

AN ACT

relating to the creation of the governor's university research initiative and to the abolishment of the Texas emerging technology fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

(1) "Distinguished researcher" means a researcher who is:

(A) a Nobel laureate; or

(B) a member of the National Academy of Sciences, the National Academy of Engineering, or the National Academy of Medicine, formerly known as the Institute of Medicine.

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

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

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

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

(6) "Office" means the Texas Economic Development and

1 Tourism Office within the office of the governor.

2 (7) "Private or independent institution of higher
3 education" has the meaning assigned by Section 61.003.

4 Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The
5 governor's university research initiative is administered by the
6 Texas Economic Development and Tourism Office within the office of
7 the governor.

8 (b) The office may adopt any rules the office considers
9 necessary to administer this subchapter.

10 Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED
11 RESEARCHERS. (a) From the governor's university research
12 initiative fund, the office shall award matching grants to assist
13 eligible institutions in recruiting distinguished researchers.

14 (b) An eligible institution may apply to the office for a
15 matching grant from the fund. If the office approves a grant
16 application, the office shall award to the applicant institution a
17 grant amount equal to the amount committed by the institution for
18 the recruitment of a distinguished researcher.

19 (c) A grant application must identify the source and amount
20 of the eligible institution's matching funds and must demonstrate
21 that the proposed use of the grant has the support of the
22 institution's president and of the institution's governing board,
23 the chair of the institution's governing board, or the chancellor
24 of the university system, if the institution is a component of a
25 university system. An applicant eligible institution may commit
26 for matching purposes any funds of the institution available for
27 that purpose other than appropriated general revenue.

1 (d) A matching grant may not be used by an eligible
2 institution to recruit a distinguished researcher from:

3 (1) another eligible institution; or

4 (2) a private or independent institution of higher
5 education.

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

14 (b) A grant proposal should identify a specific
15 distinguished researcher being recruited.

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

19 (b) The fund consists of:

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

22 (2) money deposited to the fund under Section 62.166
23 of this subchapter or under Section 490.101(b-1), Government Code;
24 and

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

27 (c) The fund may be used by the office only for the purposes

1 of this subchapter, including for necessary expenses incurred in
2 the administration of the fund and this subchapter.

3 Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN
4 CONNECTION WITH TEXAS EMERGING TECHNOLOGY FUND. (a) The
5 governor's university research initiative is the successor to the
6 Texas emerging technology fund. Awards from the Texas emerging
7 technology fund shall be wound up in accordance with this section
8 and Section 490.104, Government Code, and contracts governing
9 awards from that fund shall be wound up in accordance with this
10 section.

11 (b) If a contract governing an award from the Texas emerging
12 technology fund provides for the distribution of royalties,
13 revenue, or other financial benefits to the state, including
14 royalties, revenue, or other financial benefits realized from the
15 commercialization of intellectual or real property developed from
16 an award from the fund, those royalties, revenues, or other
17 financial benefits shall continue to be distributed in accordance
18 with the terms of the contract unless the award recipient and the
19 governor agree otherwise. Unless otherwise required by law,
20 royalties, revenue, or other financial benefits accruing to the
21 state under a contract described by this subsection, including any
22 money returned or repaid to the state by an award recipient, shall
23 be credited to the governor's university research initiative fund.

24 (c) If money awarded from the Texas emerging technology fund
25 is encumbered by a contract executed before September 1, 2015, but
26 has not been distributed before that date, the money shall be
27 distributed from the governor's university research initiative

1 fund in accordance with the terms of the contract, unless the award
2 recipient and the governor agree otherwise.

3 (d) Except for an obligation regarding the distribution of
4 royalties, revenue, or other financial benefits to the state as
5 provided by Subsection (b), if money awarded from the Texas
6 emerging technology fund under a contract executed before September
7 1, 2015, has been fully distributed and the entity that received the
8 award has fully performed all specific actions under the terms of
9 the contract governing the award, the entity is considered to have
10 fully satisfied the entity's obligations under the contract. The
11 entity shall file with the office a final report showing the
12 purposes for which the award money has been spent and, if award
13 money remains unspent, the purposes for which the recipient will
14 spend the remaining money.

15 Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING
16 AWARDS FROM TEXAS EMERGING TECHNOLOGY FUND. (a) Except as
17 provided by Subsection (b), information collected under former
18 provisions of Chapter 490, Government Code, concerning the
19 identity, background, finance, marketing plans, trade secrets, or
20 other commercially or academically sensitive information of an
21 individual or entity that was considered for or received an award
22 from the Texas emerging technology fund is confidential unless the
23 individual or entity consents to disclosure of the information.

