

FILED MAR 13 '03

SENATE FILE 388
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO SSB 1165)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to commercial application of university
2 technology and research.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 388

1 Section 1. NEW SECTION. 7.23 TECHNOLOGY TRANSFER AGENT.

2 A technology transfer agent shall be employed by the
3 governor. The technology transfer agent shall do all of the
4 following:

5 1. Facilitate the transfer of technology developed at
6 universities under the control of the state board of regents.

7 2. Establish technology transfer goals for the state.

8 3. Provide technical assistance to entrepreneurs related
9 to technology transfer-related issues. The technical
10 assistance shall include assistance in the areas of patents
11 and licensing, business management, finance, production,
12 sales, and marketing.

13 4. Receive the technology transfer-related report
14 submitted by the state board of regents pursuant to section
15 262.9, subsection 31.

16 5. To ensure economic growth, serve as a coordinator
17 between business and applicable research at universities under
18 the control of the state board of regents.

19 6. Assist businesses locating in this state.

20 7. Assist faculty members and universities under the
21 control of the state board of regents in establishing business
22 milestones for agreements entered into pursuant to section
23 262.9, subsection 30.

24 Sec. 2. Section 262.9, Code 2003, is amended by adding the
25 following new subsections:

26 NEW SUBSECTION. 29. Take an active interest in, and
27 promote the transfer of, technology and research at
28 universities under the control of the board to commercial
29 application, including the start-up of business entities.

30 NEW SUBSECTION. 30. Allow a faculty member to enter into
31 a one-year agreement with the university for the opportunity
32 to obtain the exclusive license for patented intellectual
33 property rights created in whole or in part by the faculty
34 member. An agreement shall include business milestones agreed
35 upon by the faculty member, the technology transfer agent of

1 the governor's office, and the university.

2 NEW SUBSECTION. 31. By January 15 of each year, submit a
3 report to the technology transfer agent in the governor's
4 office and the general assembly containing information from
5 the previous calendar year regarding all of the following:

6 a. Patents secured by each university under the control of
7 the board delineated by university and by the faculty member
8 or faculty members responsible for the research or activity
9 that resulted in the patent.

10 b. Research grants secured by each university under the
11 control of the board from both public and private sources
12 delineated by university and by faculty member or faculty
13 members.

14 c. The number of faculty members at each university under
15 the control of the board involved in a start-up company.

16 d. The number of grant applications for research received
17 by each university under the control of the board for start-up
18 companies, the number of applications approved, and the number
19 of applications denied.

20 e. The number of agreements entered into by faculty
21 members at each university under the control of the board with
22 foundations affiliated with the universities relating to
23 business start-ups.

24 f. A complete accounting of interests in technology sold
25 by each university under the control of the board, including,
26 but not limited to, the names of buyers, the identification of
27 the buyers' board of directors or owners, where the buyers'
28 business operations are located, and whether any business
29 operations will be located in Iowa as a result of the
30 technology sales and any resulting impact on employment in
31 this state.

32 g. The number of professional employees at each university
33 under the control of the board who assist in the transfer of
34 technology and research to commercial application.

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EXPLANATION

1 This bill relates to commercial application of university
2 technology and research.

3 The bill provides that a technology transfer agent shall be
4 employed by the governor. The bill provides that the
5 technology transfer agent shall facilitate the transfer of
6 technology developed at universities under the control of the
7 state board of regents, establish technology transfer goals
8 for the state, provide technical assistance to entrepreneurs
9 related to technology transfer-related issues, receive the
10 technology transfer-related report submitted by the state
11 board of regents, serve as a coordinator between business and
12 applicable research at universities under the control of the
13 state board of regents, assist businesses locating in the
14 state, and assist faculty members and universities under the
15 control of the state board of regents in establishing business
16 milestones for exclusive licensing agreements for patented
17 intellectual property rights.

18 The bill requires the board to take an active interest in,
19 and promote the transfer of, technology and research at
20 universities under the control of the board to commercial
21 application, including the start-up of business entities.

22 The bill requires the board to allow a faculty member to
23 enter into a one-year agreement with the university for the
24 opportunity to obtain the exclusive license for patented
25 intellectual property rights created in whole or in part by
26 the faculty member. The bill provides that an agreement shall
27 include business milestones agreed upon by the faculty member,
28 the technology transfer agent, and the university.

