subsection 53-10-108(13)(b).

269 Section 7. Section 63M-2-502 is amended to read:

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

272 (1) Subject to Subsection (6) and legislative appropriation, the governing authority  
273 shall:

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

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

277 (2) The governing authority shall enter into a written agreement with a higher  
278 education institution that employs a principal researcher:

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

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

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

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

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

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

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

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

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

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

299 (a) the principal researcher:

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

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

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

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

307 (6) Beginning on July 1, 2018, and subject to Subsection (7), USTAR may not provide  
308 funding to help a research university honor its commitments to principal researchers employed  
309 by the research university.

310 (7) (a) Beginning on July 1, 2019, and until December 31, 2019, USTAR may liquidate  
311 funds from one or more escrow accounts that were created before July 1, 2018, related to a  
312 research university's commitments to principal researchers, and provide the funds to a research  
313 university as previously agreed in a written agreement entered into before July 1, 2018.

314 (b) On January 1, 2020, 66.6% of any money left in an escrow account described in  
315 Subsection (7)(a) shall be transferred by USTAR to the University of Utah, and 33.4% of any  
316 money left in an escrow account described in Subsection (7)(a) shall be transferred by USTAR  
317 to Utah State University.

318 Section 8. Section **63M-2-503** is amended to read:

319 **63M-2-503. USTAR grant programs.**

320 (1) [~~The governing authority~~] USTAR shall establish at least one competitive grant  
321 program that:

322 (a) is designed to:

323 (i) address market gaps in technology development in the state; or

324 (ii) facilitate research and development of promising technologies;

325 (b) does not overlap with or duplicate other state funded programs; and

326 (c) offers grants, on a competitive basis, to:

327 (i) researchers employed by higher education institutions;

328 (ii) private entities; or

329 (iii) partnerships between researchers employed by higher education institutions and  
330 private entities.

331 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
332 [~~the governing authority~~] USTAR shall make rules that describe, for each grant program:

333 (a) the purpose;

334 (b) eligibility criteria to receive a grant;

335 (c) how [~~the governing authority~~] USTAR determines which proposals receive grants;

336 (d) reporting requirements in accordance with Part 7, Reporting by Recipients of  
337 USTAR Support; and

338 (e) other information [~~the governing authority~~] USTAR determines is necessary or  
339 appropriate.

340 (3) [~~The governing authority~~] USTAR:

341 (a) shall solicit proposals for each grant program; and

342 (b) may, subject to legislative appropriation and Subsection [63M-2-502\(1\)\(b\)](#), award  
343 grants for each program.

344 (4) In evaluating a grant proposal received in response to a solicitation under this  
345 section, [~~the governing authority~~] USTAR shall consider, as applicable:

346 (a) the extent to which the planned research has the potential for commercialization;

347 (b) the market gap the technology or research fills; and

348 (c) other factors [~~the governing authority~~] USTAR determines are relevant, important,  
349 or necessary.

350 (5) [~~The governing authority~~] USTAR shall require a recipient of a grant under this  
351 section, as a condition of receiving a grant, to comply with the reporting requirements  
352 described in:

353 (a) Section [63M-2-702](#), for a USTAR researcher; or

354 (b) Section [63M-2-703](#), for a private entity or for a partnership between a USTAR  
355 researcher and a private entity.

356 (6) Beginning on July 1, 2019, USTAR:

357 (a) may not establish any new competitive grant programs;

358 (b) may not award new grants related to any existing competitive grant program; and

359 (c) may continue to pay grant money for a grant awarded before July 1, 2019, in  
360 accordance with the written terms of the grant.

361 Section 9. Section **63M-2-504** is amended to read:

362 **63M-2-504. Other USTAR support.**

363 (1) [~~The governing authority shall~~] USTAR may:

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

366 (b) provide support to a private entity or USTAR researcher in assessing the potential

367 for bringing a technology to market; and

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

369 (2) [~~The governing authority~~] USTAR shall require a recipient of USTAR support  
370 under this section, as a condition of receiving USTAR support, to comply with the reporting  
371 requirements in:

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

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

375 Section 10. Section 63M-2-703 is amended to read:

376 **63M-2-703. Reporting requirements for private entities.**

377 (1) On or before September 1 of each year, the [~~governing authority~~] program director  
378 shall collect the information described in Subsection (2) from each private entity that:

379 (a) receives USTAR support;

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

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

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

383 (2) The [~~governing authority~~] program director shall collect information on:

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

385 (i) begins to receive USTAR support;

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

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

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

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

391 (d) the location of the private entity.

