

By: Morrison

H.B. No. 1765

A BILL TO BE ENTITLED

AN ACT

relating to the creation of programs and funding for emerging technology industries.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490 to read as follows:

CHAPTER 490. FUNDING FOR EMERGING TECHNOLOGY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 490.001. DEFINITIONS. In this chapter:

(1) "Committee" means the Texas Emerging Technology Committee.

(2) "Fund" means the Texas Emerging Technology Fund.

(3) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

Sec. 490.002. PURPOSES. The fund is established under this chapter to develop and diversify the economy of this state by:

(1) expediting innovation and commercialization;

(2) attracting, creating, or expanding private sector entities that will promote a substantial increase in high quality jobs; and

(3) increasing higher education applied technology research capabilities.

Sec. 490.003. EMERGING TECHNOLOGY INDUSTRIES. (a) An emerging technology industry is eligible for funding under this

1 chapter if the industry:

2 (1) will result in the creation of high quality new
3 jobs in this state, immediately or over a longer period; or

4 (2) has the potential to result in a medical or
5 scientific breakthrough.

6 (b) Emerging technology industries include industries
7 related to:

8 (1) semiconductors;

9 (2) information;

10 (3) computer and software technology;

11 (4) energy;

12 (5) manufactured energy systems;

13 (6) micro-electromechanical systems;

14 (7) nanotechnology;

15 (8) biotechnology;

16 (9) medicine;

17 (10) life sciences;

18 (11) petroleum refining and chemical processes;

19 (12) aerospace;

20 (13) defense; and

21 (14) other pursuits, as determined by the governor in
22 consultation with the lieutenant governor and the speaker of the
23 house of representatives.

24 [Sections 490.004-490.050 reserved for expansion]

25 SUBCHAPTER B. TEXAS EMERGING TECHNOLOGY COMMITTEE

26 Sec. 490.051. COMPOSITION OF COMMITTEE. The Texas Emerging
27 Technology Committee is composed of 17 members.

1 Sec. 490.052. APPOINTMENT BY GOVERNOR; NOMINATIONS. (a)

2 The governor shall appoint to the committee individuals nominated
3 as provided by Subsection (b).

4 (b) The following persons may nominate one or more
5 individuals who are industry leaders in this state or who are
6 nationally recognized researchers from public or private
7 institutions of higher education in this state for appointment to
8 the committee:

9 (1) the Texas Higher Education Coordinating Board;

10 (2) a president of a public or private institution of
11 higher education in this state;

12 (3) the members of the Texas Workforce Commission;

13 (4) a representative of the governor's office involved
14 in economic development activities; and

15 (5) other persons considered appropriate by the
16 governor.

17 (c) The governor may prescribe a date after which a
18 nomination under Subsection (b) for appointment for the next term
19 will not be considered.

20 (d) If an insufficient number of qualified individuals are
21 nominated as provided by Subsection (b) before the date set by the
22 governor under Subsection (c), the governor may appoint any
23 qualified individual to the board for that term.

24 Sec. 490.053. PRESIDING MEMBER. The governor shall appoint
25 a presiding member of the committee.

26 Sec. 490.054. TERMS. Members of the committee serve
27 two-year terms, subject to the pleasure of the governor.

1 Sec. 490.055. COMMITTEE STAFF AND FUNDING. Necessary staff
2 and funding for the committee shall be provided by:

- 3 (1) the office of the governor;
4 (2) the Texas Higher Education Coordinating Board;
5 (3) the Texas Education Agency;
6 (4) the Texas Workforce Commission;
7 (5) another public entity represented by a committee
8 member; and
9 (6) gifts, grants, and donations for overhead expenses
10 to the entities listed in Subdivisions (1)-(5).

11 Sec. 490.056. RECOMMENDATIONS FOR FUNDING. (a) The
12 committee shall make recommendations, through peer review and
13 evaluation processes established by the committee, to the governor,
14 lieutenant governor, and speaker of the house of representatives
15 for the award of money from the fund as provided by this chapter.

16 (b) The committee may by rule establish advisory panels of
17 knowledgeable individuals from industry, state government, or
18 academic occupations to assist in peer review activities under this
19 chapter.

