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S.B. No. 632

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the creation of the governor's university research
3 initiative and to the abolishment of the Texas emerging technology
4 fund.

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

6 SECTION 1. Chapter 62, Education Code, is amended by adding
7 Subchapter H to read as follows:

8 SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

9 Sec. 62.161. DEFINITIONS. In this subchapter:

10 (1) "Distinguished researcher" means a researcher who
11 is:

12 (A) a Nobel laureate; or

13 (B) a member of the National Academy of Sciences,
14 the National Academy of Engineering, the Institute of Medicine, or
15 the National Research Council.

16 (2) "Eligible institution" means a general academic
17 teaching institution or medical and dental unit.

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

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

22 (5) "Medical and dental unit" has the meaning assigned
23 by Section 61.003.

24 (6) "Office" means the Texas Economic Development and

1 Tourism Office within the office of the governor.

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

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

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

10 Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED
11 RESEARCHERS. (a) From the governor's university research
12 initiative fund, the office shall award matching grants to assist
13 eligible institutions in recruiting distinguished researchers.

14 (b) An eligible institution may apply to the office for a
15 matching grant from the fund. If the office approves a grant
16 application, the office shall award to the applicant institution a
17 grant amount equal to the amount committed by the institution for
18 the recruitment of a distinguished researcher.

19 (c) A matching grant may not be used by an eligible
20 institution to recruit a distinguished researcher from:

21 (1) another eligible institution; or

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

24 Sec. 62.164. GRANT AWARD PRIORITIES. In awarding grants,
25 the office shall give priority to grant proposals that involve the
26 recruitment of distinguished researchers in the fields of science,
27 technology, engineering, and mathematics. With respect to

1 proposals involving those fields, the office shall give priority to
2 proposals that demonstrate a reasonable likelihood of contributing
3 substantially to this state's national and global economic
4 competitiveness.

5 Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE
6 FUND. (a) The governor's university research initiative fund is a
7 dedicated account in the general revenue fund.

8 (b) The fund consists of:

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

11 (2) money deposited to the fund under Section 62.166;
12 and

13 (3) gifts, grants, and other donations received for
14 the fund.

15 Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN
16 CONNECTION WITH FORMER TEXAS EMERGING TECHNOLOGY FUND. (a) The
17 governor's university research initiative is the successor to the
18 former Texas emerging technology fund. Awards from the former
19 Texas emerging technology fund, and contracts governing awards from
20 that fund, shall be wound up in accordance with this section.

21 (b) If a contract governing an award from the former Texas
22 emerging technology fund provides for the distribution of
23 royalties, revenue, or other financial benefits to the state,
24 including royalties, revenue, or other financial benefits realized
25 from the commercialization of intellectual or real property
26 developed from an award from the fund, those royalties, revenues,
27 or other financial benefits shall continue to be distributed in

1 accordance with the terms of the contract unless the award
2 recipient and the governor agree otherwise. Unless otherwise
3 required by law, royalties, revenue, or other financial benefits
4 accruing to the state under a contract described by this subsection
5 shall be credited to the governor's university research initiative
6 fund.

7 (c) If money awarded from the former Texas emerging
8 technology fund is encumbered by a contract executed before
9 September 1, 2015, but has not been distributed before that date,
10 the money shall be distributed from the governor's university
11 research initiative fund in accordance with the terms of the
12 contract, unless the award recipient and the governor agree
13 otherwise.

14 (d) If money awarded from the former Texas emerging
15 technology fund under a contract executed before September 1, 2015,
16 has been fully distributed, the entity that received the award is
17 considered to have fully satisfied the entity's obligations and
18 fully performed all specific actions under the terms of the
19 contract governing the award. The entity shall file with the office
20 a final report showing the purposes for which the award money has
21 been spent and, if award money remains unspent, the purposes for
22 which the recipient will spend the remaining money. The entity is
23 not required to return to the state any award money received under
24 the contract.

25 (e) The Texas Treasury Safekeeping Trust Company shall
26 manage the following:

27 (1) equity positions in the form of stock or other

1 security taken by the governor, on behalf of the state, in companies
2 receiving awards under former Chapter 490, Government Code, before
3 September 1, 2015; and

4 (2) any other investments, excluding grants, made by
5 the governor on the state's behalf in connection with an award made
6 under former Chapter 490, Government Code, before September 1,
7 2015.

