

MAR 17 2003
Place On Calendar

HOUSE FILE 592
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HSB 83)

Passed House, Date Passed 3/20/03 Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development-related issues of the
2 universities under the control of the state board of regents
3 by amending the composition of the Iowa economic development
4 board and the Iowa workforce development board, changing the
5 university-based research and economic development Act to
6 address commercialization of research, and creating an Iowa
7 commercialization advisory council.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 592

1 Section 1. Section 15.103, unnumbered paragraph 1, Code
2 2003, is amended to read as follows:

3 The Iowa economic development board is created, consisting
4 of eleven voting members appointed by the governor and seven
5 ex officio nonvoting members. The ex officio nonvoting
6 members are four legislative members; one ~~president, or the~~
7 ~~president's designee, of the University of Northern Iowa, the~~
8 ~~University of Iowa, or Iowa State University of science and~~
9 ~~technology~~ member designated by the state board of regents on
10 ~~a rotating basis~~; and one president, or the president's
11 designee, of a private college or university appointed by the
12 Iowa association of independent colleges and universities; and
13 one superintendent, or the superintendent's designee, of a
14 community college, appointed by the Iowa association of
15 community college presidents. The legislative members are two
16 state senators, one appointed by the president of the senate,
17 after consultation with the majority leader of the senate, and
18 one appointed by the minority leader of the senate, after
19 consultation with the president of the senate, from their
20 respective parties; and two state representatives, one
21 appointed by the speaker and one appointed by the minority
22 leader of the house of representatives from their respective
23 parties. Not more than six of the voting members shall be
24 from the same political party. The secretary of agriculture
25 shall be one of the voting members. The governor shall
26 appoint the remaining ten voting members of the board for a
27 term of four years beginning and ending as provided by section
28 69.19, subject to confirmation by the senate, and the
29 governor's appointments shall include persons knowledgeable of
30 the various elements of the department's responsibilities.

31 Sec. 2. Section 84A.1A, subsection 1, Code 2003, is
32 amended to read as follows:

33 1. An Iowa workforce development board is created,
34 consisting of nine voting members appointed by the governor
35 and eight ex officio nonvoting members. The ex officio

1 nonvoting members are four legislative members; one president
2 ~~or the president's designee of the university of northern~~
3 ~~Iowa, the university of Iowa, or Iowa state university of~~
4 ~~science and technology~~; member designated by the state board
5 of regents ~~on a rotating basis~~; one representative from the
6 largest statewide public employees' organization representing
7 state employees; one president or the president's designee of
8 an independent Iowa college, appointed by the Iowa association
9 of independent colleges and universities; and one
10 superintendent or the superintendent's designee of a community
11 college, appointed by the Iowa association of community
12 college presidents. The legislative members are two state
13 senators, one appointed by the president of the senate, after
14 consultation with the majority leader of the senate, and one
15 appointed by the minority leader of the senate, after
16 consultation with the president of the senate, from their
17 respective parties; and two state representatives, appointed
18 by the speaker after consultation with the majority and
19 minority leaders of the house of representatives from their
20 respective parties. Not more than five of the voting members
21 shall be from the same political party. Of the nine voting
22 members, one member shall represent a nonprofit organization
23 involved in workforce development services, four members shall
24 represent employers, and four members shall represent
25 nonsupervisory employees. Of the members appointed by the
26 governor to represent nonsupervisory employees, two members
27 shall be from statewide labor organizations, one member shall
28 be an employee representative of a labor management council,
29 and one member shall be a person with experience in worker
30 training programs. The governor shall consider
31 recommendations from statewide labor organizations for the
32 members representing nonsupervisory employees. The governor
33 shall appoint the nine voting members of the workforce
34 development board for a term of four years beginning and
35 ending as provided by section 69.19, subject to confirmation

1 by the senate, and the governor's appointments shall include
2 persons knowledgeable in the area of workforce development.

3 Sec. 3. Section 262B.1, Code 2003, is amended to read as
4 follows:

5 262B.1 TITLE.

6 This chapter shall be known and may be cited as the
7 ~~"University-Based-Research-and-Economic-Development~~
8 "Commercialization of Research for Iowa Act".

9 Sec. 4. Section 262B.2, Code 2003, is amended by striking
10 the section and inserting in lieu thereof the following:

11 262B.2 LEGISLATIVE INTENT.

