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ECONOMIC GROWTH

SENATE FILE 2213

BY HATCH

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

A BILL FOR

1 An Act establishing a technology and commercialization foundation
 2 of Iowa and fund.

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

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ECONOMIC GROWTH

SE 2213

1 Section 1. Section 12.30, subsection 1, paragraph a, Code
2 Supplement 2005, is amended to read as follows:

3 a. "Authority" means a department, or public or quasi-
4 public instrumentality of the state including, but not limited
5 to, the authority created under chapter 12E, 16, 16A, 175,
6 257C, 261A, 327I, or 463C, and section 15E.152 which has the
7 power to issue obligations, except that "authority" does not
8 include the state board of regents or the Iowa finance
9 authority to the extent it acts pursuant to chapter 260C.
10 "Authority" also includes a port authority created under
11 chapter 28J.

12 Sec. 2. NEW SECTION. 15E.152 TECHNOLOGY AND
13 COMMERCIALIZATION FOUNDATION OF IOWA ESTABLISHED -- MISSION.

14 The general assembly finds and declares that the public
15 good requires that Iowa successfully participate and compete
16 in the emerging world economy. A technology and
17 commercialization foundation of Iowa is established to
18 formulate and implement plans and programs for the development
19 of advanced sciences and technologies and to facilitate their
20 commercial application within the state, including determining
21 the needs of individual Iowa businesses and farms for
22 scientific and technological innovations to improve products
23 and processes, and encouraging the transfer of the technology
24 from the laboratory to the market.

25 The mission of the foundation shall include but is not
26 limited to the following:

27 1. A program to identify barriers which may hinder the
28 development and exploitation of technology in the global
29 economy.

30 2. Continued development of Iowa's capacity for scientific
31 and technological innovation.

32 3. A cooperative, coordinated program of forecasting,
33 assessment, development, and commercial transfer involving
34 Iowa's capacity for scientific and technological innovation.

35 4. Formulation of a long-range strategic plan to guide

1 state investment in applied research, development, and
2 commercial transfer of selected scientific and technological
3 innovation and in the development of Iowa science
4 infrastructure.

5 5. A mechanism to organize funding from a variety of
6 sources to support the development and commercial transfer of
7 scientific and technological innovation.

8 6. An outreach program to actively seek and improve
9 products and processes with Iowa's scientific and
10 technological innovations.

11 7. Establishment of a seed capital fund which shall be
12 administered by the board to provide seed capital for the
13 commercialization of products, or the development of processes
14 or materials through research at Iowa colleges and
15 universities or by private industry.

16 The foundation consists of a board of directors, an
17 advisory council, and staff.

18 Sec. 3. NEW SECTION. 15E.153 AUTHORIZED CORPORATION.

19 A technology and commercialization foundation of Iowa shall
20 be incorporated under chapter 504. The foundation shall not
21 be regarded as a state agency, except for purposes of chapter
22 17A. A member of the board of directors is not considered a
23 state employee, except for purposes of chapter 669. A natural
24 person employed by the foundation is a state employee for
25 purposes of the Iowa public employees' retirement system,
26 state health and dental plans, and other state employee
27 benefit plans and chapter 669. Chapters 8, 8A, and 20, and
28 other provisions of law that relate to requirements or
29 restrictions dealing with state personnel or state funds, do
30 not apply to the foundation or any employees of the board or
31 the foundation except to the extent provided in this chapter.

32 Sec. 4. NEW SECTION. 15E.154 BOARD OF DIRECTORS.

33 1. The board of directors of the foundation shall consist
34 of thirteen voting members as follows:

35 a. The president of the state board of regents who shall

1 serve as the president of the board.

2 b. Two members of the state board of regents appointed by
3 the governor and confirmed by the senate pursuant to section
4 2.32.

5 c. The director of the department of economic development,
6 or the director's designee.

7 d. Two members of the Iowa economic development board
8 appointed by the governor and confirmed by the senate pursuant
9 to section 2.32.

