

By: Springer

H.B. No. 29

A BILL TO BE ENTITLED

AN ACT

relating to the funding of certain activities related to the commercialization of emerging technologies.

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

SECTION 1. 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) "Distinguished researcher" means a researcher with a national reputation who is a Nobel laureate or is a member of, or holds promise of election to, a national honorific society, such as the National Academy of Sciences, the National Academy of Engineering, or the Institute of Medicine.

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

(3) "Fund" means the governor's university research initiative fund.

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

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

(6) "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

1 school established by statute or in accordance with Chapter 61.

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

4 (8) "Governing Board" as the meaning assigned by  
5 Section 61.003

6 Sec. 62.162. ADMINISTRATION. (a) The initiative is  
7 administered by the Texas Economic Development and Tourism Office  
8 within the office of the governor.

9 (b) From money appropriated from the governor's university  
10 research initiative fund, the office shall award matching grants to  
11 assist eligible institutions in recruiting distinguished  
12 researchers.

13 Sec. 62.163. MATCHING GRANTS. (a) An eligible institution  
14 may apply to the office for a matching grant from the fund. For an  
15 approved proposal, the office shall award to the institution an  
16 amount equal to the amount committed by the institution for the  
17 recruitment of a distinguished researcher, except as provided by  
18 Subsection (b).

19 (b) A grant proposal must identify the source and amount of  
20 the institution's matching funds and must demonstrate that the  
21 proposal has the support of the president of the institution and of  
22 the institution's governing board or that of board's chair, or  
23 chancellor. The institution may commit to the match any funds of the  
24 institution available for that purpose other than appropriated  
25 general revenue.

26 (c) For awards in each fiscal year, the office may set a  
27 deadline for applications for that year. After fully funding

1 awards from the amount available for that year, the office may  
2 reopen applications for full funding or may select timely but  
3 unfunded proposals for a reduced grant.

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

8 (e) A matching grant may not be used to recruit a  
9 distinguished researcher from another eligible institution,  
10 private or independent institution of higher education.

11 Sec. 62.164. AWARDS CRITERIA; PRIORITY. (a) In making  
12 awards, the office shall give priority to proposals for the  
13 recruitment of distinguished researchers in science, technology,  
14 engineering, and mathematics. Within those priority subjects, the  
15 office shall give priority to proposals that demonstrate that the  
16 proposal:

17 (1) has a probability of enhancing Texas' national and  
18 global economic competitiveness;

19 (2) has a probability of creating a national or  
20 internationally recognized locus of research superiority or a  
21 unique locus of research;

22 (3) who has significant funding from federal and/or  
23 private sources that could be transferred to the eligible  
24 institution;

25 (4) is interdisciplinary and collaborative; or

26 (5) has a strategic plan for intellectual property  
27 development and commercialization of technology.

1       (b) A proposal may support the recruitment of researchers  
2 distinguished in, or to be engaged in, basic, translational, or  
3 applied research. A proposal may propose a recruitment for new  
4 research capabilities of the institution or to expand existing  
5 research capabilities.

6       (c) A proposal should identify a specific distinguished  
7 researcher, in addition to the priorities considered under  
8 Subsection (a), the office may consider:

9           (1) whether, but for the grant from the fund, the  
10 recruit is likely to go elsewhere;

11           (2) the extent to which the recruit's research subject  
12 matter offers opportunity for interdisciplinary and collaborative  
13 research at the institution and with other eligible institutions;  
14 and

15           (3) the commercialization track record of the recruit,  
16 if any.

17       (d) Any information of a specific distinguished researcher  
18 for recruitment that would tend to identify the recruit, is  
19 confidential until the recruit has entered into an employment  
20 relationship with the institution.

21       Sec. 62.165. ADVISORY BOARD. (a) The governor shall  
22 appoint an advisory board to review proposals and recommend awards.

23       (b) The advisory board must be composed of at least nine  
24 members. One-third of the advisory board must have a background in  
25 finance and one-third must have an academic background in science,  
26 technology, engineering, or mathematics.

27       (c) Chapter 2110, Government Code, does not apply to the

1 size, composition, or duration of the advisory board.

2 (d) An advisory board member who is or has been employed by,  
3 or has or has had a contract for any purpose with, a general  
4 academic teaching institution or health-related institution may  
5 not be involved in the review or recommendation of proposals made by  
6 that institution.

