

FILED MAR 02 2006

SENATE FILE 2309
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO SSB 3216)

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

A BILL FOR

1 An Act relating to technology transfer and commercialization in
2 certain core platform areas.

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

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SF 2309

1 Section 1. NEW SECTION. 262B.101 SHORT TITLE.

2 This subchapter shall be known and may be cited as the
3 "Technology and Commercialization Act".

4 Sec. 2. NEW SECTION. 262B.102 RESEARCH AND DEVELOPMENT
5 PLATFORMS.

6 1. For purposes of this subchapter, "core platform areas"
7 means the areas of advanced manufacturing, biosciences,
8 information solutions, and financial services.

9 2. The state board of regents shall do all of the
10 following:

11 a. Recruit employees, build capacity, and invest moneys to
12 ensure rapid scientific progress in the core platform areas.

13 b. Create endowed chair positions and employ persons with
14 entrepreneurial expertise.

15 c. Invest in technology development infrastructure to
16 strengthen and accelerate scientific and commercialization
17 work in the core platform areas.

18 d. Provide financial assistance in the form of grants for
19 purposes of accelerating the transformation of new and ongoing
20 research and development initiatives in the core platform
21 areas into commercial opportunities.

22 e. Actively participate in advisory groups dedicated to
23 the areas of advanced manufacturing, biosciences, and
24 information solutions.

25 Sec. 3. NEW SECTION. 262B.103 TECHNOLOGY AND
26 COMMERCIALIZATION RESOURCE FOUNDATION OF IOWA.

27 1. The general assembly finds and declares that the public
28 good requires that Iowa successfully participate and compete
29 in the emerging world economy and that this participation and
30 competition is a public purpose. A technology and
31 commercialization resource foundation of Iowa shall be
32 established as provided in subsection 5 for the public purpose
33 of formulating and implementing plans and programs for the
34 core platform areas and for the public purpose of facilitating
35 the commercial application of work in the core platform areas

1 within the state. The foundation shall also do all of the
2 following:

3 a. Collaborate with seed capital entities to acquire new
4 technology where appropriate.

5 b. Broker relationships furthering the mission of the
6 foundation among the regents universities, community colleges,
7 and private colleges and universities, and private investors,
8 entrepreneurs, and executives of existing businesses.

9 c. Promote communication and inventory resources and
10 assist in the coordination of business and technology
11 assistance activities of the regents universities, community
12 colleges, and private colleges and universities with the
13 private sector, the department of economic development, and
14 local and regional economic development groups.

15 2. The mission of the foundation shall be to act as a
16 single, unified agent of the regents universities, to
17 significantly increase the efficiency and effectiveness of
18 university-based commercialization, to increase the overall
19 value and impact of commercial opportunities created by the
20 regents universities, and to create a comprehensive
21 commercialization strategy integrated into the mission of the
22 regents universities.

23 3. The technology and commercialization resource
24 foundation of Iowa shall receive recommendations from the
25 regents universities regarding research projects in the core
26 platform areas which have commercialization potential.
27 Through an appeal process developed and implemented by the
28 technology and commercialization resource foundation of Iowa,
29 the foundation shall also receive recommendations directly
30 from individuals regarding research projects in the core
31 platform areas which have commercialization potential if the
32 projects have been rejected by a regents university for
33 submission to the foundation. In cooperation with
34 commercialization experts in the private sector, the
35 foundation shall conduct a due diligence examination of

1 research project submissions and make recommendations
2 regarding which projects should receive funding and how much
3 funding such projects should receive. The recommendations of
4 the foundation shall be forwarded to the state board of
5 regents. The state board of regents shall review the
6 recommendations and may approve, deny, or modify the
7 recommendations. If the state board of regents modifies a
8 recommendation, the modified recommendation shall be returned
9 to the technology and commercialization resource foundation of
10 Iowa for consideration and for recommendation. The state
11 board of regents may award financial assistance to approved
12 research projects. The state board of regents may award
13 financial assistance to approved research projects in
14 accordance with section 262B.102, subsection 2.

15 4. The technology and commercialization resource
16 foundation of Iowa shall implement a direct application
17 process to receive recommendations from other colleges and
18 universities and community colleges for research projects in
19 the core platform areas which have commercialization
20 potential. The procedure for the review of such submissions,
21 for funding recommendations, and for the approval, denial, or
22 modification of funding recommendations shall be the same as
23 provided in subsection 3. The state board of regents may
24 award project specific financial assistance to approved
25 research projects as provided in section 262B.102, subsection
26 2, paragraph "d".

