

1-1 By: Fraser S.B. No. 632
 1-2 (In the Senate - Filed February 18, 2015; February 23, 2015,
 1-3 read first time and referred to Committee on Natural Resources and
 1-4 Economic Development; April 21, 2015, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 10,
 1-6 Nays 0; April 21, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 632 By: Fraser

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to the creation of the governor's university research
 1-24 initiative and to the abolishment of the Texas emerging technology
 1-25 fund.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Chapter 62, Education Code, is amended by adding
 1-28 Subchapter H to read as follows:

1-29 SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

1-30 Sec. 62.161. DEFINITIONS. In this subchapter:

1-31 (1) "Distinguished researcher" means a researcher who
 1-32 is:

- 1-33 (A) a Nobel laureate; or
- 1-34 (B) a member of the National Academy of Sciences,
 1-35 the National Academy of Engineering, the Institute of Medicine, or
 1-36 the National Research Council.

1-37 (2) "Eligible institution" means a general academic
 1-38 teaching institution or medical and dental unit.

1-39 (3) "Fund" means the governor's university research
 1-40 initiative fund established under this subchapter.

1-41 (4) "General academic teaching institution" has the
 1-42 meaning assigned by Section 61.003.

1-43 (5) "Medical and dental unit" has the meaning assigned
 1-44 by Section 61.003.

1-45 (6) "Office" means the Texas Economic Development and
 1-46 Tourism Office within the office of the governor.

1-47 (7) "Private or independent institution of higher
 1-48 education" has the meaning assigned by Section 61.003.

1-49 Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The
 1-50 governor's university research initiative is administered by the
 1-51 Texas Economic Development and Tourism Office within the office of
 1-52 the governor.

1-53 (b) The office may adopt any rules the office considers
 1-54 necessary to administer this subchapter.

1-55 Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED
 1-56 RESEARCHERS. (a) From the governor's university research
 1-57 initiative fund, the office shall award matching grants to assist
 1-58 eligible institutions in recruiting distinguished researchers.

1-59 (b) An eligible institution may apply to the office for a
 1-60 matching grant from the fund. If the office approves a grant

2-1 application, the office shall award to the applicant institution a
 2-2 grant amount equal to the amount committed by the institution for
 2-3 the recruitment of a distinguished researcher.

2-4 (c) A matching grant may not be used by an eligible
 2-5 institution to recruit a distinguished researcher from:

2-6 (1) another eligible institution; or

2-7 (2) a private or independent institution of higher
 2-8 education.

2-9 Sec. 62.164. GRANT AWARD PRIORITIES. In awarding grants,
 2-10 the office shall give priority to grant proposals that involve the
 2-11 recruitment of distinguished researchers in the fields of science,
 2-12 technology, engineering, and mathematics. With respect to
 2-13 proposals involving those fields, the office shall give priority to
 2-14 proposals that demonstrate a reasonable likelihood of contributing
 2-15 substantially to this state's national and global economic
 2-16 competitiveness.

2-17 Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE
 2-18 FUND. (a) The governor's university research initiative fund is a
 2-19 dedicated account in the general revenue fund.

2-20 (b) The fund consists of:

2-21 (1) amounts appropriated or otherwise allocated or
 2-22 transferred by law to the fund;

2-23 (2) money deposited to the fund under Section 62.166;
 2-24 and

2-25 (3) gifts, grants, and other donations received for
 2-26 the fund.

2-27 Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN
 2-28 CONNECTION WITH FORMER TEXAS EMERGING TECHNOLOGY FUND. (a) The
 2-29 governor's university research initiative is the successor to the
 2-30 former Texas emerging technology fund. Awards from the former
 2-31 Texas emerging technology fund, and contracts governing awards from
 2-32 that fund, shall be wound up in accordance with this section.

2-33 (b) If a contract governing an award from the former Texas
 2-34 emerging technology fund provides for the distribution of
 2-35 royalties, revenue, or other financial benefits to the state,
 2-36 including royalties, revenue, or other financial benefits realized
 2-37 from the commercialization of intellectual or real property
 2-38 developed from an award from the fund, those royalties, revenues,
 2-39 or other financial benefits shall continue to be distributed in
 2-40 accordance with the terms of the contract unless the award
 2-41 recipient and the governor agree otherwise. Unless otherwise
 2-42 required by law, royalties, revenue, or other financial benefits
 2-43 accruing to the state under a contract described by this subsection
 2-44 shall be credited to the governor's university research initiative
 2-45 fund.