7 (e) An advisory board member is not required to be a  
8 resident of Texas.

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

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

16 (h) Each eligible institution that applies to the office for  
17 a matching grant may address the board directly for 25 minutes, per  
18 matching grant application to discuss the application with the  
19 board.

20 Sec. 62.166. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE  
21 FUND. (a) The governor's university research initiative fund is a  
22 dedicated account in the general revenue fund.

23 (b) The fund consists of any amounts appropriated to or  
24 transferred to the fund by the legislature, in addition to any gifts  
25 for purposes of the fund.

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

1       Sec. 62.167. WIND-UP OF TEXAS EMERGING TECHNOLOGY FUND.

2       (a) The governor's university research initiative is the successor  
3 to the Texas emerging technology fund. Awards from that fund, and  
4 contracts governing awards from that fund, shall be wound up in  
5 accordance with this section.

6       (b) If a contract governing an award from the Texas  
7 emerging technology fund provided for the distribution of  
8 royalties, revenue, or other financial benefits realized from the  
9 commercialization of intellectual or real property developed from  
10 an award from the fund, those financial benefits shall continue to  
11 be distributed in accordance with the terms of the contract unless  
12 the recipient and the governor agree otherwise. Unless otherwise  
13 required by law, royalties or revenue accruing to the state under  
14 such a contract shall be credited to the governor's university  
15 research initiative fund.

16       (b) If money from the Texas emerging technology fund is  
17 encumbered by contract executed before September 1, 2015, but has  
18 not been distributed before that date, the money shall be  
19 distributed from the governor's university research initiative  
20 fund in accordance with the terms of the contract, unless the  
21 recipient and the governor agree otherwise.

22       (c) If award money from the Texas emerging technology fund  
23 under a contract executed before September 1, 2015, has been fully  
24 distributed, the entity that received the award is considered to  
25 have fully satisfied the entity's obligations and performed all  
26 specific actions under the terms of the contract governing the  
27 award. The recipient entity shall file with the office a final

1 report showing the purposes for which the award money has been  
2 expended and, if award money remains unexpended, the purposes for  
3 the recipient will expend the remaining money. The recipient is not  
4 required to return to the state any award money received under the  
5 contract.

6 (d) The Texas Treasury Safekeeping Trust Company shall  
7 manage the following in accordance with prior law relating to  
8 awards from the Texas emerging technology fund:

9 (1) equity positions in the form of stock or other  
10 security taken by the governor, on behalf of the state, in companies  
11 receiving awards before September 1, 2015; and

12 (2) any other investments, excluding grants, made by  
13 the governor on the state's behalf in connection with an award from  
14 the emerging technology fund before September 1, 2015.

15 (e) The Texas Treasury Safekeeping Trust Company, as soon as  
16 practicable after September 1, 2015, shall begin winding up the  
17 state's portfolio of equity positions and other investments  
18 described by Subsection (d) of this section by selling the stock and  
19 other investments when it is economically advantageous to the state  
20 to do so. The trust company has any power necessary to accomplish  
21 the purpose of this section. In managing these investments through  
22 procedures and subject to restrictions that the trust company  
23 considers appropriate, the trust company may acquire, exchange,  
24 sell, supervise, manage, or retain any kind of investment that a  
25 prudent investor, exercising reasonable care, skill, and caution,  
26 would acquire or retain in light of the purposes, terms,  
27 distribution requirements, and other circumstances then prevailing

1 pertinent to each investment. Proceeds shall be deposited to the  
2 credit of the governor's university research initiative fund,  
3 taking into consideration the expenses of managing and liquidating  
4 the equity positions and other investments.

5 SECTION 2. (a) Chapter 490, Government Code, is repealed.

6 (b) The repeal by this Act of Chapter 490, Government Code,  
7 does not affect the validity of an agreement between the governor  
8 and the recipient of an award awarded under Chapter 490, or a person  
9 to be awarded money under that chapter, that is executed before  
10 September 1, 2015. Those agreements shall be performed as provided  
11 by Section 62.167, Education Code, as added by this Act.

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

20 (d) The Texas emerging technology fund is abolished. The  
21 comptroller of public accounts shall transfer any unexpended  
22 balance of that fund to the governor's university research  
23 initiative fund.

24 SECTION 3. This Act takes effect September 1, 2015.