20 [Sections 490.057-490.100 reserved for expansion]

21 SUBCHAPTER C. TEXAS EMERGING TECHNOLOGY FUND

22 Sec. 490.101. TEXAS EMERGING TECHNOLOGY FUND. (a) The
23 Texas emerging technology fund is a dedicated account in the
24 general revenue fund.

25 (b) The following amounts shall be deposited in the fund:

- 26 (1) any amounts appropriated by the legislature for
27 the fund;

1 (2) benefits realized from a project undertaken with
2 money from the fund, as provided by a contract entered into under
3 Section 490.103;

4 (3) gifts, grants, and other donations received for
5 the fund; and

6 (4) interest earned on the investment of money in the
7 fund.

8 (c) The fund may be used only for the purposes described by
9 Section 490.002.

10 (d) The committee may solicit and accept gifts and grants
11 for the fund from public and private entities.

12 (e) The fund may be temporarily used by the comptroller for
13 cash management purposes.

14 (f) The administration of the fund is considered to be a
15 trusteed program within the office of the governor. The governor
16 may negotiate on behalf of the state regarding awarding, by grant,
17 money appropriated from the fund. The governor may award money
18 appropriated from the fund only with the express written prior
19 approval of the lieutenant governor and speaker of the house of
20 representatives.

21 (g) Before awarding a grant under this chapter, the governor
22 may enter into a written agreement with the entity to be awarded the
23 grant money specifying that:

24 (1) if all or any portion of the amount of the grant is
25 used to build a capital improvement:

26 (A) the state retains a lien or other interest in
27 the capital improvement in proportion to the percentage of the

1 grant amount used to pay for the capital improvement; and

2 (B) the recipient of the grant shall, if the
3 capital improvement is sold:

4 (i) repay to the state the grant money used
5 to pay for the capital improvement, with interest at the rate and
6 according to the other terms provided by the agreement; and

7 (ii) share with the state a proportionate
8 amount of any profit realized from the sale; and

9 (2) if, as of a date certain provided in the agreement,
10 the grant recipient has not used grant money awarded under this
11 chapter for the purposes for which the grant was intended, the
12 recipient shall repay that amount and any related interest to the
13 state at the agreed rate and on the agreed terms.

14 Sec. 490.102. ALLOCATION OF FUND. (a) Money appropriated
15 to the fund by the legislature shall be allocated as follows:

16 (1) 50 percent of the money for incentives for
17 collaboration between certain entities as provided by Subchapter D;

18 (2) 25 percent of the money for research grant
19 matching as provided by Subchapter E; and

20 (3) 25 percent of the money for acquisition of
21 research superiority as provided by Subchapter F.

22 (b) The governor may reallocate money from one component of
23 the fund to another component subject to the prior approval of the
24 lieutenant governor and speaker of the house of representatives.

25 Sec. 490.103. ALLOCATION OF PROCEEDS. (a) Royalties,
26 income, or other financial benefits realized from a project
27 undertaken with money from the fund shall be divided among the

1 entities collaborating in the project according to a contract
2 between the entities and the committee.

3 (b) The contract under Subsection (a) shall:

4 (1) define a percentage of royalties, income, or
5 financial benefits from a project to be deposited in the fund; and

6 (2) specify other matters considered necessary by the
7 governor, lieutenant governor, and speaker of the house of
8 representatives.

9 [Sections 490.104-490.150 reserved for expansion]

10 SUBCHAPTER D. INCENTIVES TO CREATE REGIONAL CENTERS OF INNOVATION
11 AND COMMERCIALIZATION

12 Sec. 490.151. USE OF MONEY FOR INCENTIVES. (a) Amounts
13 allocated from the fund for use as provided by this subchapter shall
14 be reserved for incentives for private or nonprofit entities to
15 collaborate with public or private institutions of higher education
16 in this state on emerging technology projects with a demonstrable
17 economic benefit to this state.

18 (b) The committee shall recommend proposals eligible for
19 funding under this section to the governor, lieutenant governor,
20 and speaker of the house of representatives.

21 Sec. 490.152. REGIONAL CENTERS OF INNOVATION AND
22 COMMERCIALIZATION. (a) In recommending proposals for funding, the
23 committee shall give specific emphasis to the formation of regional
24 centers of innovation and commercialization.

