

By: Button

H.B. No. 3160

A BILL TO BE ENTITLED

AN ACT

1
2 relating to use of money from the Texas Enterprise Fund for certain
3 projects involving the commercialization of property derived from
4 research at or through institutions of higher education.

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

6 SECTION 1. Sections 481.078(c) and (f), Government Code,
7 are amended to read as follows:

8 (c) Except as provided by Subsections (d) and (d-1), the
9 fund may be used only for:

10 (1) economic development, infrastructure development,
11 community development, job training programs, and business
12 incentives; and

13 (2) projects for commercialization of property
14 derived from research developed at or through public or private
15 institutions of higher education as provided by Section 481.081.

16 (f) Before awarding a grant from the fund [~~under this~~
17 ~~section~~], the governor shall enter into a written agreement with
18 the entity to be awarded the grant money. If the entity is awarded a
19 grant for a purpose described by Subsection (c)(1), the agreement
20 must specify [~~specifying~~] that:

21 (1) if the governor finds that the grant recipient has
22 not met each of the performance targets specified in the agreement
23 as of a date certain provided in the agreement:

24 (A) the recipient shall repay the grant and any

1 related interest to the state at the agreed rate and on the agreed
2 terms;

3 (B) the governor will not distribute to the
4 recipient any grant money that remains to be awarded under the
5 agreement; and

6 (C) the governor may assess specified penalties
7 for noncompliance against the recipient;

8 (2) if all or any portion of the amount of the grant is
9 used to build a capital improvement, the state may:

10 (A) retain a lien or other interest in the
11 capital improvement in proportion to the percentage of the grant
12 amount used to pay for the capital improvement; and

13 (B) require the recipient of the grant, if the
14 capital improvement is sold, to:

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

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

20 (3) if, as of a date certain provided in the agreement,
21 the grant recipient has not used grant money awarded under this
22 section for the purposes for which the grant was intended, the
23 recipient shall repay that amount and any related interest to the
24 state at the agreed rate and on the agreed terms.

25 SECTION 2. Section [481.079\(a-1\)](#), Government Code, is
26 amended to read as follows:

27 (a-1) For grants awarded for a purpose specified by Section

1 [481.078](#)(d-1) or [481.081](#), the report must include only the amount
2 and purpose of each grant.

3 SECTION 3. Subchapter E, Chapter [481](#), Government Code, is
4 amended by adding Section 481.081 to read as follows:

5 Sec. 481.081. TEXAS ENTERPRISE FUND: GRANT FOR UNIVERSITY
6 RESEARCH DEVELOPMENT WITH PRIVATE SPONSORSHIP. (a) In this
7 section:

8 (1) "Fund" means the Texas Enterprise Fund under
9 Section [481.078](#).

10 (2) "Public or private institution of higher
11 education" means an institution of higher education or a private or
12 independent institution of higher education as those terms are
13 defined by Section [61.003](#), Education Code.

14 (b) The governor may provide grants to public or private
15 institutions of higher education from the fund to supplement other
16 funding for projects involving the commercialization of
17 intellectual property or other property derived from research
18 developed at or through a public or private institution of higher
19 education. To be eligible for a grant under this section, a project
20 must be supported by funding provided by one or more private
21 entities participating in the project, in addition to any funding
22 provided by the public or private institution of higher education.

23 (c) The amount of a grant awarded under this section may not
24 exceed 50 percent of the total amount of investment in the project
25 provided by the applicable public or private institution of higher
26 education and the participating private entity or entities.

27 SECTION 4. This Act takes effect September 1, 2017.