24 (b) The following information collected in connection with
25 the Texas emerging technology fund is public information and may be
26 disclosed under Chapter 552, Government Code:

27 (1) the name and address of an individual or entity

1 that received an award from that fund;

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

4 (3) a brief description of the project funded under
5 former provisions of Chapter 490, Government Code;

6 (4) if applicable, a brief description of the equity
7 position that the governor, on behalf of the state, has taken in an
8 entity that received an award from that fund; and

9 (5) any other information with the consent of:

10 (A) the governor;

11 (B) the lieutenant governor;

12 (C) the speaker of the house of representatives;

13 and

14 (D) the individual or entity that received an
15 award from that fund, if the information relates to that individual
16 or entity.

17 Sec. 62.168. REPORTING REQUIREMENT. (a) Before the
18 beginning of each regular session of the legislature the governor
19 shall submit to the lieutenant governor, the speaker of the house of
20 representatives, and the standing committees of each house of the
21 legislature with primary jurisdiction over economic development
22 and higher education matters and post on the office of the
23 governor's Internet website a report on matching grants made to
24 eligible institutions from the fund that states:

25 (1) the total amount of matching funds granted by the
26 office;

27 (2) the total amount of matching funds granted to each

1 recipient institution;

2 (3) a brief description of each distinguished
3 researcher recruited by each recipient institution, including any
4 amount of external research funding that followed the distinguished
5 researcher to the institution;

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

8 (5) when available, a brief description of each
9 distinguished researcher's contribution to the state's economic
10 competitiveness, including:

11 (A) any patents issued to the distinguished
12 researcher after accepting employment by the recipient
13 institution; and

14 (B) any external research funding, public or
15 private, obtained by the distinguished researcher after accepting
16 employment by the recipient institution.

17 (a-1) The report may not include information that is made
18 confidential by law.

19 (b) The governor may require an eligible institution that
20 receives a matching grant under this subchapter to submit, on a form
21 the governor provides, information required to complete the report.

22 SECTION 2. Subchapter C, Chapter 490, Government Code, is
23 amended by adding Section 490.104 to read as follows:

24 Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
25 UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging
26 technology investment portfolio" means:

27 (1) the equity positions in the form of stock or other

1 security the governor took, on behalf of the state, in companies
2 that received awards under the Texas emerging technology fund; and

3 (2) any other investments made by the governor, on
4 behalf of the state, and associated assets in connection with an
5 award made under the Texas emerging technology fund.

6 (b) The Texas Treasury Safekeeping Trust Company shall
7 manage and wind up the state's emerging technology investment
8 portfolio. The trust company shall wind up the portfolio in a
9 manner that, to the extent feasible, provides for the maximum
10 return on the state's investment. In managing those investments
11 and associated assets through procedures and subject to
12 restrictions that the trust company considers appropriate, the
13 trust company may acquire, exchange, sell, supervise, manage, or
14 retain any kind of investment or associated assets that a prudent
15 investor, exercising reasonable care, skill, and caution, would
16 acquire or retain in light of the purposes, terms, distribution
17 requirements, and other circumstances then prevailing pertinent to
18 each investment or associated asset. The trust company may recover
19 its reasonable and necessary costs incurred in the management of
20 the portfolio from the earnings on the investments and associated
21 assets in the portfolio.

22 (c) Any realized proceeds or other earnings from the sale of
23 stock or other investments or associated assets in the state's
24 emerging technology investment portfolio, less the amount
25 permitted to be retained for payment of its costs for managing the
26 portfolio as provided by Subsection (b), shall be remitted by the
27 Texas Treasury Safekeeping Trust Company to the comptroller for

1 deposit in the general revenue fund.

2 (d) The Texas Treasury Safekeeping Trust Company has any
3 power necessary to accomplish the purposes of this section.

4 (e) On final liquidation of the state's emerging technology
5 investment portfolio, the Texas Treasury Safekeeping Trust Company
6 shall promptly notify the comptroller of that occurrence. As soon
7 as practicable after receiving that notice, the comptroller shall
8 verify that the final liquidation has been completed and, if the
9 comptroller so verifies, shall certify to the governor that the
10 final liquidation of the portfolio has been completed. The
11 governor shall post notice of the certification on the office of the
12 governor's Internet website.

13 (f) Any balance remaining in the Texas emerging technology
14 fund on final liquidation by the Texas Treasury Safekeeping Trust
15 Company shall be remitted to the comptroller for deposit in the
16 general revenue fund.

17 SECTION 3. Section 490.101, Government Code, is amended by
18 adding Subsections (b-1) and (b-2) to read as follows:

19 (b-1) Notwithstanding Subsection (b), benefits realized
20 from a project undertaken with money from the fund, as provided by a
21 contract entered into under former Section 490.103 before September
22 1, 2015, shall be deposited to the credit of the governor's
23 university research initiative fund established under Subchapter
24 H, Chapter 62, Education Code.

25 (b-2) The fund may be used only for the purposes described
26 by Section 490.104.

27 SECTION 4. (a) The following laws are repealed:

1 (1) Sections 490.101(c), (d), (e), (f), (f-1), (g),
2 (h), and (i), Government Code;

3 (2) Sections 490.102 and 490.103, Government Code; and

4 (3) Subchapters A, B, D, E, F, and G, Chapter 490,
5 Government Code.