10 e. One member appointed by the governor and confirmed by
11 the senate pursuant to section 2.32.

12 f. The president, or the president's designee, of the
13 state university of Iowa, the university of northern Iowa, and
14 the Iowa state university of science and technology.

15 g. One member of the Iowa bioscience advisory council
16 established in section 15E.160, appointed by the governor and
17 confirmed by the senate pursuant to section 2.32.

18 h. One member of the Iowa advanced manufacturing advisory
19 council established in section 15E.160, appointed by the
20 governor and confirmed by the senate pursuant to section 2.32.

21 i. One member of the Iowa information technology advisory
22 council established in section 15E.160, appointed by the
23 governor and confirmed by the senate pursuant to section 2.32.

24 2. The terms of the appointed members shall be staggered
25 as determined by vote of the board at its first meeting after
26 July 1, 2007. A vacancy shall be filled by the appointing
27 authority. Members are eligible for actual expense
28 reimbursement while fulfilling duties of the board.

29 Sec. 5. NEW SECTION. 15E.155 GENERAL POWERS AND DUTIES.

30 The board of directors shall have all the general powers
31 needed to carry out its mission and duties including but not
32 limited to the following:

33 1. To prepare and adopt a strategic plan as defined in
34 section 15E.157.

35 2. To fund research projects as described in section

1 15E.158.

2 3. To sue and be sued in its own name.

3 4. To adopt a corporate seal.

4 5. To adopt bylaws for its management consistent with the
5 provisions of this division.

6 6. To make and execute agreements, contracts, and other
7 instruments, with any public or private entity, including but
8 not limited to a state, federal, or other governmental agency.

9 7. To accept contributions, including but not limited to
10 appropriations, gifts, grants, loans, services, or other aid
11 or assistance from public or private entities. A record of
12 all contributions, stating the type, amount, and donor, shall
13 be clearly set forth in the board's annual report along with a
14 record of other receipts.

15 8. To establish policy in the general administration of
16 the affairs of the foundation.

17 9. To perform the following duties:

18 a. Employ and direct staff to operate and manage the
19 foundation under the direction of the board. Foundation staff
20 shall not also be employed by a state agency or department.

21 b. Receive and approve an annual report of the
22 foundation's activities and fiscal condition, including:

23 (1) Matters relating to operations and accomplishments.

24 (2) A summary of receipts and expenditures, in accordance
25 with the classifications the board establishes for its
26 operating accounts.

27 (3) A summary of assets and liabilities and the status of
28 special accounts.

29 (4) A statement of proposed and projected activities.

30 (5) Recommendations to the general assembly.

31 (6) An identification of performance goals of the
32 foundation and the extent of progress during the reporting
33 period in attaining the goals.

34 c. Collect pertinent information on research in process
35 and funding requests where appropriate at Iowa state

1 university of science and technology, the university of Iowa,
2 and the university of northern Iowa for the purpose of
3 encouraging technology transfer where appropriate.

4 10. To seek to achieve through the powers of the board the
5 findings and mission described in section 15E.152.

6 11. To collaborate with entities provided for in chapter
7 262B.

8 12. To provide as necessary staff services for the
9 advisory councils.

10 13. To convene the advisory councils annually to receive
11 the board of directors' recommendations.

12 14. To establish committees of business, agriculture,
13 academic specialists, or others as deemed necessary.

14 15. Submit an annual report to the governor, the secretary
15 of the senate, and the chief clerk of the house of
16 representatives, not later than November 1 of each year.

17 16. To collaborate with seed capital entities to acquire
18 new technology where appropriate.

19 17. To broker relationships furthering the mission of the
20 foundation among state board of regents institutions of higher
21 education, community colleges, and private colleges and
22 universities, and private investors, entrepreneurs, and
23 executives of existing businesses.

24 18. To promote communication, inventory resources, and
25 assist in the coordination of business and technology
26 assistance activities of state board of regents institutions,
27 community colleges, and private colleges and universities with
28 the private sector, the department of economic development,
29 and local and regional economic development groups.