27 5. A technology and commercialization resource foundation
28 of Iowa shall be incorporated under chapter 504. The
29 foundation shall not be regarded as a state agency, except for
30 purposes of chapter 17A. A member of the board of directors
31 is not considered a state employee, except for purposes of
32 chapter 669. A natural person employed by the foundation is a
33 state employee for purposes of the Iowa public employees'
34 retirement system, state health and dental plans, and other
35 state employee benefit plans and chapter 669. Chapters 8, 8A,

1 and 20, and other provisions of law that relate to
2 requirements or restrictions dealing with state personnel or
3 state funds, do not apply to the foundation or any employees
4 of the board of directors or the foundation except to the
5 extent provided in this chapter. The foundation may receive
6 moneys appropriated by the general assembly.

7 6. The board of directors of the foundation shall consist
8 of nine voting members as follows:

9 a. The president of the state board of regents.

10 b. The three members of the economic development
11 subcommittee of the state board of regents.

12 c. The chief technology officer of the state who shall
13 serve as the president of the board.

14 d. The chairperson of the Iowa bioscience advisory council
15 established pursuant to section 262B.104.

16 e. The chairperson of the Iowa advanced manufacturing
17 advisory council established pursuant to section 262B.104.

18 f. The chairperson of the Iowa information technology
19 advisory council established pursuant to section 262B.104.

20 g. A private sector business representative with venture
21 capital experience appointed by the governor and confirmed by
22 the senate pursuant to section 2.32.

23 7. A vacancy on the board shall be filled by the
24 appointing authority. Members are eligible for actual expense
25 reimbursement while fulfilling duties of the board.

26 Sec. 4. NEW SECTION. 262B.104 ADVISORY COUNCILS.

27 1. Three advisory councils are established within the
28 foundation consisting of the Iowa bioscience advisory council,
29 the Iowa advanced manufacturing advisory council, and the Iowa
30 information technology advisory council.

31 2. Membership on each of the advisory councils shall be
32 determined by the department of economic development.

33 Membership on the Iowa bioscience advisory council shall
34 consist of the same membership as on the biosciences
35 development organization designated by the department of

1 economic development pursuant to section 15G.111, subsection
2 2.

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

6 4. The advisory councils shall direct the implementation
7 of strategies and actions provided in separate consultant
8 reports on bioscience, advanced manufacturing, and information
9 technology submitted to the department of economic development
10 in calendar years 2004 and 2005.

11 Sec. 5. NEW SECTION. 262B.105 VENTURE RESOURCES
12 CORPORATION.

13 1. A venture resources corporation shall be selected
14 through a request for proposals process to perform the duties
15 set out in subsection 2. The request for proposals shall be
16 developed and administered by the department of economic
17 development in cooperation with the Iowa bioscience advisory
18 council. The department shall review the responses to the
19 request for proposals and shall select the venture resources
20 corporation and enter into an agreement with the corporation.
21 At a minimum, the agreement shall include provisions
22 addressing all of the following:

- 23 a. The scope of service.
- 24 b. Accountability and performance measures.
- 25 c. Contract termination provisions.
- 26 d. Annual reporting requirements which shall include
27 financial information and investment prospects.
- 28 e. Any payment to the department of net profits earned by
29 the corporation.

30 2. The venture resources corporation selected pursuant to
31 subsection 1 must be incorporated under chapter 490 and shall
32 do all of the following:

- 33 a. Establish a seed fund for early-stage investment in
34 emerging opportunities in this state.
- 35 b. Develop a partnership with an experienced venture fund

1 willing to manage the seed fund and coinvest in the seed fund.

2 c. Coordinate efforts with existing seed funds located in
3 this state and leverage moneys in such funds into investments
4 in entities with a higher value.

5 d. Establish partnerships with large venture capital funds
6 for purposes of funding start-up companies after the initial
7 start-up moneys have been invested in the companies.

8 e. Support regional venture funds in raising moneys.

9 f. Establish extensive non-venture capital sources of
10 funding.

11 g. Be self-sustaining through equity-based venture
12 investments.