6 (b) The Texas emerging technology fund is continued solely
7 for the purposes of winding up the contracts governing awards from
8 that fund and the state's portfolio of equity positions and other
9 investments and associated assets in connection with awards from
10 that fund in accordance with Section 490.104, Government Code, as
11 added by this Act. The Texas emerging technology fund is abolished
12 and Sections 490.101(a), (b), (b-1), and (b-2), Government Code,
13 are repealed when the comptroller certifies to the governor as
14 provided by Section 490.104, Government Code, as added by this Act,
15 that the final liquidation of the state's portfolio of equity
16 positions and other investments and associated assets by the Texas
17 Treasury Safekeeping Trust Company has been completed. On the
18 effective date of this Act, any unencumbered fund balance in the
19 Texas emerging technology fund may be appropriated in accordance
20 with Subsection (e) of this section.

21 (c) The abolishment by this Act of the Texas emerging
22 technology fund and the repeal of provisions of Chapter 490,
23 Government Code, relating to that fund do not affect the validity of
24 an agreement between the governor and the recipient of an award
25 awarded under Chapter 490, or a person to be awarded money under
26 that chapter, that is executed before September 1, 2015. Those
27 agreements shall be performed as provided by Section 62.166,

1 Education Code, as added by this Act.

2 (d) A regional center of innovation and commercialization
3 established under Section 490.152, Government Code, is abolished on
4 the effective date of this Act. Each center shall transfer to the
5 office of the governor a copy of any meeting minutes required to be
6 retained under Section 490.1521, Government Code, as that section
7 existed immediately before that section's repeal by this Act, and
8 the office shall retain the minutes for the period prescribed by
9 that section.

10 (e) Any unencumbered balance of the Texas emerging
11 technology fund may be appropriated only to one or more of the
12 following:

13 (1) the Texas Research Incentive Program (TRIP) under
14 Subchapter F, Chapter 62, Education Code;

15 (2) the Texas research university fund, subject to
16 Subsection (f) of this section;

17 (3) the governor's university research initiative fund
18 established under Subchapter H, Chapter 62, Education Code, as
19 added by this Act;

20 (4) the Texas Enterprise Fund established under
21 Section 481.078, Government Code; and

22 (5) the comptroller for the purposes of expenses
23 incurred in managing the state's portfolio of equity positions and
24 other investments in connection with awards from the Texas emerging
25 technology fund in accordance with Section 490.104, Government
26 Code, as added by this Act.

27 (f) The authority of the Texas research university fund to

1 receive the appropriation described by Subsection (e) of this
2 section is contingent on passage and enactment of H.B. 1000, or
3 similar legislation relating to state support for general academic
4 teaching institutions in this state by the 84th Legislature,
5 Regular Session, 2015, that renames the existing Texas competitive
6 knowledge fund and changes the purposes for which the fund can be
7 used.

8 (f-1) On the effective date of this Act, the comptroller of
9 public accounts shall transfer the encumbered balance of the Texas
10 emerging technology fund to the credit of the governor's university
11 research initiative fund established under Subchapter H, Chapter
12 62, Education Code, as added by this Act, for the purposes of
13 Section 62.166, Education Code, as added by this Act.

14 (g) Except as provided by this Act, on September 1, 2015,
15 the following powers, duties, functions, and activities performed
16 by the office of the governor immediately before that date are
17 transferred to the Texas Treasury Safekeeping Trust Company:

18 (1) all powers, duties, functions, and activities
19 related to equity positions in the form of stock or other security
20 the governor has taken, on behalf of the state, in companies that
21 received awards under the Texas emerging technology fund before
22 September 1, 2015; and

23 (2) all powers, duties, functions, and activities
24 related to other investments made by the governor, on behalf of the
25 state, and associated assets in connection with an award made under
26 the Texas emerging technology fund before September 1, 2015.

27 (h) Notwithstanding the repeal by this Act of provisions of

1 Chapter 490, Government Code, those provisions of Chapter 490 are
2 continued in effect for the limited purpose of winding up contracts
3 governing awards from the Texas emerging technology fund in
4 accordance with Section 62.166, Education Code, as added by this
5 Act, and of winding up the state's portfolio of equity positions and
6 other investments and associated assets in connection with awards
7 from that fund in accordance with Section 490.104, Government Code,
8 as added by this Act.

9 SECTION 5. This Act takes effect September 1, 2015.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 632 passed the Senate on April 29, 2015, by the following vote: Yeas 30, Nays 1; May 28, 2015, Senate refused to concur in House amendment and requested appointment of Conference Committee; May 29, 2015, House granted request of the Senate; May 31, 2015, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 632 passed the House, with amendment, on May 26, 2015, by the following vote: Yeas 137, Nays 4, two present not voting; May 29, 2015, House granted request of the Senate for appointment of Conference Committee; May 31, 2015, House adopted Conference Committee Report by the following vote: Yeas 138, Nays 5, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor