

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2078

By: Piatt

AS INTRODUCED

An Act relating to state government; amending 74 O.S. 2001, Sections 5060.4, as amended by Section 5, Chapter 484, O.S.L. 2002 and 5060.12 (74 O.S. Supp. 2005, Section 5060.4), which relate to the Oklahoma Science and Technology Research and Development Act; adding definition; expanding scope of centers of excellence; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 5060.4, as amended by Section 5, Chapter 484, O.S.L. 2002 (74 O.S. Supp. 2005, Section 5060.4), is amended to read as follows:

Section 5060.4 As used in the Oklahoma Science and Technology Research and Development 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. "Board" means the Oklahoma Science and Technology Research and Development Board;

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

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

6. "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. "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. "Institute" means the Oklahoma Institute of Technology;

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

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

13. "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;

14. "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;

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

16. "Plant science research" means a specific examination, experimentation, investigation, or initiative to provide research resources oriented principally toward basic, applied, and developmental scientific inquiry related to plant productivity, alternative use crops for bioenergy, environmental applications, chemical platforms and/or health, plant-based process applications, and seed management and the development of new products and services that shall form the basis of a new high-technology plant science/agriculture industry for this state;

17. "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;

~~17.~~ 18. "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;

~~18.~~ 19. "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;

~~19.~~ 20. "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

~~20.~~ 21. "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 2. AMENDATORY 74 O.S. 2001, Section 5060.12, is amended to read as follows:

Section 5060.12 A. The purpose of this section is to authorize the establishment of two types of centers of excellence at institutions of higher education and at nonprofit research institutions: centers of excellence for basic research and centers of excellence for applied research, development and technology transfer.

B. Centers of excellence for basic research will primarily undertake ongoing basic research that has potential for long-range value to the state's economic development. The centers should build on institutional strengths and conduct activity in areas of research in which the participating institutions of higher education or nonprofit research institution have achieved or have true promise of attaining a standard of excellence as recognized by national and international peers.

C. Centers of excellence for applied research, development and technology transfer will primarily undertake applied research, development and technology transfer that has long-run potential for commercial development. The centers should build on institutional strengths and conduct activity in areas of research in which the participating institutions of higher education or nonprofit research institution have achieved or have true promise of attaining a standard of excellence in applied research and development.

D. The Center shall award funding to centers of excellence in accordance with subsections E and F of this section.

E. The Center may award funding from the Research Support Revolving Fund for new centers and increased funding for established centers 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, in the case of applied research, development and technology transfer, that not less than fifty percent (50%) of the center's total funding will be provided by sources other than the Center and other than state-appropriated money; and, in the case of basic research, documentation that not less than twenty percent (20%) of the funding for centers

conducting basic research will be provided by sources other than the Center and other than state-appropriated money; machinery or equipment may be considered as part of the matching funds, but must be accompanied by a statement that the center of excellence has received the machinery or equipment, that it is appropriate and useful to the program under review, and either:

- (1) verifying that the machinery or equipment is donated, has only been used in testing to ensure quality control, or used by a wholesaler or retailer for demonstration purposes only and verifying the fair market value of the machinery or equipment on the date of the gift, or
- (2) detailing the price paid by the center of excellence, with an invoice showing the amount paid for the equipment,

- 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 board.

F. The board may approve proposals to establish new centers of excellence and increase funding for existing centers only after the board finds, based upon the proposal submitted, external peer reviews, and such additional investigation as the staff of the Center shall make and incorporate in its minutes that:

1. The proposed center of excellence involves more than one higher education institution or nonprofit research institution;

2. In the case of applied research, development and technology transfer the proposed center of excellence has the potential to stimulate economic development in Oklahoma by fostering partnership

between both higher education institutions and businesses and  
between nonprofit research institution and businesses;

3. The center has the long-run potential to benefit existing and new businesses through innovation and development of new technology; and

4. Approval of the proposal will not create or foster unnecessary duplication of programs, particularly at the graduate level of instruction.

G. Any commercialized research that results from the funding of a center of excellence shall be subject to negotiations and policies pursuant to the provisions of this act.

SECTION 3. This act shall become effective November 1, 2006.

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