

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2137

BY: HUDSON, McCORKELL,
SULLIVAN, WEBB and
WILLIAMS of the HOUSE

and

LONG (Ed), DICKERSON,
SHEDRICK and ROBINSON of
the SENATE

COMMITTEE SUBSTITUTE

(ECONOMIC DEVELOPMENT - CREATION OF NOT-FOR-
PROFIT CORPORATION - CODIFICATION - EFFECTIVE
DATE -

EMERGENCY)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 74 O.S. 1991, Section 5060.2, is
amended to read as follows:

Section 5060.2 A. In order to expand and diversify Oklahoma's
economy and provide new and higher quality jobs for Oklahomans,
Oklahoma enterprises need an institution which combines the
resources of the public and private sectors to encourage the
development of new products, new processes and whole new industries
in Oklahoma. The institution is needed to:

1. provide basic and applied research capital to move
innovation to commercial application;
2. encourage the transfer of technology to firms and farms
throughout the geographic regions of the state; ~~and~~

3. stimulate seed-capital investment in firms which will use innovation from applied research in profitable commercial applications; and

4. foster competitiveness, productivity and modernization in Oklahoma firms and farms.

B. There is hereby created the Oklahoma Center for the Advancement of Science and Technology. The Oklahoma Center for the Advancement of Science and Technology is hereby constituted an instrumentality of the state and the exercise of the authority and powers conferred by this act shall be deemed and held to be the performance of an essential governmental function.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 5060.3, is amended to read as follows:

Section 5060.3 The mission of the Oklahoma Center for the Advancement of Science and Technology shall be to foster innovation in existing and developing businesses by supporting basic and applied research, by facilitating technology transfer between research laboratories and firms and farms, and by providing seed-capital for new innovative firms and their products. The Oklahoma Center for the Advancement of Science and Technology also shall have the authority to foster enhanced competitiveness in the national and international markets by small and medium-sized manufacturing firms located in Oklahoma by stimulating productivity and modernization of such firms.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 5060.4, is amended to read as follows:

Section 5060.4 As used in the Oklahoma Center for the Advancement of Science and Technology Act:

1. "Applied research" means those research activities occurring at institutions of higher education, nonprofit research foundations, and in private enterprises which have potential commercial application;

2. "Basic research" means any original investigation for the advancement of scientific knowledge not having a specific commercial objective, but having potential long-range value to commercial interests;

3. "Center" means the Oklahoma Center for the Advancement of Science and Technology;

4. "Enterprise" means a firm with its principal place of business in Oklahoma;

5. "Health research project" means a specific examination, experimentation or investigation oriented principally toward basic, applied, and developmental scientific inquiry related to the causes, diagnosis, prevention, and treatment of human diseases and disabilities and mental health and emotional disorders, and the rehabilitation of persons afflicted with such diseases, disabilities, and disorders; new knowledge, better understanding, and innovative methods to improve the processes by which health care services are made available and how they may be provided more efficiently, more effectively and at a lower cost, for all the citizens of this state; and the development of new products and services which shall form the basis of new high-technology health research and care industry for this state;

6. "Industrial Extension System" means a coordinated network of public and private manufacturing modernization resources, the purpose of which is to stimulate the competitiveness of Oklahoma small and medium-sized manufacturing firms;

7. "Institutional Review Board" means a committee composed of investigators, lay representatives, and legal counsel, which is established at each institution of higher learning and each nonprofit research institution receiving funds from the Health Research Account, for the express purpose of determining the appropriateness of any research involving human subjects;

~~7.~~ 8. "Institutions of higher education" means public and private colleges and universities in the state;

~~8.~~ 9. "Investigator" means a person who proposes research projects and is primarily responsible for the execution of the proposed projects and is employed by or affiliated with an institution of higher education, a nonprofit research institution in this state, or a private enterprise;

~~9.~~ 10. "New technology" means methods, products, processes and procedures developed through science or research;