25 (b) An appropriate combination of any entities described by
26 Section 490.151(a) may collaborate to form a regional center of
27 innovation and commercialization to serve a region of this state.

1 (c) A regional center of innovation and commercialization
2 shall provide for a specified region:

3 (1) research and development activities that may
4 include initiatives to prove the feasibility of an idea;

5 (2) commercialization of the results of research and
6 development;

7 (3) incubators for new businesses and expansion of
8 existing businesses related to research and development; and

9 (4) workforce training for businesses resulting from
10 research and development.

11 (d) Subject to the availability of suitable partners and
12 resources, the committee shall propose and initiate the
13 establishment of a regional center of innovation and
14 commercialization in:

15 (1) Harris County;

16 (2) Lubbock County;

17 (3) Bexar County;

18 (4) the Dallas-Fort Worth Metroplex;

19 (5) El Paso County;

20 (6) the Lower Rio Grande Valley; and

21 (7) other suitable locations as determined by the
22 governor in consultation with the lieutenant governor and the
23 speaker of the house of representatives.

24 Sec. 490.153. PRIORITY FOR FUNDING. In awarding money from
25 the fund under this subchapter, priority shall be given to
26 proposals that:

27 (1) involve emerging scientific or technology fields

1 that have a reasonable probability of enhancing this state's
2 national and global economic competitiveness;

3 (2) may result in a medical or scientific
4 breakthrough;

5 (3) are collaborative between any combination of
6 private or nonprofit entities and public or private agencies or
7 institutions in this state;

8 (4) are matched with other available funds by the
9 private or nonprofit entity or institution of higher education
10 collaborating on the project; or

11 (5) have a demonstrable economic development benefit
12 to this state.

13 Sec. 490.154. GUARANTEE OF ACTION BY PARTICIPATING ENTITY.

14 (a) An entity participating in a regional center of innovation and
15 commercialization that receives funding or another incentive under
16 this subchapter shall guarantee by contract with the governor's
17 office that the entity will perform specific actions expected to
18 provide benefits to this state.

19 (b) If an entity fails to perform an action guaranteed by
20 contract under Subsection (a) before a time specified by the
21 contract, the entity shall return to the fund the money received by
22 the entity under this subchapter.

23 Sec. 490.155. GUARANTEE OF COMMERCIALIZATION OR
24 MANUFACTURING IN TEXAS. A person or entity awarded money from the
25 fund under this subchapter must guarantee by contract that a
26 majority of any new or expanded commercialization or manufacturing
27 of any real or intellectual product resulting from the award will be

1 established in this state.

2 Sec. 490.156. AUTHORIZED EXPENSES. (a) A person awarded
3 money from the fund under this subchapter may use the money to
4 expedite commercialization that will lead to an increase in high
5 quality jobs in this state and shall use the money in accordance
6 with a contract between the person and the committee.

7 (b) Authorized expenses under this section include salaries
8 and benefits, travel, consumable supplies, other operating
9 expenses, contracted research and development, capital equipment,
10 construction or renovation of state or private facilities, and
11 workforce training.

12 [Sections 490.157-490.200 reserved for expansion]

13 SUBCHAPTER E. RESEARCH GRANT MATCHING

14 Sec. 490.201. USE OF MONEY FOR RESEARCH GRANT MATCHING. (a)
15 Amounts allocated from the fund for use as provided by this
16 subchapter shall be reserved to match funding from research
17 sponsors other than this state, including federal research
18 sponsors.

19 (b) The committee shall recommend proposals eligible for
20 funding under this section to the governor, lieutenant governor,
21 and speaker of the house of representatives.

22 Sec. 490.202. PRIORITY FOR FUNDING. In awarding money from
23 the fund under this subchapter, priority shall be given to
24 proposals that accelerate commercialization into production by
25 targeting programs that:

26 (1) address federal or other major research sponsors'
27 priorities in emerging scientific or technology fields;

1 (2) are interdisciplinary;

2 (3) are collaborative with a combination of public or
3 private institutions of higher education in this state;

4 (4) are likely to result in a medical or scientific
5 breakthrough; or

6 (5) have a demonstrable economic development benefit
7 to this state.

