

BILL ANALYSIS

Senate Research Center

C.S.S.B. 632
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Natural Resources & Economic Development
4/15/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Nobel Laureates and National Academy members have a tangible impact on the Texas economy by bringing new commercialization activity to the state. C.S.S.B. 632 creates the Governor's University Research Initiative to help recruit these Nobel Laureates and National Academy members to Texas public universities, which will be a catalyst for economic development. The bill abolishes the Emerging Technology Fund and splits the unexpended balances between the Governor's University Research Initiative and the Texas Enterprise Fund.

C.S.S.B. 632 amends current law relating to the creation of the governor's university research initiative and to the abolishment of the Texas emerging technology fund.

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 Chapter 62, Education Code, by adding Subchapter H, as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. Defines "distinguished researcher," "eligible institution," "fund," "general academic teaching institution," "medical and dental unit," "office," and "private or independent institution of higher education."

Sec. 62. 162. ADMINISTRATION OF INITIATIVE. (a) Provides that the governor's university research initiative is administered by the Texas Economic Development and Tourism Office (office) within the office of the governor of the State of Texas.

(b) Authorizes the office to adopt any rules the office considers necessary to administer this subchapter.

Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED RESEARCHERS. (a) Requires the office to award matching grants from the governor's university research initiative fund (fund) to assist eligible institutions in recruiting distinguished researchers.

(b) Authorizes an eligible institution to apply to the office for a matching grant from the fund. Requires the office to award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher if the office approves a grant application.

(c) Prohibits a matching grant from being used by an eligible institution to recruit a distinguished researcher from:

(1) another eligible institution; or

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

Sec. 62.164. GRANT AWARD PRIORITIES. Requires the office to give priority to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, and mathematics in awarding grants. Requires the office to give priority to proposals that demonstrate a reasonable likelihood of contributing substantially to this state's national and global economic competitiveness with respect to proposals involving those fields.

Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) Provides that the fund is a dedicated account in the general revenue fund.

(b) Provides that the fund consists of:

- (1) amounts appropriated or otherwise allocated or transferred by law to the fund;
- (2) money deposited to the fund under Section 62.166; and
- (3) gifts, grants, and other donations received for the fund.

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

(b) Requires that royalties, revenues, or other financial benefits continue to be distributed in accordance with the terms of the contract unless the award recipient and the governor agree otherwise, if a contract governing an award from the former Texas emerging technology fund provides for the distribution of those royalties, revenue, or other financial benefits to the state, including royalties, revenue, or other financial benefits realized from the commercialization of intellectual or real property developed from an award from the fund.

(c) Requires that money be distributed from the fund in accordance with the terms of the contract, unless the award recipient and the governor agree otherwise, if money awarded from the former Texas emerging technology fund is encumbered by a contract executed before September 1, 2015, but has not been distributed before that date.

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

(e) Requires the Texas Treasury Safekeeping Trust Company (trust company) to manage the following:

- (1) equity positions in the form of stock or other security taken by the governor, on behalf of the state, in companies receiving awards under former Chapter 490 (Funding For Emerging Technology), Government Code, before September 1, 2015; and

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

(f) Requires the trust company to begin winding up the state's portfolio of equity positions and other investments described by Subsection (e) by selling the stock and other investments when it is economically advantageous to the state to do so as soon as practicable after September 1, 2015. Provides that the trust company has any power necessary in performing duties under this subsection and Subsections (e) and (g) to accomplish the purpose of this section. Authorizes the trust company to 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 in managing those investments through procedures and subject to restrictions that the trust company considers appropriate.

(g) Requires that proceeds or other earnings from the sale of stock or other investments in the state's portfolio of equity positions and other investments described by Subsection (e) be deposited to the credit of the fund, taking into consideration the expenses of managing and liquidating the equity positions and other investments.

Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING AWARDS FROM FORMER TEXAS EMERGING TECHNOLOGY FUND. (a) Provides that, except as provided by Subsection (b), information collected under former Chapter 490, Government Code, 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 former Texas emerging technology fund is confidential unless the individual or entity consents to disclosure of the information.

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

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

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

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

(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 former Texas emerging technology 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 former Texas emerging technology fund, if the information relates to that individual or entity.

Sec. 62.168. REPORTING REQUIREMENTS. (a) Requires the governor, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and the standing committees of each house of the legislature with primary jurisdiction over economic development and higher education matters and post on the office of the governor's Internet website a report on grants made from the fund that states:

- (1) the total amount of matching funds granted by the office;
- (2) the total amount of matching funds granted to each institution;
- (3) a brief description of each distinguished researcher recruited by each institution, including any amount of external research funding that followed the distinguished researcher to the recruiting institution;
- (4) a brief description of the expenditures made from the matching grant funds for each distinguished researcher; and
- (5) when available, a brief description of each distinguished researcher's contribution to the state's economic competitiveness, including but not limited to:
 - (A) any patents issued to the distinguished researcher after accepting employment by the recruiting institution; and
 - (B) any external research funding, public or private, earned by the distinguished researcher after accepting employment by the recruiting institution.

(a-1) Prohibits the report from including information that is made confidential by law.

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

SECTION 2. Repealer: Chapter 490 (Funding For Emerging Technology), Government Code.

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

(c) Provides that a regional center of innovation and commercialization established under Section 490.152 (Regional Centers of Innovation and Commercialization), Government Code, is abolished on the effective date of this Act. Requires each center to transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521 (Minutes of Certain Meetings), Government Code, as that section existed immediately before that section's repeal by this Act, and requires the office of the governor to retain the minutes for the period prescribed by that section.

(d) Provides that the Texas emerging technology fund is abolished. Requires the comptroller of public accounts of the State of Texas to transfer any unexpended balance of that fund, on the effective date of this Act, as follows:

- (1) 50 percent of the balance to the credit of the Texas Enterprise Fund under Section 481.078 (Texas Enterprise Fund), Government Code; and
- (2) 50 percent of the balance to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act.

(e) Transfers the following powers, duties, functions, and activities performed by the office of the governor immediately before that date to the trust company on September 1, 2015:

(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 Chapter 490, Government Code, before September 1, 2015; and

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

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

SECTION 3. Effective date: September 1, 2015.