

Amend CSHB 7 (senate committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. The heading to Chapter 490, Government Code, is amended to read as follows:

CHAPTER 490. WINDING UP CONTRACTS AND STATE'S INVESTMENT PORTFOLIO IN CONNECTION WITH AWARDS FROM TEXAS [~~FUNDING FOR~~] EMERGING TECHNOLOGY FUND

SECTION _____. Subchapter C, Chapter 490, Government Code, is amended by adding Sections 490.104 and 490.105 to read as follows:

Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging technology investment portfolio" means:

(1) the equity positions in the form of stock or other security the governor took, on behalf of the state, in companies that received awards under the Texas emerging technology fund; and

(2) any other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund.

(b) The Texas Treasury Safekeeping Trust Company shall manage and wind up the state's emerging technology investment portfolio. The trust company shall wind up the portfolio in a manner that, to the extent feasible, provides for the maximum return on the state's investment while also ensuring the return of the state's investment. In managing those investments through procedures and subject to restrictions that the trust company considers appropriate, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing pertinent to each investment. The trust company may recover its reasonable and necessary costs incurred in the management of the portfolio, including costs incurred in the retaining of professional or technical advisors, from the earnings on the investments in the portfolio.

(c) Any realized proceeds or other earnings from the sale of stock or other investments in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio as provided by Subsection (b), shall be remitted by the Texas Treasury Safekeeping Trust Company to the comptroller for deposit in the general revenue fund.

(d) The Texas Treasury Safekeeping Trust Company has any power necessary to accomplish the purposes of this section.

(e) On final liquidation of the state's emerging technology investment portfolio, the Texas Treasury Safekeeping Trust Company shall promptly notify the comptroller of that occurrence. As soon as practicable after receiving that notice, the comptroller shall verify that the final liquidation has been completed and, if the comptroller so verifies, shall certify to the governor that the final liquidation of the portfolio has been completed. The governor shall post notice of the certification on the office of the governor's Internet website.

Sec. 490.105. CONFIDENTIALITY OF CERTAIN INFORMATION.

(a) Except as provided by Subsection (b), information concerning the identity, background, finance, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity that was considered for or received an award from the Texas emerging technology fund is confidential unless the individual or entity consents to disclosure of the information.

(b) The following information collected in connection with the Texas emerging technology fund is public information and may be disclosed under Chapter 552, Government Code:

(1) the name and address of an individual or entity that received an award from the fund;

(2) the amount of funding received by an award recipient;

(3) a brief description of the project funded by the award;

(4) if applicable, a brief description of the equity position that the governor, on behalf of the state, has taken in an entity that received an award from the fund; and

(5) any other information with the consent of:

(A) the governor;

(B) the lieutenant governor;

(C) the speaker of the house of representatives;

and

(D) the individual or entity that received an award from the fund, if the information relates to that individual or entity.

SECTION _____. Section 490.101, Government Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The fund may be used only for the purposes described by Section 490.104.

SECTION _____. The following laws are repealed:

(1) Sections 490.101(c), (d), (e), (f), (f-1), (g), (h), and (i), Government Code;

(2) Section 490.102, Government Code; and

(3) Subchapters A, B, D, E, F, and G, Chapter 490, Government Code.

SECTION _____. (a) The Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of equity positions and other investments in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. The Texas emerging technology fund is abolished and Sections 490.101(a), (b), and (b-1), Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments by the Texas Treasury Safekeeping Trust Company has been completed. Any unencumbered fund balance remaining when the Texas emerging technology fund is abolished may be appropriated in accordance with Subsection (a-1) of this section.

(a-1) Any unencumbered balance of the Texas emerging technology fund may be appropriated only to one or more of the following:

(1) the Texas Research Incentive Program (TRIP) under Subchapter F, Chapter 62, Education Code;

(2) the Texas research university fund, subject to Subsection (b) of this section;

(3) the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act;

(4) the Texas Enterprise Fund established under Section 481.078, Government Code; and

(5) the comptroller for the purposes of expenses incurred in managing the state's portfolio of equity positions and other investments in connection with awards from the Texas emerging technology fund in accordance with Section 490.104, Government Code, as added by this Act.