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

23 (g) Proceeds or other earnings from the sale of stock or
24 other investments in the state's portfolio of equity positions and
25 other investments described by Subsection (e) shall be deposited to
26 the credit of the governor's university research initiative fund,
27 taking into consideration the expenses of managing and liquidating

1 the equity positions and other investments.

2 Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING
3 AWARDS FROM FORMER TEXAS EMERGING TECHNOLOGY FUND. (a) Except as
4 provided by Subsection (b), information collected under former
5 Chapter 490, Government Code, concerning the identity, background,
6 finance, marketing plans, trade secrets, or other commercially or
7 academically sensitive information of an individual or entity that
8 was considered for or received an award from the former Texas
9 emerging technology fund is confidential unless the individual or
10 entity consents to disclosure of the information.

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

14 (1) the name and address of an individual or entity
15 that received an award from the former Texas emerging technology
16 fund;

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

19 (3) a brief description of the project funded under
20 former Chapter 490, Government Code;

21 (4) if applicable, a brief description of the equity
22 position that the governor, on behalf of the state, has taken in an
23 entity that received an award from the former Texas emerging
24 technology fund; and

25 (5) any other information with the consent of:

26 (A) the governor;

27 (B) the lieutenant governor;

1 (C) the speaker of the house of representatives;
2 and

3 (D) the individual or entity that received an
4 award from the former Texas emerging technology fund, if the
5 information relates to that individual or entity.

6 Sec. 62.168. REPORTING REQUIREMENTS. (a) Before the
7 beginning of each regular session of the legislature the governor
8 shall submit to the lieutenant governor, the speaker of the house of
9 representatives, and the standing committees of each house of the
10 legislature with primary jurisdiction over economic development
11 and higher education matters and post on the office of the
12 governor's Internet website a report on grants made from the
13 governor's university research initiative fund that states:

14 (1) the total amount of matching funds granted by the
15 office;

16 (2) the total amount of matching funds granted to each
17 institution;

18 (3) a brief description of each distinguished
19 researcher recruited by each institution, including any amount of
20 external research funding that followed the distinguished
21 researcher to the recruiting institution;

22 (4) a brief description of the expenditures made from
23 the matching grant funds for each distinguished researcher; and

24 (5) when available, a brief description of each
25 distinguished researcher's contribution to the state's economic
26 competitiveness, including but not limited to:

27 (A) any patents issued to the distinguished

1 researcher after accepting employment by the recruiting
2 institution; and

3 (B) any external research funding, public or
4 private, earned by the distinguished researcher after accepting
5 employment by the recruiting institution.

6 (a-1) The report may not include information that is made
7 confidential by law.

8 (b) The governor may require a recipient of a grant under
9 the governor's university research initiative to submit, on a form
10 the governor provides, information required to complete the report.

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

12 (b) The repeal by this Act of Chapter 490, Government Code,
13 does not affect the validity of an agreement between the governor
14 and the recipient of an award awarded under Chapter 490, or a person
15 to be awarded money under that chapter, that is executed before
16 September 1, 2015. Those agreements shall be performed as provided
17 by Section 62.166, Education Code, as added by this Act.

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

26 (d) The Texas emerging technology fund is abolished. On the
27 effective date of this Act, the comptroller of public accounts

1 shall transfer any unexpended balance of that fund as follows:

2 (1) 50 percent of the balance to the credit of the
3 Texas Enterprise Fund under Section 481.078, Government Code; and

4 (2) 50 percent of the balance to the credit of the
5 governor's university research initiative fund established under
6 Subchapter H, Chapter 62, Education Code, as added by this Act.

7 (e) On September 1, 2015, the following powers, duties,
8 functions, and activities performed by the office of the governor
9 immediately before that date are transferred to the Texas Treasury
10 Safekeeping Trust Company:

11 (1) all powers, duties, functions, and activities
12 related to equity positions in the form of stock or other security
13 the governor has taken, on behalf of the state, in companies that
14 received awards under Chapter 490, Government Code, before
15 September 1, 2015; and

16 (2) all powers, duties, functions, and activities
17 related to other investments, excluding grants, made by the
18 governor, on behalf of the state, in connection with an award made
19 under Chapter 490, Government Code, before September 1, 2015.

20 (f) Notwithstanding the repeal by this Act of Chapter 490,
21 Government Code, that chapter is continued in effect for the
22 limited purpose of winding down contracts governing awards from the
23 Texas emerging technology fund and the state's portfolio of equity
24 positions and other investments in connection with awards from that
25 fund in accordance with Section 62.166, Education Code, as added by
26 this Act.

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