12 It is the intent of the general assembly that the three
13 universities under the control of the state board of regents
14 have as part of their mission the use of their universities'
15 expertise to facilitate economic development within the state.
16 This facilitation may be accomplished through a wide variety
17 of partnership and cooperative endeavors, primarily in the
18 area of high technology, and may result in investments by the
19 private sector for commercialization of the technology. It is
20 envisioned that the investments and job creation will be in
21 Iowa, but need not be in the proximity of the universities.
22 The purpose is to maximize and promote the economic benefit
23 within Iowa, which may be derived from research conducted
24 within the state that will competitively position Iowa on an
25 economic basis with other states and create high-wage, high-
26 growth jobs. It is also the intent of the general assembly
27 that real or virtual research parks will be established and
28 maintained by the universities in close enough proximity that
29 cooperation between the academic, research, and
30 commercialization phases will be encouraged. It is the intent
31 of the general assembly that satellites of the research parks
32 will encourage economic development in other areas of the
33 state.

34 Sec. 5. Section 262B.3, Code 2003, is amended to read as
35 follows:

1 262B.3 ~~ESTABLISHMENT-OF-CONSORTIUM~~ DUTIES AND
2 RESPONSIBILITIES.

3 1. The state board of regents ~~or-the-universities-under~~
4 ~~its-jurisdiction,~~ as part of its mission and strategic plan,
5 shall establish consortiums mechanisms for the purpose of
6 carrying out the intent of this chapter. ~~The-majority-of~~
7 ~~consortium-members-shall-be-from-the-university-community-and~~
8 ~~the-balance-of-members-shall-be-from-private-industry.--The~~
9 ~~members-of-the-consortium-shall-be-appointed-by-the-president~~
10 ~~of-the-convening-university-and-will-serve-at-the-pleasure-of~~
11 ~~the-president.~~ In addition to other board initiatives, the
12 board shall work with the department of economic development,
13 other state agencies, and the private sector to facilitate the
14 commercialization of research.

15 2. Activities to implement this chapter may include:

16 a. Developing strategies to market university research for
17 commercialization in Iowa.

18 b. Matching university resources with the needs of
19 existing Iowa firms or start-up opportunities.

20 c. Evaluating university research for commercialization
21 potential, where relevant.

22 d. Developing a plan to improve private sector access to
23 the university licenses and patent information and the
24 transfer of technology from the university to the private
25 sector.

26 e. Disseminating information on research activities of the
27 university.

28 f. Identifying research needs of existing Iowa businesses
29 and recommending ways in which the universities can meet these
30 needs.

31 g. Linking research and instruction activities to economic
32 development.

33 h. Reviewing and monitoring activities related to
34 technology transfer.

35 i. Coordinating activities to facilitate a focus on

1 research in the state's targeted industry clusters.

2 j. Surveying of similar activities in other states and at
3 other universities.

4 k. Establishing a single point of contact to facilitate
5 commercialization of research.

6 Sec. 6. Section 262B.5, Code 2003, is amended to read as
7 follows:

8 262B.5 ~~REGENTS-AND-DEPARTMENT-OF-ECONOMIC-DEVELOPMENT~~
9 REPORTING.

10 ~~The-state-board-of-regents-and-the-Iowa-department-of~~
11 ~~economic-development-shall-enter-into-an-agreement-under~~
12 ~~chapter-28E-to-coordinate-and-facilitate-the-activities-of-the~~
13 ~~consortiums.~~ The state board of regents and with input from
14 the Iowa department of economic development shall report
15 annually to the governor and the general assembly concerning
16 the activities ~~of-the-consortiums~~ conducted pursuant to this
17 chapter.

18 Sec. 7. NEW SECTION. 262B.6 IOWA COMMERCIALIZATION
19 ADVISORY COUNCIL.

20 1. It is the intent of the general assembly that an
21 approach be created to identify and eliminate the barriers to
22 commercializing Iowa-based research in Iowa. It is envisioned
23 that facilitation of commercialization of research may be
24 accomplished through a wide variety of partnerships and
25 cooperative endeavors that draw on the strengths of the
26 state's existing expertise.

27 2. An Iowa commercialization advisory council is
28 established. The council shall consist of the following
29 nineteen members:

30 a. One representative selected by the Iowa economic
31 development board.