30 Sec. 6. NEW SECTION. 15E.157 STRATEGIC PLAN FOR SCIENCE
31 AND TECHNOLOGY DEVELOPMENT.

32 1. The foundation shall prepare a strategic plan for
33 development of advanced technologies in Iowa. The plan shall
34 serve as the basis for general foundation activities.

35 2. The plan shall set forth the foundation's findings with

1 regard to fields of scientific research which offer the
2 greatest potential for commercial development within the
3 state. The plan shall propose programs to enhance the
4 effectiveness of Iowa university and college and private
5 sector research facility participation in such fields of
6 research and for improving the transfer of research technology
7 to the private sector.

8 3. The plan shall include findings and recommendations for
9 the coordination of activities of technology centers operated
10 by regents universities, the center for industrial research
11 and service, small business development centers, and programs
12 of the department of economic development, all of which shall
13 cooperate with the foundation in formulation of the plan.

14 4. The plan shall be formulated in cooperation with
15 university-based research consortia at the three regents
16 universities, private colleges and universities, community
17 colleges, and private business. The plan shall include
18 findings with regard to the research interest of private
19 business and agriculture, improving the accessibility of
20 private business to university technology resources,
21 identification of barriers to effective technology transfer,
22 and fields of research having potential for commercial
23 utilization by Iowa businesses and farms. The plan shall
24 include the availability and possible acquisition of advanced
25 technology nationally and internationally for transfer to Iowa
26 technological projects.

27 5. The plan shall be formulated to provide for the
28 strengthening and expansion of existing industry and
29 agriculture, the creation of new business where deemed
30 necessary and feasible, and the attraction of technology-based
31 businesses to the state.

32 6. The plan shall include directions for participation by
33 the foundation, through direct investment or in partnership or
34 joint venture with a commercial investor or other financial
35 source, in providing funds for development of existing or new

1 businesses in Iowa engaged in commercial exploitation of
2 products or technologies related to the research interests of
3 the foundation.

4 Sec. 7. NEW SECTION. 15E.158 FUNDING OF ACTIVITIES.

5 1. The foundation may receive state appropriations and
6 other resources for purposes including but not limited to the
7 following:

8 a. To provide financial assistance to research projects
9 which are consistent with the commercial development
10 objectives of the strategic plan and which involve
11 collaboration between an Iowa college, community college, or
12 university and a private business. The foundation shall
13 provide a peer review process for projects and research funded
14 by the foundation.

15 b. To undertake market studies and other analyses of
16 commercial applications of existing or potential research and
17 development efforts.

18 c. To provide applied technology outreach services and
19 programs.

20 d. To review existing licenses and patents and bring
21 potentially applicable information to the attention of the
22 board and the Iowa-based industries for which the patent and
23 license information might be applicable.

24 e. To review current research.

25 f. To regularly monitor the industrial and agricultural
26 base of Iowa and, when possible, to encourage contact between
27 research efforts and appropriate industries.

28 2. The foundation shall have authority over state funds
29 appropriated to the foundation for research, development, and
30 technology transfer projects. State funds awarded by the
31 foundation shall be matched by nonstate sources. The
32 foundation shall establish by administrative rule the
33 requirements for the matching of state funds by nonstate
34 sources. The rules shall include but are not limited to the
35 following nonstate sources for meeting the matching

1 requirements:

2 a. Laboratory space provided by the private sector
3 collaborator.

4 b. Financial assistance.

5 c. Personnel and technical services.

6 d. Machinery or equipment.

7 3. The foundation shall seek financial support for its
8 activities from private sources and from programs of the
9 federal government for support of the research interests and
10 other activities set forth in the strategic plan.

11 4. The foundation is to encourage aggressive pursuit of
12 sponsored research by persons affiliated with Iowa colleges
13 and universities and by private business, without regard to
14 the relationship of such research to the foundation's program
15 or to the strategic plan. The foundation shall not control
16 research prerogatives of colleges or universities, their
17 faculty, or private persons or businesses. The foundation
18 may, upon request, provide assistance to colleges and
19 universities for acquisition of financial support for research
20 activities from the federal government and other sources.