2-46 (c) If money awarded from the former Texas emerging
 2-47 technology fund is encumbered by a contract executed before
 2-48 September 1, 2015, but has not been distributed before that date,
 2-49 the money shall be distributed from the governor's university
 2-50 research initiative fund in accordance with the terms of the
 2-51 contract, unless the award recipient and the governor agree
 2-52 otherwise.

2-53 (d) If money awarded from the former Texas emerging
 2-54 technology fund under a contract executed before September 1, 2015,
 2-55 has been fully distributed, the entity that received the award is
 2-56 considered to have fully satisfied the entity's obligations and
 2-57 fully performed all specific actions under the terms of the
 2-58 contract governing the award. The entity shall file with the office
 2-59 a final report showing the purposes for which the award money has
 2-60 been spent and, if award money remains unspent, the purposes for
 2-61 which the recipient will spend the remaining money. The entity is
 2-62 not required to return to the state any award money received under
 2-63 the contract.

2-64 (e) The Texas Treasury Safekeeping Trust Company shall
 2-65 manage the following:

2-66 (1) equity positions in the form of stock or other
 2-67 security taken by the governor, on behalf of the state, in companies
 2-68 receiving awards under former Chapter 490, Government Code, before
 2-69 September 1, 2015; and

3-1 (2) any other investments, excluding grants, made by
 3-2 the governor on the state's behalf in connection with an award made
 3-3 under former Chapter 490, Government Code, before September 1,
 3-4 2015.

3-5 (f) As soon as practicable after September 1, 2015, the
 3-6 Texas Treasury Safekeeping Trust Company shall begin winding up the
 3-7 state's portfolio of equity positions and other investments
 3-8 described by Subsection (e) by selling the stock and other
 3-9 investments when it is economically advantageous to the state to do
 3-10 so. The trust company has any power necessary in performing duties
 3-11 under this subsection and Subsections (e) and (g) to accomplish the
 3-12 purpose of this section. In managing those investments through
 3-13 procedures and subject to restrictions that the trust company
 3-14 considers appropriate, the trust company may acquire, exchange,
 3-15 sell, supervise, manage, or retain any kind of investment that a
 3-16 prudent investor, exercising reasonable care, skill, and caution,
 3-17 would acquire or retain in light of the purposes, terms,
 3-18 distribution requirements, and other circumstances then prevailing
 3-19 pertinent to each investment.

3-20 (g) Proceeds or other earnings from the sale of stock or
 3-21 other investments in the state's portfolio of equity positions and
 3-22 other investments described by Subsection (e) shall be deposited to
 3-23 the credit of the governor's university research initiative fund,
 3-24 taking into consideration the expenses of managing and liquidating
 3-25 the equity positions and other investments.

3-26 Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING
 3-27 AWARDS FROM FORMER TEXAS EMERGING TECHNOLOGY FUND. (a) Except as
 3-28 provided by Subsection (b), information collected under former
 3-29 Chapter 490, Government Code, concerning the identity, background,
 3-30 finance, marketing plans, trade secrets, or other commercially or
 3-31 academically sensitive information of an individual or entity that
 3-32 was considered for or received an award from the former Texas
 3-33 emerging technology fund is confidential unless the individual or
 3-34 entity consents to disclosure of the information.

3-35 (b) The following information collected in connection with
 3-36 the former Texas emerging technology fund is public information and
 3-37 may be disclosed under Chapter 552, Government Code:

3-38 (1) the name and address of an individual or entity
 3-39 that received an award from the former Texas emerging technology
 3-40 fund;

3-41 (2) the amount of funding received by an award
 3-42 recipient;

3-43 (3) a brief description of the project funded under
 3-44 former Chapter 490, Government Code;

3-45 (4) if applicable, a brief description of the equity
 3-46 position that the governor, on behalf of the state, has taken in an
 3-47 entity that received an award from the former Texas emerging
 3-48 technology fund; and

3-49 (5) any other information with the consent of:

3-50 (A) the governor;

3-51 (B) the lieutenant governor;

3-52 (C) the speaker of the house of representatives;

3-53 and

3-54 (D) the individual or entity that received an
 3-55 award from the former Texas emerging technology fund, if the
 3-56 information relates to that individual or entity.