32 b. One representative selected by the state board of
33 regents.

34 c. One representative selected by the Iowa capital
35 investment board.

1 d. One senator appointed by the majority leader of the
2 senate, one senator appointed by the minority leader of the
3 senate, one member of the house of representatives appointed
4 by the speaker of the house of representatives, and one member
5 of the house of representatives appointed by the minority
6 leader of the house of representatives.

7 e. One representative from each of the state board of
8 regents' universities appointed by the state board of regents.

9 f. One representative selected from the small business
10 development centers selected jointly by the president of the
11 senate and the speaker of the house of representatives.

12 g. One representative from the John Pappajohn centers for
13 entrepreneurship selected jointly by the president of the
14 senate and the speaker of the house of representatives.

15 h. One representative from a community college selected by
16 the state board of education.

17 i. One representative from a council of governments
18 selected jointly by the president of the senate and the
19 speaker of the house of representatives.

20 j. One representative selected by the vision Iowa board
21 established in section 15F.102.

22 k. Three representatives from business and industry
23 appointed by the governor.

24 l. One representative from a local or regional development
25 group appointed by the governor.

26 3. The council shall facilitate communications and
27 identify strategies to advance the state's economy. The
28 council may make specific recommendations to the boards
29 represented by its membership and also shall provide annual
30 reporting of its activities to the governor and the general
31 assembly. Initial areas for focus of recommendations may
32 include any of the following:

33 a. Enumerating core competencies in university research
34 and business development.

35 b. Identifying and correcting barriers to

1 commercialization of research.

2 c. Energizing entrepreneurship and encouraging the
3 utilization of university research.

4 d. Enhancing technology transfer opportunities.

5 e. Encouraging the business community to seek all
6 opportunities for beneficial engagement.

7 f. Connecting venture capital opportunities with the three
8 universities.

9 g. Improving identification and coordination of university
10 needs and development.

11 h. Strengthening technology transfer by enhancing
12 financial support for commercialization and establishing
13 performance standards and benchmarks for ongoing state
14 financial support.

15 i. Suggesting changes to state policies that may assist in
16 the advancement of the state's economy.

17 4. By January 15 of each year the council shall submit an
18 annual report to the governor, the general assembly, and the
19 boards represented by the council membership that provides
20 information regarding all of the following:

21 a. The activities undertaken to facilitate communication
22 between the university research community and the business
23 community.

24 b. The statewide strategies identified by the council.

25 c. Quantitative information on the council.

26 d. The specific recommendations made to each of the boards
27 represented by the council membership.

28 e. Trends in national and international business relating
29 to areas of research focus at universities under the state
30 board of regents.

31 5. The state board of regents and the department of
32 economic development shall provide administrative support to
33 the council.

34 Sec. 8. Section 262B.4, Code 2003, is repealed.

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EXPLANATION

1 This bill relates to economic development-related issues of
2 the universities under the control of the state board of
3 regents by amending the composition of the Iowa economic
4 development board and the Iowa workforce development board,
5 changing the university-based research and economic
6 development Act to address commercialization of research, and
7 creating an Iowa commercialization advisory council.

8 The bill amends the composition of the Iowa economic
9 development board and the Iowa workforce development board by
10 allowing the designation of one person by the state board of
11 regents on each board and eliminating the rotating requirement
12 for the three universities on each board.

13 The bill amends the university-based research and economic
14 development Act to require the state board of regents to work
15 with the department of economic development, other state
16 agencies, and the private sector to facilitate the
17 commercialization of research. The bill provides a number of
18 different activities that may be conducted to facilitate the
19 commercialization of research. The bill requires the state
20 board of regents to submit an annual report to the governor
21 and the general assembly regarding the board's activities in
22 the commercialization of research.

23 The bill establishes an Iowa commercialization advisory
24 council to facilitate communications and identify strategies
25 to advance the state's economy. The bill allows the council
26 to make specific recommendations to the boards represented by
27 the council's membership relating to commercialization of
28 research issues. The bill requires the council to annually
29 report the activities of the council to the governor and the
30 general assembly.

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S-3182

1 Amend House File 592, as passed by the House, as
2 follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. NEW SECTION. 7.23 TECHNOLOGY
6 TRANSFER ADVISOR.