21 5. The foundation shall coordinate with other state and
22 federal entities the following activities:

23 a. The establishment of funding for the projects under
24 subsection 1.

25 b. The review of current research policy direction.

26 c. The provision of technical outreach services to
27 existing Iowa business, industry, and agriculture.

28 The foundation may sponsor applications of or formally
29 recommend specific projects to any private, state, federal, or
30 local program.

31 6. As a goal, not less than seventy-five percent of the
32 efforts of the foundation should be directed at existing
33 business and industry or for industry consortia or in broadly
34 based manufacturing technology programs that include
35 significant participation by established businesses.

1 Sec. 8. NEW SECTION. 15E.159 ADVISORY COUNCILS.

2 1. There are established within the foundation three
3 advisory councils consisting of the Iowa bioscience advisory
4 council, the Iowa advanced manufacturing advisory council, and
5 the Iowa information technology advisory council.

6 2. Membership on each of the advisory councils shall be
7 determined by the department of economic development. The
8 advisory councils shall be bipartisan and gender balanced in
9 accordance with sections 69.16 and 69.16A.

10 3. The advisory councils shall make recommendations to the
11 foundation in the areas of bioscience, advanced manufacturing,
12 and information technology.

13 4. The advisory councils shall direct the implementation
14 of strategies and actions provided in separate consultant
15 reports on bioscience, advanced manufacturing, and information
16 technology submitted to the department of economic development
17 in the calendar years 2004 and 2005.

18 Sec. 9. NEW SECTION. 15E.160 TECHNOLOGY AND
19 COMMERCIALIZATION FOUNDATION FUND.

20 1. There shall be created by the board of directors a
21 technology and commercialization foundation fund. The fund is
22 composed of moneys appropriated by the general assembly for
23 that purpose, and moneys available to and obtained or accepted
24 by the board under this chapter, including moneys from the
25 United States, other states, foreign nations, state agencies,
26 political subdivisions, and private sources, and moneys from
27 fees charged under this chapter.

28 2. The fund shall be a revolving fund from which moneys
29 may be used for purposes described in this chapter, including
30 loans, grants, matching financing, and administrative costs.
31 Notwithstanding section 12C.7, subsection 2, all interest
32 earned on proceeds in the fund shall remain in the fund.

33 3. The foundation shall arrange, at least annually, for
34 regular independent audits of the fund and shall submit a
35 certified report relating to the condition of the fund to the

1 governor and general assembly.

2 4. In administering the fund, the board may do all of the
3 following:

4 a. Contract, sue and be sued, and adopt rules necessary to
5 carry out the provisions of this section, but the board shall
6 not in any manner, directly or indirectly, pledge the credit
7 of the state.

8 b. Authorize payment from the fund, from fees and from any
9 income received by investment of moneys in the fund, for
10 costs, commissions, attorney fees, and other reasonable
11 expenses related to and necessary for making and protecting
12 direct loans under this section, and for the recovery of
13 moneys loaned or the management of property acquired in
14 connection with the loans.

15 5. Section 8.33 shall not apply to moneys in the fund.

16 EXPLANATION

17 This bill establishes a technology and commercialization
18 foundation of Iowa to formulate and implement plans and
19 programs for the development of economic development of
20 advanced sciences and technologies and to facilitate their
21 commercial application within the state, including determining
22 the needs of individual Iowa businesses and farms for
23 scientific and technological innovations to improve products
24 and processes, and encouraging the transfer of the technology
25 from the laboratory to the market. The bill provides that the
26 foundation consists of a board of directors, three advisory
27 councils, and staff.

28 The bill provides that the foundation shall be organized as
29 a nonprofit corporation and shall not be regarded as a state
30 agency, except for purposes of Code chapter 17A.