392 (3) (a) To collect the information described in Subsection (2), the [~~governing authority~~]  
393 program director shall, in accordance with Title 63G, Chapter 6a, Utah Procurement Code,  
394 contract with an independent third party to conduct a survey of each private entity described in  
395 Subsection (1).

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

398 (4) The ~~[governing authority]~~ program director and Department of Workforce Services  
399 shall coordinate to verify the job and average wage information described in Subsection (2)(c).

400 Section 11. Section **63M-2-802** is amended to read:

401 **63M-2-802. USTAR annual report.**

402 (1) (a) On or before October 1 of each year, ~~[the governing authority]~~ USTAR shall  
403 submit, in accordance with Section **68-3-14**, an annual written report for the preceding fiscal  
404 year to:

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

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

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

408 (iv) the governor.

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

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

412 (a) information reported to ~~[the governing authority]~~ USTAR through the survey  
413 described in Section **63M-2-703**;

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

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

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

419 (e) contact information for the executive director;

420 (f) other information determined by ~~[the governing authority]~~ USTAR that promotes  
421 accountability and transparency; and

422 (g) the written economic development objectives required under Subsection  
423 **63M-2-302(1)(e)** and a description of progress or challenges in meeting the objectives.

424 (3) ~~[The governing authority]~~ USTAR shall design the annual report to provide clear,  
425 accurate, and accessible information to the public, the governor, and the Legislature.

426 (4) ~~[The governing authority]~~ USTAR shall:

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

428 (b) place a link to the annual report and previous annual reports on USTAR's website.

429 (5) Following the completion of an annual audit described in Section [63M-2-803](#), [~~the~~  
430 ~~governing authority~~] USTAR shall:

431 (a) publicly issue a revised annual report that:

432 (i) addresses the audit;

433 (ii) responds to audit findings; and

434 (iii) incorporates any revisions to the annual report based on audit findings;

435 (b) publish the revised annual report on USTAR's website, with a link to the audit; and

436 (c) submit, in accordance with Section [68-3-14](#), written notification of any revisions of

437 the annual report to:

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

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

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

441 (iv) the governor.

442 (6) In addition to the annual written report described in this section, [~~the governing~~  
443 ~~authority~~] USTAR shall:

444 (a) provide information and progress reports to a legislative committee upon request;

445 [~~and~~]

446 (b) on or before August 1, 2018, and every five years after August 1, 2018, provide to  
447 the same entities that receive the annual report described in Subsection (1)(a) a written analysis  
448 and recommendations concerning the usefulness of the information required in the annual  
449 report and USTAR's ongoing effectiveness, including whether:

450 (i) the reporting requirements are effective at measuring USTAR's performance;

451 (ii) the reporting requirements should be modified;

452 (iii) USTAR is beneficial to the state and should continue; and

453 (iv) whether programs in other agencies could provide similar benefits to the state  
454 more effectively or at a lower cost[.]; and

455 (c) on or before July 1, 2019, and in cooperation with the executive director of the  
456 Governor's Office of Economic Development, provide to the same entities that receive the  
457 annual report described in Subsection (1)(a) a written analysis and recommendations  
458 describing:

459 (i) the most efficient way to move existing USTAR programs to the Governor's Office

460 of Economic Development by July 1, 2020;

461 (ii) the most cost-effective way to discontinue incubation centers and similar programs  
462 by November 30, 2019;

463 (iii) a complete accounting of USTAR grants and an analysis of any technology that  
464 USTAR or the state may have a financial interest in if the technology is or was successful;

465 (iv) a complete accounting of whether USTAR is owed any money as a result of  
466 previous agreements or the commercialization of technology funded by USTAR;

467 (v) any technology funded in any part by USTAR that has been or should be  
468 commercialized; and

469 (vi) a plan to do the following by November 30, 2019:

470 (A) move USTAR's headquarters to office space within the Governor's Office of  
471 Economic Development;

472 (B) subject to Subsection (6)(c)(vi)(C), terminate USTAR building leases;

473 (C) transfer the lease of the Sparrowhawk building at Falcon Hill Drive in Clearfield,  
474 Utah to the Military Installation Development Authority; and

475 (D) transfer ownership and title of any USTAR-owned building on the campus of Utah  
476 State University to Utah State University.