~~10.~~ 11. "Nonprofit research institution" means any not-for-profit public or private facility in this state which has the capabilities for research projects and which is not a subsidiary of any corporation, partnership, or association organized for profit, nor is its stock or assets owned or controlled by a corporation, partnership, or association organized for profit;

12. "OAME" means the Oklahoma Alliance for Manufacturing Excellence, Inc., a corporation to be formed pursuant to the provisions of Title 18 of the Oklahoma Statutes and Section 6 of this act;

~~11.~~ 13. "Person" means any individual, partnership, corporation or joint venture carrying on business or proposing to carry on business within the state;

~~12.~~ 14. "Product" means any outcome, device, technique or process, which is or may be developed or marketed commercially and which has advanced beyond the theoretical stage and is in a prototype or practice stage;

~~13.~~ 15. "Professional service contract" means a written agreement providing funds for the performance of a research project; for salaries and fringe benefits of personnel associated with research programs; for research equipment; for operating expenses associated with a research program; or for services provided in

connection with the evaluation of applications submitted to the Center;

~~14.~~ 16. "Qualified security" means any public or private financial arrangement, involving any note, security, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, preorganization certificate or subscription, transferable security, investment contract, certificate of deposit for a security, certificate of interest or participation in a patent or application therefor, or in royalty or other payments under such a patent or application, or, in general, any interest or instrument commonly known as a "security" or any certificate for, receipt for, guarantee of, or option, warrant or right to subscribe to or purchase any of the foregoing to the extent allowed by law;

~~15.~~ 17. "Seed-capital" means financing that is provided for the development, refinement and commercialization of a product, process or innovation, whether for the startup of a new firm or the expansion or the restructuring of a small firm; and

~~16.~~ 18. "Technology transfer" means a two-way process by which ideas or inventions for processes or products (developed in research programs usually on a laboratory or pilot-plant scale) are converted to commercial use.

SECTION 4. AMENDATORY 74 O.S. 1991, Section 5060.5, is amended to read as follows:

Section 5060.5 In order to fulfill its ~~mission as financier and coordinator of basic and applied research, technology transfer and seed-capital development~~ missions as provided in Section 5060.3 of this title, the Oklahoma Center for the Advancement of Science and Technology shall be subject to the policy development of Oklahoma Futures.

1. Oklahoma Futures shall in no way interfere with the day-to-day administration of the Center, but shall provide long-term

oversight by reviewing and approving the Center's five-year plan and annual oversight by reviewing and approving the Center's annual business plan to ensure the Center fulfills the legislative purpose for which it is created.

2. Notwithstanding other provisions of law, the Oklahoma Department of Commerce shall have the authority to expend funds to administer and operate the programs of the Oklahoma Center for the Advancement of Science and Technology until such time as designated by Oklahoma Futures.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5060.25 of Title 74, unless there is created a duplication in numbering, reads as follows:

In addition to other functions and responsibilities of the Oklahoma Center for the Advancement of Science and Technology, the Center shall have the authority to work in conjunction with OAME, a private, not-for-profit corporation certified by Oklahoma Futures as qualifying pursuant to the provisions of this act, to foster competitiveness in the national and international markets by small and medium-sized manufacturing firms located in Oklahoma, with a special emphasis on minority business enterprises.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5060.26 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. A private, not-for-profit corporation may be organized pursuant to the provisions of Title 18 of the Oklahoma Statutes and the provisions of this act to develop the Industrial Extension System in Oklahoma, with a special emphasis on minority business enterprises. Such corporation, upon certification by Oklahoma Futures, shall be known as and may exercise all of the powers of OAME.