3-57 Sec. 62.168. REPORTING REQUIREMENTS. (a) Before the
 3-58 beginning of each regular session of the legislature the governor
 3-59 shall submit to the lieutenant governor, the speaker of the house of
 3-60 representatives, and the standing committees of each house of the
 3-61 legislature with primary jurisdiction over economic development
 3-62 and higher education matters and post on the office of the
 3-63 governor's Internet website a report on grants made from the
 3-64 governor's university research initiative fund that states:

3-65 (1) the total amount of matching funds granted by the
 3-66 office;

3-67 (2) the total amount of matching funds granted to each
 3-68 institution;

3-69 (3) a brief description of each distinguished

4-1 researcher recruited by each institution, including any amount of
4-2 external research funding that followed the distinguished
4-3 researcher to the recruiting institution;

4-4 (4) a brief description of the expenditures made from
4-5 the matching grant funds for each distinguished researcher; and

4-6 (5) when available, a brief description of each
4-7 distinguished researcher's contribution to the state's economic
4-8 competitiveness, including but not limited to:

4-9 (A) any patents issued to the distinguished
4-10 researcher after accepting employment by the recruiting
4-11 institution; and

4-12 (B) any external research funding, public or
4-13 private, earned by the distinguished researcher after accepting
4-14 employment by the recruiting institution.

4-15 (a-1) The report may not include information that is made
4-16 confidential by law.

4-17 (b) The governor may require a recipient of a grant under
4-18 the governor's university research initiative to submit, on a form
4-19 the governor provides, information required to complete the report.

4-20 SECTION 2. (a) Chapter 490, Government Code, is repealed.

4-21 (b) The repeal by this Act of Chapter 490, Government Code,
4-22 does not affect the validity of an agreement between the governor
4-23 and the recipient of an award awarded under Chapter 490, or a person
4-24 to be awarded money under that chapter, that is executed before
4-25 September 1, 2015. Those agreements shall be performed as provided
4-26 by Section 62.166, Education Code, as added by this Act.

4-27 (c) A regional center of innovation and commercialization
4-28 established under Section 490.152, Government Code, is abolished on
4-29 the effective date of this Act. Each center shall transfer to the
4-30 office of the governor a copy of any meeting minutes required to be
4-31 retained under Section 490.1521, Government Code, as that section
4-32 existed immediately before that section's repeal by this Act, and
4-33 the office shall retain the minutes for the period prescribed by
4-34 that section.

4-35 (d) The Texas emerging technology fund is abolished. On the
4-36 effective date of this Act, the comptroller of public accounts
4-37 shall transfer any unexpended balance of that fund as follows:

4-38 (1) 50 percent of the balance to the credit of the
4-39 Texas Enterprise Fund under Section 481.078, Government Code; and

4-40 (2) 50 percent of the balance to the credit of the
4-41 governor's university research initiative fund established under
4-42 Subchapter H, Chapter 62, Education Code, as added by this Act.

4-43 (e) On September 1, 2015, the following powers, duties,
4-44 functions, and activities performed by the office of the governor
4-45 immediately before that date are transferred to the Texas Treasury
4-46 Safekeeping Trust Company:

4-47 (1) all powers, duties, functions, and activities
4-48 related to equity positions in the form of stock or other security
4-49 the governor has taken, on behalf of the state, in companies that
4-50 received awards under Chapter 490, Government Code, before
4-51 September 1, 2015; and

4-52 (2) all powers, duties, functions, and activities
4-53 related to other investments, excluding grants, made by the
4-54 governor, on behalf of the state, in connection with an award made
4-55 under Chapter 490, Government Code, before September 1, 2015.

4-56 (f) Notwithstanding the repeal by this Act of Chapter 490,
4-57 Government Code, that chapter is continued in effect for the
4-58 limited purpose of winding down contracts governing awards from the
4-59 Texas emerging technology fund and the state's portfolio of equity
4-60 positions and other investments in connection with awards from that
4-61 fund in accordance with Section 62.166, Education Code, as added by
4-62 this Act.

4-63 SECTION 3. This Act takes effect September 1, 2015.

4-64 * * * * *