(b) The authority of the Texas research university fund to receive the appropriation described by Subsection (a-1) of this section is contingent on passage and enactment of H.B. 1000, or similar legislation relating to state support for general academic teaching institutions in this state by the 84th Legislature, Regular Session, 2015, that renames the existing Texas competitive knowledge fund and changes the purposes for which the fund can be used.

(c) The abolishment by this Act of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and an award recipient or a person to be awarded money that is entered into under Chapter 490 before September 1, 2015.

(d) Money that was deposited in the Texas emerging technology fund as a gift, grant, or donation under Chapter 490, Government Code, and that is encumbered by the specific terms of the gift, grant, or donation may be spent only in accordance with the terms of the gift, grant, or donation.

(e) Money from the Texas emerging technology fund that is encumbered because the money is awarded or otherwise obligated by agreement before September 1, 2015, but under the terms of the award or agreement will not be distributed until a later date shall be distributed in accordance with the terms of the award or agreement. If the governor determines that the money will not be distributed in

accordance with the terms of the award or agreement, the governor shall certify that fact to the comptroller. On that certification, the comptroller shall make that money available in the general revenue fund to be used in accordance with legislative appropriation.

(f) On or after the effective date of this Act, the following payments or other amounts shall be sent to the comptroller for deposit to the Texas emerging technology fund to be used solely for the purposes of winding up the state's portfolio of equity positions and other investments as provided by Sections 490.101(b-1) and 490.104, Government Code, as added by this Act:

(1) any royalties, revenues, and other financial benefits realized from a project undertaken with money from the Texas emerging technology fund, as provided by a contract described by Section 490.103, Government Code;

(2) any interest or proceeds received as a result of a transaction authorized by former Section 490.101(h), Government Code;

(3) any money returned or repaid to the state by an award recipient pursuant to an agreement entered into under former Section 490.101(g), Government Code;

(4) any money derived from an interest the state retained in a capital improvement pursuant to an agreement entered into under former Section 490.101(g), Government Code; and

(5) any fund money returned by an entity that fails to perform an action guaranteed by a contract entered into under former Section 490.154 or 490.203, Government Code.

SECTION _____. A regional center of innovation and commercialization established under Section 490.152, Government Code, is abolished on the effective date of this Act. Each center shall transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521, Government Code, as that section existed immediately before that section's repeal by this Act, and the office shall retain the minutes for the period prescribed by that section.

SECTION _____. Except as provided by this Act, on September 1, 2015, the following powers, duties, functions, and activities

performed by the office of the governor immediately before that date are transferred to the Texas Treasury Safekeeping Trust Company:

(1) all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in companies that received awards under the Texas emerging technology fund before September 1, 2015; and

(2) all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund before September 1, 2015.

SECTION _____. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the governor's university research initiative advisory board.

(2) "Distinguished researcher" means a researcher who is:

(A) a Nobel laureate or the recipient of an equivalent honor; or

(B) a member of a national honorific society, such as the National Academy of Sciences, the National Academy of Engineering, or the Institute of Medicine, or an equivalent honorific organization.

(3) "Eligible institution" means a general academic teaching institution or health-related institution.

(4) "Fund" means the governor's university research initiative fund established under this subchapter.

(5) "General academic teaching institution" has the meaning assigned by Section 61.003.

(6) "Governing board" has the meaning assigned by Section 61.003.

(7) "Health-related institution" means a medical and dental unit as defined by Section 61.003 and any other public health science center, public medical school, or public dental school

established by statute or in accordance with Chapter 61.

(8) "Office" means the Texas Economic Development and Tourism Office within the office of the governor.

(9) "Private or independent institution of higher education" has the meaning assigned by Section 61.003.

Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The governor's university research initiative is administered by the Texas Economic Development and Tourism Office within the office of the governor.

(b) From the governor's university research initiative fund, the office shall award matching grants to assist eligible institutions in recruiting distinguished researchers.

(c) The office may adopt any rules the office considers necessary to administer this subchapter.

Sec. 62.163. MATCHING GRANTS. (a) An eligible institution may apply to the office for a matching grant from the fund. Before approval or disapproval of a grant application, the office shall consider the recommendation of the advisory board regarding the grant proposal. If the office approves a grant application, the office shall award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher, except as provided by Subsection (c)(2).