7 Two technology transfer advisors shall be appointed
8 by the governor, serve at the pleasure of the
9 governor, and be located at offices at the university
10 of Iowa and Iowa state university of science and
11 technology. A technology transfer advisor is not a
12 state agency and is not subject to chapter 17A. A
13 technology transfer advisor shall do all of the
14 following:

15 1. Facilitate the transfer of technology developed
16 at universities under the control of the state board
17 of regents, community colleges, and private colleges
18 and universities.

19 2. Coordinate the technology transfer activities
20 at each of the public and private universities to
21 encourage the implementation of best practices in
22 technology transfer, establish measures of
23 performance, and design programs of continuous quality
24 improvement for each technology transfer office.

25 3. Establish technology transfer goals for the
26 state.

27 4. Provide technical assistance to Iowa-based
28 entrepreneurs associated with or unrelated to the
29 universities under the control of the state board of
30 regents regarding technology transfer-related issues.
31 The technical assistance shall include assistance in
32 the areas of patents and licensing, business
33 development and management, finance, production,
34 sales, and marketing.

35 5. Receive the technology transfer-related report
36 submitted by the state board of regents pursuant to
37 section 262.9, subsection 31.

38 6. To ensure economic growth, serve as a
39 coordinator between Iowa-based businesses and
40 businesses intending to locate in Iowa.

41 Sec. 2. Section 15.108, Code 2003, is amended by
42 adding the following new subsection:

43 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS.
44 The department shall cooperate with and provide
45 staffing support to the technology transfer advisors
46 appointed pursuant to section 7.23.

47 Sec. 3. Section 262.9, Code 2003, is amended by
48 adding the following new subsections:

49 NEW SUBSECTION. 29. Actively encourage and
50 promote the transfer of technology and research at

S-3182

1 universities under the control of the board to
2 commercial application, including the start-up of
3 business entities.

4 NEW SUBSECTION. 30. Give preference and technical
5 support to those faculty members and staff members
6 desiring to obtain licenses for intellectual property
7 rights created in whole or in part by the faculty
8 member or staff member. However, such preference
9 shall not be construed to be a right accruing to that
10 faculty member or staff member.

11 NEW SUBSECTION. 31. By January 15 of each year,
12 submit a report to the governor, through the
13 technology transfer advisors, and the general assembly
14 containing information from the previous calendar year
15 regarding all of the following:

16 a. Patents secured or applied for by each
17 university under the control of the board delineated
18 by university and by faculty member and staff member
19 responsible for the research or activity that resulted
20 in the patent. In the initial report filed by January
21 15, 2004, the board shall include an inventory of
22 patent portfolios with details concerning which
23 patents are creating financial benefit and the amount
24 of financial benefit and which patents are not
25 creating financial benefit and the amount invested in
26 those patents.

27 b. Research grants secured by each university
28 under the control of the board from both public and
29 private sources delineated by university and by
30 faculty member and staff member. The board shall also
31 include the same information for grant applications
32 that are denied.

33 c. The number of faculty members and staff members
34 at each university under the control of the board
35 involved in a start-up company.

36 d. The number of grant applications for research
37 received by each university under the control of the
38 board for start-up companies, the number of
39 applications approved, and the number of applications
40 denied.

41 e. The number of agreements entered into by
42 faculty members and staff members at each university
43 under the control of the board with foundations
44 affiliated with the universities relating to business
45 start-ups.

46 f. An accounting of the financial gain received by
47 each university under the control of the board
48 relating to patents sold, royalties received,
49 licensing fees, and any other remuneration received by
50 the university related to technology transfer.

S-3182

Page 3

1 g. The number of professional employees at each
2 university under the control of the board who assist
3 in the transfer of technology and research to
4 commercial application.

5 Sec. 4. This division of this Act is repealed July
6 1, 2008."

7 2. Title page, by striking lines 1 through 7 and
8 inserting the following: "An Act relating to the
9 appointment of technology transfer advisors."

By COMMITTEE ON ECONOMIC GROWTH
KITTY REHBERG, CHAIRPERSON

S-3182 FILED APRIL 9, 2003

Jenkins, Chr.
Kramer
Thomas

Subordinated By
SF 592

HSB 83
ECONOMIC GROWTH

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act creating a university-based research utilization program,
2 providing tax credits, and making appropriations.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 262B.2, Code 2003, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 262B.2 LEGISLATIVE INTENT.

