

BILL ANALYSIS

Senate Research Center
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H.B. 2051
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Higher Education
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows public institutions of higher education to make investments in certain newly created companies through centers for technology development and transfer established by the institutions, with the purpose of further developing intellectual property. Interested parties assert that this process can be unyielding, in part because newly created companies are difficult to value in their early stages.

H.B. 2051 seeks to improve the process by allowing institutions to accept convertible promissory debt instruments, which they then can convert into shares of common stock of the issuing company or cash of equal value at an agreed-upon price, either in exchange for certain intellectual property rights or as consideration for the provision of monetary, business, scientific, or engineering services, thus delaying the task of assigning value to a newly created company.

H.B. 2051 amends current law relating to the authority of public institutions of higher education to make certain investments to support technology commercialization.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 153.006(a), Education Code, as follows:

(a) Authorizes an institution of higher education, in order to carry out the purposes of this chapter and to support the activities of centers described in this chapter, to the extent authorized by its governing board, to take certain actions, including to enter into agreements establishing royalties, fees, and other consideration for technology developed in whole or part by the institution; accept equity interests in, convertible promissory debt instruments issued by, or a combination of equity interests in and convertible promissory debt instruments issued by organizations that license, manage, or otherwise administer rights to technology belonging to the institution or under its control in exchange for such rights, in whole or in part; and accept equity interests in, convertible promissory debt instruments issued by, or a combination of equity interests in and convertible promissory debt instruments issued by organizations that license or otherwise have rights in the institution's technology as consideration for its providing monetary, business, scientific, or engineering services or technical assistance. Makes nonsubstantive changes.

SECTION 2. Effective date: upon passage or September 1, 2013.