8 Sec. 490.203. GUARANTEE OF ACTION BY PARTICIPATING ENTITY.

9 (a) An entity receiving funding or another incentive under this
10 subchapter shall guarantee by contract with the governor's office
11 that the entity will perform specific actions that are expected to
12 provide benefits to this state.

13 (b) If an entity fails to perform an action guaranteed by
14 contract under Subsection (a) before a time specified by the
15 contract, the entity shall return the funding received by the
16 entity under this subchapter.

17 [Sections 490.204-490.250 reserved for expansion]

18 SUBCHAPTER F. ACQUISITION OF RESEARCH SUPERIORITY

19 Sec. 490.251. USE OF MONEY FOR ACQUISITION OF RESEARCH
20 SUPERIORITY. Amounts allocated from the fund for use as provided by
21 this subchapter shall be used to acquire new or enhance existing
22 research superiority at public institutions of higher education in
23 this state.

24 Sec. 490.252. RESEARCH SUPERIORITY. For purposes of this
25 subchapter, the employment by an institution of higher education of
26 one or more world class or nationally recognized researchers and
27 associated assistants in an industry eligible to receive funding

1 under Section 490.003 is considered "research superiority."

2 Sec. 490.253. PROPOSALS FOR FUNDING. (a) The committee
3 shall solicit and identify proposals by public institutions of
4 higher education for:

5 (1) creating new research superiority;

6 (2) attracting existing research superiority from
7 institutions not located in this state and other research entities;
8 or

9 (3) enhancing existing research superiority by
10 attracting from outside this state additional researchers and
11 resources.

12 (b) The committee shall recommend proposals eligible for
13 funding under Section 490.251 and proposals solicited and
14 identified under this section to the governor, lieutenant governor,
15 and speaker of the house of representatives.

16 Sec. 490.254. PRIORITY FOR FUNDING. In awarding money from
17 the fund under this subchapter, priority shall be given to
18 proposals that:

19 (1) involve scientific or technical fields that have a
20 reasonable probability of enhancing this state's national and
21 global economic competitiveness;

22 (2) may result in a medical or scientific
23 breakthrough;

24 (3) are interdisciplinary;

25 (4) have attracted or may attract federal and other
26 funding for research superiority;

27 (5) are likely to create a nationally or

1 internationally recognized locus of research superiority; or

2 (6) are matched with other funds available to the
3 institution seeking funding under this subchapter.

4 Sec. 490.255. AUTHORIZED EXPENSES. Money awarded from the
5 fund under this subchapter may be used for research and research
6 capability acquisition, including salaries and benefits, travel,
7 consumable supplies, other operating expenses, capital equipment,
8 and construction or renovation of facilities.

9 Sec. 490.256. PROHIBITED ACTIVITIES. (a) An institution
10 of higher education may not knowingly attempt to attract an
11 individual key researcher or research superiority identified for
12 consideration for funding by another institution under this
13 subchapter.

14 (b) An institution that violates this section is ineligible
15 to participate in a program or receive funding under this chapter
16 before the third anniversary of the date the institution last
17 engaged in an activity prohibited by this section.

18 Sec. 490.257. DOCUMENTATION OF BENEFITS TO STATE. (a) A
19 public institution of higher education must document specific
20 benefits that this state may expect to gain as a result of
21 attracting the research superiority before the institution may
22 enter into a contract to receive funding or incentives under this
23 subchapter.

24 (b) The governor, with the express written prior approval of
25 the lieutenant governor and the speaker of the house of
26 representatives, may terminate funding to an institution if the
27 institution fails to realize a benefit specified in the contract

1 before a time specified in the contract, as determined by a periodic
2 program review conducted by the committee.

3 SECTION 2. (a) As soon as practicable after the effective
4 date of this Act, a person seeking to nominate an individual for
5 appointment to the Texas Emerging Technology Committee under
6 Section 490.052, Government Code, as added by this Act, shall make
7 any nominations.

8 (b) The governor shall appoint the Texas Emerging
9 Technology Committee as required by Section 490.052, Government
10 Code, as added by this Act, on or before September 1, 2005, or as
11 soon as practicable after giving persons nominating individuals for
12 appointment to the committee a reasonable time to make any
13 nominations.

14 SECTION 3. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect on the 91st day after the last day of the
19 legislative session.