(b) A grant application must identify the source and amount of the eligible institution's matching funds and must demonstrate that the proposed use of the grant has the support of the institution's president and of the institution's governing board, the chair of the institution's governing board, or the chancellor of the university system, if the institution is a component of a university system. An applicant eligible institution may commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

(c) The office may set a deadline for grant applications for each state fiscal year. After fully funding approved grant applications received during an application period for a state fiscal year, the office may reopen applications for that year and:

(1) award the full amount of matching funds from the

fund for new applications; or

(2) approve previously disapproved applications submitted before the original application deadline for receipt of a reduced grant amount.

(d) A matching grant received by an eligible institution under this subchapter may not be considered as a basis to reduce, directly or indirectly, the amount of money otherwise appropriated to the institution.

(e) A matching grant may not be used by an eligible institution to recruit a distinguished researcher or other employee from:

(1) another eligible institution; or

(2) a private or independent institution of higher education.

(f) The office shall require an application and all supporting documentation to be submitted to the office electronically in the manner prescribed by the office.

Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) The office may award grants only to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. The office shall give priority to proposals that:

(1) demonstrate a reasonable probability of enhancing Texas' national and global economic competitiveness;

(2) demonstrate a reasonable probability of creating a nationally or internationally recognized locus of research superiority or a unique locus of research;

(3) are matched with a significant amount of funding from a federal or private source that may be transferred to the eligible institution;

(4) are interdisciplinary and collaborative; or

(5) include a strategic plan for intellectual property development and commercialization of technology.

(b) The office may award a grant to a proposal that:

(1) supports the recruitment of a distinguished researcher distinguished in, or to be engaged in, basic, translational, or applied research; or

(2) proposes the recruitment of a distinguished researcher for new research capabilities of the eligible institution or to expand the institution's existing research capabilities.

(c) A grant proposal should identify a specific distinguished researcher being recruited. In addition to the factors considered in evaluating proposals considered a priority under Subsection (a), the office may consider:

(1) the likelihood that the researcher being recruited will not accept a research position with the applicant eligible institution without the institution's receipt of a matching grant under this subchapter;

(2) the extent to which the subject matter of the researcher's research offers the opportunity for interdisciplinary and collaborative research at the applicant eligible institution and with other eligible institutions; and

(3) any commercialization track record of the researcher being recruited.

Sec. 62.165. CONFIDENTIALITY. Information collected or obtained by the office or the advisory board concerning the identity of a particular distinguished researcher who is the subject of a grant proposal under this subchapter is confidential unless the researcher and the applicant eligible institution consent to disclosure of the information. The information remains confidential until the date, if any, on which the researcher enters into an employment relationship with the recruiting institution as contemplated in the grant proposal.

Sec. 62.166. ADVISORY BOARD. (a) The governor's university research initiative advisory board is established to assist the office with the review and evaluation of applications for funding of grant proposals under this subchapter. The advisory board shall make recommendations to the office for approval or disapproval of those applications.

(b) The advisory board must be composed of at least nine members appointed by the governor. Of the members of the board:

(1) one-third of the members, as nearly as possible, must have a background in finance;

(2) one-third of the members, as nearly as possible, must have an academic background in science, technology, engineering, or mathematics; and

(3) one-third of the members, as nearly as possible, must be public members.

(c) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory board.

(d) A member of the advisory board who is or has been employed by, is or has been a party to a contract for any purpose with, or is a student or former student of an applicant eligible institution may not be involved in the review, evaluation, or recommendation of a grant proposal made by that institution.

(e) An advisory board member is not required to be a resident of this state.

(f) Appointments to the advisory board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(g) Members of the advisory board serve without compensation but are entitled to reimbursement for actual and necessary expenses in attending meetings of the board or performing other official duties authorized by the office.

Sec. 62.167. TIMELY ACTION ON APPLICATIONS. (a) The advisory board shall meet in person or by teleconference to consider grant applications under this subchapter and shall strive to present to the office the board's recommendation for approval or disapproval of an application not later than the 14th day after the date the board receives the application.

(b) The office shall make a final decision regarding approval of a grant application not later than the 14th day after the date the office receives the advisory board's recommendation.

Sec. 62.168. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) The governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund; and

(2) gifts, grants, and other donations received for

the fund.

(c) Sections 403.095 and 404.071, Government Code, do not apply to the fund.

(d) The fund may be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.