29 The bill requires that, by January 15 of each year, the
30 board must submit a report to the technology transfer agent
31 and the general assembly containing certain information from
32 the previous calendar year regarding technology and research
33 transfer-related issues.

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SF 388 - Technology Transfer, Commercialization (LSB 3094 SV)

Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)

Fiscal Note Version — New

Description

Senate File 388 creates a technology transfer agent position to be employed in the Governor's Office to: facilitate transfer of technology developed at the State universities; provide technical assistance to entrepreneurs in the area of patents and licensing, business management and finance, production, sales, and marketing; establish technology transfer goals for the State; receive the technology transfer-related report; serve as a coordinator between business and applicable research at the State universities; assist businesses locating to the State; and assist faculty members and State universities in establishing business milestones and agreements. Senate File 388 amends the Code of Iowa to allow a faculty member at a State university to enter into a one-year agreement with the university for the opportunity to obtain the exclusive license for patented intellectual property rights created in whole or part by the faculty member. The State universities must also submit an annual report to the technology transfer agent in the Governor's Office including specific information outlined in the Bill regarding the technology transfer that occurred.

Assumptions

1. An individual would be hired for an Attorney III position, which is a pay grade 38 with a salary ranging from \$64,000 - \$87,000. Fringe benefits would be approximately 25.0% of the salary and would add \$16,000 - \$22,000. Total cost of the position would range from \$80,000 - \$109,000 annually.
 2. The Regents Institutions receive approximately \$60.0 million in corporate sponsored research annually. Currently, corporations enter into a contract with the State universities for the universities to provide the corporation with research. Any intellectual property resulting from the research, under contract, belongs to the corporation, which sponsors the research. The proposed legislation allows faculty to obtain the exclusive license for patented intellectual property. Upon enactment, this provision would supersede any contract between the universities and any corporation. This could result in a loss of up to \$60.0 million annually as corporations might not enter into contracts with the State universities.
 3. The annual report that the Regents Institutions are required to submit must include a complete accounting of interests in technology sold by each university under the control of the board, including, but not limited to, the names of buyers, the identification of the buyers' board of directors or owners, where the buyers' business operations are located, and whether any business operations will be located in Iowa as a result of the technology sales and any resulting impact on employment in this State. Some of this information violates federal and State confidentiality requirements. Depending on the interpretation of federal guidelines, the universities could lose future federal funding. The Regents Institutions receive approximately \$407.0 million in federal funding for this purpose each year.
 4. Reporting requirements and compliance of the proposed legislation would require the Regents Institutions to employ 5.0 FTE positions totaling \$260,000 per year. Of the 5.0 FTE positions, 2.5 FTE positions would be hired as professional and scientific staff, and 2.5 FTE positions would be hired for clerical positions. Support for these FTE positions would total approximately \$90,000 per year making the total cost for additional staff and support approximately \$350,000 per year.
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Fiscal Impact

The Governor's Office would incur a cost of \$80,000 - \$109,000 annually starting in FY 2004 to create a technology transfer position to work with the universities and entrepreneurs.

The Regents Institutions could realize a reduction in future federal and corporate funding of up to \$467.0 million depending on the interpretation of federal guidelines. The Regents would also incur costs of \$350,000 for additional staff to ensure compliance and satisfy reporting requirements under SF 388.

Source

Board of Regents

/s/ Dennis C Prouty

March 26, 2003

SENATE FILE 388

S-3155

1 Amend Senate File 388 as follows:

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

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

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

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

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

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

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

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

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

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

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

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

48 NEW SUBSECTION. 29. Actively encourage and
49 promote the transfer of technology and research at
50 universities under the control of the board to

S-3155

1 commercial application, including the start-up of
2 business entities.

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

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

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

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

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

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

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

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

50 g. The number of professional employees at each

S-3155

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1 university under the control of the board who assist
2 in the transfer of technology and research to
3 commercial application.

4 Sec. ____ . This Act is repealed July 1, 2008."

By PAUL MCKINLEY
KITTY REHBERG
JACK HATCH

S-3155 FILED APRIL 8, 2003

Mckinley
Hatch
Rehberg

Economic Growth

SSB 1165

Succeeded By

SENATE FILE

CF / HF 388

BY (PROPOSED COMMITTEE ON

ECONOMIC GROWTH BILL BY

CHAIRPERSON REHBERG)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

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