5 It is the intent of the general assembly that the
6 universities under the control of the state board of regents
7 have as a part of their mission the use of their universities'
8 expertise to facilitate economic development within the state.
9 This facilitation may be accomplished through a wide variety
10 of partnership and cooperative endeavors, primarily in the
11 area of high technology, and may result in investments by the
12 private sector for commercialization of the technology. It is
13 envisioned that the investments and job creation will be in
14 Iowa, but need not be in the proximity of the universities.
15 It is also the intent of the general assembly that real or
16 virtual research parks will be established and maintained by
17 the universities in close enough proximity that cooperation
18 between the academic, research, and commercialization phases
19 will be encouraged. It is the intent of the general assembly
20 that satellites of the research parks will encourage economic
21 development in other areas of the state.

22 Sec. 2. NEW SECTION. 262B.6 UNIVERSITY-BASED RESEARCH
23 UTILIZATION PROGRAM.

24 1. The department of economic development shall establish
25 and administer a university-based research utilization program
26 for purposes of encouraging the utilization of university-
27 based research, primarily in the area of high technology, in
28 new or existing businesses.

29 2. A new or existing business that utilizes a technology
30 developed by an employee at a university under the control of
31 the state board of regents may apply to the department of
32 economic development for approval to participate in the
33 university-based research utilization program. The department
34 shall approve an applicant if the applicant meets all of the
35 following criteria:

1 a. The applicant utilizes a technology developed by an
2 employee at a university under the control of the state board
3 of regents.

4 b. The applicant develops a five-year business plan
5 approved by the department.

6 c. The applicant meets a minimum-size business standard
7 determined by the department.

8 3. A business approved under the program and the
9 university employee responsible for the development of the
10 technology utilized by the approved business shall be eligible
11 for a tax credit. The credit shall be allowed against the
12 taxes imposed in chapter 422, divisions II and III. An
13 individual may claim a tax credit under this section of a
14 partnership, limited liability company, S corporation, estate,
15 or trust electing to have income taxed directly to the
16 individual. The amount claimed by the individual shall be
17 based upon the pro rata share of the individual's earnings
18 from the partnership, limited liability company, S
19 corporation, estate, or trust. A tax credit shall not be
20 claimed under this subsection unless a tax credit certificate
21 issued by the department of economic development is attached
22 to the taxpayer's tax return for the tax year for which the
23 tax credit is claimed. The amount of a tax credit allowed
24 under this subsection shall equal the amount listed on a tax
25 credit certificate issued by the department of economic
26 development pursuant to subsection 4. A tax credit
27 certificate shall not be transferable. Any tax credit in
28 excess of the taxpayer's liability for the tax year may be
29 credited to the taxpayer's tax liability for the following
30 five years or until depleted, whichever occurs first. A tax
31 credit shall not be carried back to a tax year prior to the
32 tax year in which the taxpayer redeems the tax credit.

33 4. For the five tax years following the tax year in which
34 the business is approved under the program, the business shall
35 file a copy of the tax return for the business with the

1 department of economic development. Upon receiving a copy of
2 a tax return from an approved business, the department shall
3 do all of the following:

4 a. Issue a tax credit certificate to the approved business
5 and the university employee responsible for the development of
6 the technology utilized by the approved business in an amount
7 determined pursuant to subsection 5. A tax credit certificate
8 shall contain the taxpayer's name, address, tax identification
9 number, the amount of the tax credit, and other information
10 required by the department of revenue and finance.

11 b. (1) Determine the university share which is equal to
12 the value of thirty percent of the tax liability of the
13 approved business for purposes of making an appropriation
14 pursuant to subsection 7 to the university where the
15 technology utilized by the approved business was developed.

16 (2) The department shall maintain records for each
17 university during each fiscal year regarding the university
18 share each university is entitled to receive through the
19 appropriation in subsection 7. A university shall be entitled
20 to receive the total university share for that particular
21 university during the previous fiscal year.

22 5. The tax credit certificates issued by the department
23 shall be for the following amounts:

24 a. For the approved business, the value of the tax credit
25 certificate shall equal thirty percent of the tax liability of
26 the approved business.