477 Section 12. Section **63M-2-803** is amended to read:

478 **63M-2-803. Audit requirements.**

479 (1) Every third year beginning 2018, an audit of USTAR shall be made as described in  
480 this section.

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

483 (i) the legislative auditor; or

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

485 (b) An independent auditor used under Subsection (2)(a)(ii) may not have a direct  
486 financial conflict of interest with USTAR [~~or the governing authority~~].

487 (3) [~~The governing authority~~] USTAR shall pay the costs associated with the [~~annual~~]  
488 audit.

489 (4) The [~~annual~~] audit shall:

490 (a) include a verification of the accuracy of the information required to be included in



491 the annual report described in Section [63M-2-802](#); and

492 (b) be completed by December 1 of the year the report is required under Subsection (1).

493 Section 13. **Appropriations.**

494 The following sums of money are appropriated for the fiscal year beginning July 1,  
 495 2019, and ending June 30, 2020. These are additions to amounts previously appropriated for  
 496 fiscal year 2020.

497 Subsection 12(a). **Operating and Capital Budgets.**

498 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the  
 499 Legislature appropriates the following sums of money from the funds or accounts indicated for  
 500 the use and support of the government of the state of Utah.

501 ITEM 1

502 To Utah Science Technology and Research Governing Authority -- Support Programs

503 From General Fund (\$3,282,600)

504 From Dedicated Credits (\$16,100)

505 Schedule of Programs:

506 Incubation Programs (\$2,160,600)

507 Regional Outreach (\$736,400)

508 SBIR/STTR Assistance Center (\$401,700)

509 ITEM 2

510 To Utah Science Technology and Research Governing Authority -- Grant Programs

511 From General Fund, One-time (\$4,500,000)

512 Schedule of Programs:

513 Industry Partnership Program (\$2,375,000)

514 Technology Acceleration Program (\$2,125,000)

515 ITEM 3

516 To Governor's Office of Economic Development -- Pass-Through

517 From General Fund, One-time \$1,705,900

518 Schedule of Programs:

519 Pass-Through \$1,705,900

520 The Legislature intends that:

521 (1) the Governor's Office of Economic Development shall pass-through the

522 appropriation described in this item to the Military Installation Development Authority; and  
 523 (2) the Military Installation Development Authority shall expend this appropriation to  
 524 pay for at least three years of lease payments for the Sparrowhawk building at Falcon Hill  
 525 Drive in Clearfield, Utah, and to manage the administration of programs at the Sparrowhawk  
 526 building at Falcon Hill Drive in Clearfield, Utah.

527 ITEM 4

528 To Governor's Office of Economic Development -- Pass-Through

529	<u>From General Fund</u>	<u>\$385,600</u>
530	<u>From Dedicated Credits Revenue</u>	<u>\$16,100</u>
531	<u>Schedule of Programs:</u>	
532	<u>Pass-Through</u>	<u>\$401,700</u>

533 The Legislature intends that the Governor's Office of Economic Development shall  
 534 pass-through the appropriation described in this item to the Small Business Innovation  
 535 Research and Small Business Technology Transfer Assistance Center, also known as the  
 536 SBIR/SBTTR Assistance Center.

537 **Subsection 12(b). Restricted Fund and Account Transfers.**

538 The Legislature authorizes the State Division of Finance to transfer the following  
 539 amounts between the following funds or accounts as indicated. Expenditures and outlays from  
 540 the funds or accounts to which the money is transferred must be authorized by an  
 541 appropriation.

542 ITEM 5

543 To General Fund Restricted -- Workforce Development Restricted Account

544	<u>From General Fund</u>	<u>\$2,897,000</u>
545	<u>Schedule of Programs:</u>	
546	<u>Workforce Development Restricted Account</u>	<u>\$2,897,000</u>

547 ITEM 6

548 To General Fund Restricted -- Workforce Development Restricted Account

549	<u>From General Fund, One-time</u>	<u>\$2,794,100</u>
550	<u>Schedule of Programs:</u>	
551	<u>Workforce Development Restricted Account</u>	<u>\$2,794,100</u>