

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

CONFERENCE COMMITTEE
SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2819

By: Banz, Calvey, Wesselhoft
and Case of the House

and

Capps and Aldridge of the
Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to state government; creating new partnership within the Oklahoma Center for the Advancement of Science and Technology; providing purpose; authorizing OCAST to employ certain programs and enter contracts; stating purpose of the Aerospace/Aviation Logistics Center; stating purpose of the Aerospace/Aviation Center of Excellence; requiring the award of funding under certain circumstances; providing for board approval of certain proposals under certain circumstances; requiring certain research be subject to negotiations and policies of the act; amending 74 O.S. 2001, Section 5060.4, as last amended by Section 1 of Enrolled House Bill No. 2356 of the 2nd Session of the 50th Oklahoma Legislature, which relates to the Oklahoma Center for the Advancement of Science and Technology; adding certain definitions; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5060.3a of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the Oklahoma Center for the Advancement of Science and Technology (OCAST), the Oklahoma Aerospace Institute (OAI) to serve as a strategic partnership that will focus available resources to promote cooperation and collaboration among Oklahoma businesses, manufacturers, military

installations, commercial aviation, higher education institutions, nonprofit research institutions, and state government for the purpose of strengthening Oklahoma's economy. Contingent upon the availability of funds, OCAST may employ established program processes or may contract with other qualified entities to operate OAI which will consist of the following initiatives:

1. Center of Excellence for Aerospace Technology (COEAT); and
2. Center for Aerospace Supplier Quality (CASQ).

B. The CASQ is designed to serve as a conduit between Oklahoma's military installations and aerospace industry to promote quick response to opportunities that will:

1. Increase Department of Defense awards in Oklahoma;
2. Create and retain more high-wage, high-skill jobs;
3. Strengthen collaborations between businesses and aerospace interests;
4. Reduce the flow of federal defense contract dollars to out-of-state businesses;
5. Increase Oklahoma's small aerospace firms;
6. Provide engineering/technical assistance;
7. Provide more manufacturing sources for Oklahoma military installations and aerospace industry; and
8. Reduce costs and increase competitiveness for Oklahoma military installations and aerospace industry.

C. The COEAT will be a center of excellence for applied research and will primarily undertake applied research, development and technology transfer that has long-term potential for commercial development. The center should build on institutional strengths and conduct activity in areas of research in which the participating research institutions and businesses have achieved or have true promise of attaining a standard of excellence in applied research and development.

D. OCAST shall award funding to the Center of Excellence for Aerospace Technology (COEAT) contingent on the availability of funds and only after:

1. Developing, adopting and publishing the criteria it shall use when evaluating centers of excellence; and

2. Reviewing proposals for new or established centers of excellence containing:

- a. documentation that not less than fifty percent (50%) of the center's total funding will be provided by sources other than OCAST and other than state-appropriated money,
- b. a description of the proposed center's potential contribution to the state's economic development interests,
- c. an itemized operations budget, and
- d. other information that may be required by the OCAST board.

E. The board may approve proposals to establish the Center of Excellence for Aerospace Technology (COEAT) only after the board finds, based upon the proposal submitted, external peer reviews, and such additional investigation as the staff of OCAST shall make and incorporate in its minutes that:

1. The proposed center of excellence involves higher education institution(s), nonprofit research institution(s), and private enterprise;

2. The proposed center of excellence is funded at Nine Hundred Thousand Dollars (\$900,000.00), or so much thereof as is needed, per year for five (5) years, above the annual appropriation for OCAST;

3. The proposed center of excellence has the potential to stimulate economic development in Oklahoma by fostering partnership between Oklahoma military installations, higher education institutions, nonprofit research institutions, and businesses; and

4. The proposed center has the long-term potential to benefit Oklahoma's military installations and the state's aerospace industry through innovation and development of new technology.

F. Any commercialized research that results from the funding of the Center of Excellence for Aerospace Technology shall be subject to negotiations and policies pursuant to the provisions of this act.

SECTION 2. AMENDATORY 74 O.S. 2001, Section 5060.4, as last amended by Section 1 of Enrolled House Bill No. 2356 of the 2nd Session of the 50th Oklahoma Legislature, is amended to read as follows:

Section 5060.4 As used in the Oklahoma Science and Technology Research and Development Act:

1. "COEAT" means Center of Excellence for Aerospace Technology, an initiative within the Oklahoma Aerospace Institute that undertakes applied research, development and technology transfer that has long-term potential for commercial development;

2. "CASQ" means Center of Aerospace Supplier Quality, an initiative within the Oklahoma Aerospace Institute that serves as a conduit between Oklahoma's military installations and the aerospace industry;

3. "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.~~ 4. "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.~~ 5. "Board" means the Oklahoma Science and Technology Research and Development Board;

~~4.~~ 6. "Center" or "OCAST" means the Oklahoma Center for the Advancement of Science and Technology;

~~5.~~ 7. "Enterprise" means a firm with its principal place of business in Oklahoma;

~~6.~~ 8. "Health research project" means a specific examination, experimentation or investigation, or initiative to provide research resources 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;

~~7.~~ 9. "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;

~~8.~~ 10. "Institute" means the Oklahoma Institute of Technology;

~~9.~~ 11. "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 a health research project, for the express purpose of determining the appropriateness of any research involving human subjects;

~~10.~~ 12. "Institutions of higher education" means public and private colleges and universities in the state;

~~11.~~ 13. "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;

~~12.~~ 14. "Nanotechnology" means technology development at the molecular range (1nm to 100nm) to create and use structures, devices, and systems that have novel properties because of their small size;

~~13.~~ 15. "New technology" means methods, products, processes and procedures developed through science or research;

~~14.~~ 16. "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;

~~15.~~ 17. "OAI" means Oklahoma Aerospace Institute, a strategic partnership that will focus available resources to promote cooperation and collaboration among Oklahoma businesses, manufacturers, military installations, commercial aviation, higher education institutions, nonprofit research institutions, and state government;

18. "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 5060.26 of this title;

~~16.~~ 19. "ONAP" means the Oklahoma Nanotechnology Applications Project;

~~17.~~ 20. "Person" means any individual, partnership, corporation or joint venture carrying on business or proposing to carry on business within the state;

~~18.~~ 21. "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;

~~19.~~ 22. "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;

~~20.~~ 23. "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;

~~21.~~ 24. "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

~~22.~~ 25. "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 3. This act shall become effective July 1, 2006.

SECTION 4. 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.

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