31 The bill provides that the board of directors shall have
32 all the general powers needed to carry out its mission and
33 duties including preparing and adopting a strategic plan,
34 funding research projects, suing and being sued in its own
35 name, adopting a corporate seal, adopting bylaws for its

1 management, making and executing agreements, contracts and
2 other instruments, accepting contributions, establishing
3 policy in the general administration of the affairs of the
4 foundation, performing certain duties related to staffing,
5 annual reports, collecting information, and adopting rules,
6 seeking to achieve certain legislative findings, collaborating
7 with certain technology transfer entities, providing staff
8 services for the advisory councils, convening the advisory
9 councils annually to receive the board of directors'
10 recommendations, establishing committees of business,
11 agriculture, academic specialists, or others as deemed
12 necessary, submitting an annual report not later than November
13 1 of each year, collaborating with seed capital entities to
14 acquire new technology where appropriate, brokering
15 relationships furthering the mission of the foundation among
16 state board of regents institutions of higher education,
17 community colleges, and private colleges and universities, and
18 private investors, entrepreneurs, and executives of existing
19 businesses, and promoting communication, inventorying
20 resources, and assisting in the coordination of business and
21 technology assistance activities of state board of regents
22 institutions, community colleges, and private colleges and
23 universities with the private sector, the department of
24 economic development, and local and regional economic
25 development groups.

26 The bill requires the foundation to prepare a strategic
27 plan for development of advanced technologies in Iowa which
28 shall serve as the basis for general foundation activities.
29 The bill requires the plan to set forth the foundation's
30 findings with regard to fields of scientific research which
31 offer the greatest potential for commercial development within
32 the state. The bill requires the plan to include findings and
33 recommendations for the coordination of activities of
34 technology centers operated by certain entities, all of which
35 shall cooperate with the foundation in formulation of the

1 plan. The bill requires the plan to be formulated to provide
2 for the strengthening and expansion of existing industry and
3 agriculture, the creation of new business where deemed
4 necessary and feasible, and the attraction of technology-based
5 businesses to the state. The bill requires the plan to
6 include directions for participation by the foundation,
7 through direct investment or in partnership or joint venture
8 with a commercial investor or other financial source, in
9 providing funds for development of existing or new businesses
10 in Iowa engaged in commercial exploitation of products or
11 technologies related to the research interests of the
12 foundation.

13 The bill allows the foundation to receive state
14 appropriations and other resources to provide financial
15 assistance to research projects which are consistent with the
16 commercial development objectives of the strategic plan and
17 which involve collaboration between an Iowa college, community
18 college, or university and a private business, to undertake
19 market studies and other analyses of commercial applications
20 of existing or potential research and development efforts, to
21 provide applied technology outreach services and programs, to
22 review existing licenses and patents and bring potentially
23 applicable information to the attention of the board and the
24 Iowa-based industries for which the patent and license
25 information might be applicable, to review current research,
26 to regularly monitor the industrial and agricultural base of
27 Iowa, to encourage contact between research efforts and
28 appropriate industries, and for the manufacturing technology
29 program. The foundation is to encourage aggressive pursuit of
30 sponsored research by persons affiliated with Iowa colleges
31 and universities and by private business, without regard to
32 the relationship of such research to the foundation's program
33 or to the strategic plan.

34 The bill establishes within the foundation three advisory
35 councils consisting of the Iowa bioscience advisory council,

1 the Iowa advanced manufacturing advisory council, and the Iowa
2 information technology advisory council with membership
3 determined by the department of economic development. The
4 bill requires the advisory councils to make recommendations to
5 the foundation in the areas of bioscience, advanced
6 manufacturing, and information technology. The bill requires
7 the advisory councils to direct the implementation of
8 strategies and actions provided in separate consultant reports
9 on bioscience, advanced manufacturing, and information
10 technology submitted to the department of economic development
11 in the calendar years 2004 and 2005.

12 The bill requires the board of directors to create a
13 technology and commercialization foundation fund. The bill
14 requires the foundation to arrange, at least annually, for
15 regular independent audits of the fund.

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