B. In addition to the provisions and requirements of Title 18 of the Oklahoma Statutes, the certificate of incorporation and the

bylaws of OAME must be certified by Oklahoma Futures and the certificate of incorporation shall:

1. Designate the name of the corporation as the Oklahoma Alliance for Manufacturing Excellence, Inc.;

2. Provide that the exclusive purposes of OAME are public purposes to assist small and medium-sized manufacturing firms, with a special emphasis on minority business enterprises, to gain the ability, through education, technology transfer, and otherwise, to compete successfully at progressively higher levels of value-added in the national and international economy;

3. Provide for the following three classes of membership in OAME which shall have representation on the Board of Directors of OAME:

- a. one class composed of small and medium-sized manufacturing firms located in Oklahoma, and the certificate of incorporation shall provide for the qualifications for membership in such class,
- b. one class composed of large corporations, and the certificate of incorporation shall provide for the qualifications for membership in such class, and
- c. one class composed of state entities, including, but not limited to, the Oklahoma Center for the Advancement of Science and Technology, the Oklahoma Department of Commerce, the State Department of Vocational and Technical Education, and the Oklahoma State Regents for Higher Education;

4. Provide for classes of associate membership which shall not have representation on the Board of Directors of OAME, except as provided in paragraph 5 of this subsection;

5. Provide that the Board of Directors of OAME shall consist of five representatives of members who shall be individuals elected at the first annual meeting of OAME by members of the class composed of

small and medium-sized manufacturing firms, and four representatives of members who shall be individuals elected at the first annual meeting of OAME by members of the class composed of large corporations. The Board of Directors also shall include the President of the Oklahoma Center for the Advancement of Science and Technology, the Executive Director of the Oklahoma Department of Commerce, the Director of the State Department of Vocational and Technical Education and the Chancellor of Higher Education as ex officio members. The bylaws of OAME may provide for designees who may serve in the place of any of the directors and the terms under which any such designation will be made. The Board of Directors shall have the power to elect, from time to time, persons to serve as directors who are associate members or are not affiliated with any entity or firm which qualifies for membership in OAME, provided that no more than three (3) of such persons shall serve on the Board of Directors at any time;

6. Have the authority to set membership dues in an amount to be determined by the Board of Directors. No participating state entity shall pay membership dues;

7. Provide for all powers necessary or appropriate to carry out and effectuate its corporate purposes, including, but not limited to, the following:

- a. to maintain an office at such place or places as it may designate,
- b. to make and execute contracts with any individual, corporation, association or any other entity and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this act,
- c. to receive funds from any source to carry out the purposes of this act, including, but not limited to, gifts or grants from any department, agency or

instrumentality of the United States or of the state for any purpose consistent with the provisions of this act,

- d. to acquire or sell, convey, lease, exchange, transfer or otherwise dispose of its property or any interest therein,
- e. to develop plans and policies to assist small and medium-sized manufacturing companies in Oklahoma,
- f. to enter into contracts to provide assistance to small and medium-sized manufacturing companies, including, but not limited to, the following categories:
 - (1) technology,
 - (2) human resources development,
 - (3) market planning,
 - (4) finance, and
 - (5) inter-firm collaboration,
- g. to assist other organizations providing general business assistance to small and medium-sized manufacturing enterprises,
- h. to establish manufacturing quality and standards certification programs, setting minimum standards and issuing certification to companies meeting such standards,
- i. to develop and distribute information about manufacturing modernization and assistance that is available to support efforts to improve the abilities of small and medium-sized firms to produce and market higher value-added products,
- j. to establish a system to evaluate the effectiveness and efficiency of services provided to small and medium-sized manufacturing firms,

- k. to establish and operate, directly or under contract, an information system designed to access resources that will assist the firms to become more productive,
- l. establish a training program for individuals working on behalf of small and medium-sized manufacturing firms, and
- m. to establish special educational and informational programs for its members.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5060.27 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. OAME shall prepare and submit an annual business plan for approval by the Board of Directors of the Oklahoma Center for the Advancement of Science and Technology. The business plan shall be made a part of the annual business plan of the Center provided for in Section 5060.8 of Title 74 of the Oklahoma Statutes and shall be subject to approval by Oklahoma Futures. OAME shall also prepare an annual report for submission to the Center, which shall include:

- 1. A synopsis of the activities of OAME during the previous fiscal year; and
- 2. An examination of quantifiable measures of the results of actions and plans of OAME.

SECTION 8. This act shall become effective July 1, 1992.

SECTION 9. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

43-2-2092

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