27 b. For the university employee responsible for the
28 development of the technology utilized by the approved
29 business, the value of the tax credit certificate shall equal
30 ten percent of the tax liability of the approved business. If
31 more than one employee is responsible for the development of
32 the technology, the value equal to ten percent of the tax
33 liability of the approved business shall be divided equally
34 and individual tax credit certificates shall be issued to each
35 employee responsible for the development of the technology.

1 6. The department of economic development shall notify the
2 department of revenue and finance when a tax credit
3 certificate is issued pursuant to subsection 4. The
4 notification shall include the name and tax identification
5 number appearing on any tax credit certificate.

6 7. On July 1 of each year, there is appropriated from the
7 general fund of the state to each university under the control
8 of the state board of regents, an amount equal to the amount
9 determined by the department of economic development pursuant
10 to subsection 4, paragraph "b", subparagraph (2).

11 Sec. 3. NEW SECTION. 422.11H UNIVERSITY-BASED RESEARCH
12 UTILIZATION PROGRAM TAX CREDIT.

13 The taxes imposed under this division, less the credits
14 allowed under sections 422.12 and 422.12B, shall be reduced by
15 a university-based research utilization program tax credit
16 authorized pursuant to section 262B.6.

17 Sec. 4. Section 422.33, Code 2003, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 14. The taxes imposed under this division
20 shall be reduced by a university-based research utilization
21 program tax credit authorized pursuant to section 262B.6.

22 EXPLANATION

23 This bill creates a university-based research utilization
24 program administered by the department of economic
25 development.

26 The bill rewrites the legislative intent of Code chapter
27 262B which relates to university-based research and economic
28 development. The rewrite incorporates the new university-
29 based research utilization program into the legislative intent
30 of the Code chapter.

31 The bill establishes a university-based research
32 utilization program for purposes of encouraging the
33 utilization of university-based research, primarily in the
34 area of high technology, in new or existing businesses. The
35 bill provides that a new or existing business that utilizes a

1 technology developed by an employee at a university under the
2 control of the state board of regents may apply to the
3 department of economic development for approval to participate
4 in the program. The bill provides that the department shall
5 approve an applicant if the applicant meets all of the
6 following criteria:

7 1. The applicant utilizes a technology developed by an
8 employee at a university under the control of the state board
9 of regents.

10 2. The applicant develops a five-year business plan
11 approved by the department.

12 3. The applicant meets a minimum-size business standard
13 determined by the department.

14 The bill provides that a business approved under the
15 program and the university employee responsible for the
16 development of the technology utilized by the approved
17 business shall be eligible for a tax credit. The credit shall
18 be allowed against personal and corporate income taxes. The
19 bill provides that a tax credit shall not be claimed unless a
20 tax credit certificate issued by the department of economic
21 development is attached to the taxpayer's tax return for the
22 tax year for which the tax credit is claimed. The bill
23 provides that a tax credit certificate shall not be
24 transferable. The bill provides that a tax credit may be
25 carried forward, but shall not be carried back to tax years
26 prior to the tax year in which the taxpayer redeems the tax
27 credit.

28 The bill provides that, for the five tax years following
29 the tax year in which the business is approved under the
30 program, the business shall file a copy of the tax return for
31 the business with the department of economic development. The
32 bill provides that, upon receiving a copy of a tax return from
33 an approved business, the department shall issue a tax credit
34 certificate to the approved business and the university
35 employee responsible for the development of the technology

1 utilized by the approved business. The bill provides that the
2 value of the certificate for an approved business shall equal
3 30 percent of the tax liability of the approved business. The
4 bill provides that the value of the certificate for the
5 university employee responsible for the development of the
6 technology utilized by the approved business shall equal 10
7 percent of the tax liability of the approved business. The
8 bill requires the department of economic development to notify
9 the department of revenue and finance when a tax credit
10 certificate is issued.

11 For purposes of making an appropriation to the university
12 where the technology utilized by the approved business was
13 developed, the bill also requires the department to determine
14 the university share which is equal to the value of 30 percent
15 of the tax liability of the approved business. The bill
16 requires the department to maintain records for each
17 university during each fiscal year regarding the university
18 share each university is entitled to receive through an
19 appropriation. The bill provides that a university shall be
20 entitled to receive the total university share for that
21 particular university during the previous fiscal year. On
22 July 1 of each year, the bill appropriates from the general
23 fund of the state to each university under the control of the
24 state board of regents an amount equal to the total university
25 share for the previous fiscal year for the particular
26 university.

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