13 3. By January 31 of each year, the department of economic
14 development shall submit a report to the technology and
15 commercialization of resource foundation of Iowa, the
16 governor, and the general assembly regarding the activities of
17 the venture resources corporation during the previous calendar
18 year. The report shall include information received from the
19 corporation pursuant to subsection 1, paragraph "d".

20 4. The corporation may receive state moneys from a state
21 entity for purposes of carrying out the duties provided in
22 subsection 2.

23 EXPLANATION

24 This bill relates to technology transfer and
25 commercialization in certain core platform areas. The bill
26 defines "core platform areas" as the areas of advanced
27 manufacturing, biosciences, information solutions, and
28 financial services.

29 The bill requires a technology and commercialization
30 resource foundation of Iowa to be established for the public
31 purpose of formulating and implementing plans and programs for
32 the core platform areas and for the public purpose of
33 facilitating the commercial application of work in the core
34 platform areas. The foundation shall be incorporated as a
35 nonprofit corporation and shall not be regarded as a state

1 agency except for purposes of Code chapter 17A. The bill
2 provides for a nine-member board of directors with the chief
3 technology officer of the state to serve as the president of
4 the board.

5 The bill provides that the foundation shall receive
6 recommendations from the regents universities regarding
7 research projects in the core platform areas which have
8 commercialization potential. The bill allows, through an
9 appeal process, the foundation to receive recommendations
10 directly from individuals regarding research projects in the
11 core platform areas if the projects have been rejected by a
12 regents university for submission to the foundation. The bill
13 provides that the foundation shall conduct a due diligence
14 examination of research project submissions and make
15 recommendations to the state board of regents regarding which
16 projects should receive funding and how much funding such
17 projects should receive. The bill provides that the state
18 board of regents shall review the recommendations and may
19 approve, deny, or modify the recommendations. The bill
20 provides that modified recommendations shall be returned to
21 the foundation for additional consideration and that the state
22 board of regents may award financial assistance to approved
23 research projects.

24 The bill provides that the foundation shall implement and
25 administer a direct application process to receive
26 recommendations from other colleges and universities and
27 community colleges for research projects in the core platform
28 areas which have commercialization potential. The bill
29 provides that the procedure for review of such submissions,
30 for funding recommendations, and for the approval, denial, or
31 modification of funding recommendations shall be the same as
32 the procedure for submissions received from regents
33 universities.

34 The bill establishes within the foundation an Iowa
35 bioscience advisory council, an Iowa advanced manufacturing

1 advisory council, and an Iowa information technology advisory
2 council. The bill provides that the councils shall direct the
3 implementation of strategies and actions provided in separate
4 consultant reports on biosciences, advanced manufacturing, and
5 information technology submitted to the department of economic
6 development in calendar years 2004 and 2005.

7 The bill requires a venture resources corporation to be
8 selected through a request for proposals process administered
9 by the department of economic development in cooperation with
10 the Iowa bioscience advisory council. The bill provides that
11 the department shall select the corporation and enter into an
12 agreement with the corporation to establish a seed fund for
13 early-stage investment in emerging opportunities, to develop a
14 partnership with an experienced venture capital fund willing
15 to manage the seed fund and coinvest the seed fund, to
16 coordinate efforts with existing seed funds located in this
17 state and leverage moneys in such funds into investments in
18 entities with a higher value, to establish partnerships with
19 large venture capital funds, to support regional venture funds
20 in raising moneys, to establish extensive non-venture capital
21 sources of funding, and to be self-sustaining through equity-
22 based venture investments.

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SENATE FILE 2309

S-5083

- 1 Amend Senate File 2309 as follows:
2 1. Page 1, by striking lines 13 and 14.
3 2. By renumbering, redesignating, and correcting
4 internal references as necessary.

By JACK HATCH
BOB BRUNKHORST

S-5083 FILED MARCH 16, 2006
WITHDRAWN

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SENATE FILE 2309

H-8425

1 Amend Senate File 2309, as passed by the Senate, as
2 follows:

3 1. Page 1, by striking lines 13 and 14 and
4 inserting the following:

5 "b. Create endowed chair positions at each of the
6 regents universities and employ persons with
7 entrepreneurial expertise. Financial assistance from
8 a venture resources corporation may only be used to
9 partially fund an endowed chair position if
10 significant private contributions and contributions
11 from foreign governments are used to fund the
12 position. Not more than fifty percent of the cost of
13 funding an endowed chair position shall be paid with
14 financial assistance awarded from a venture resources
15 corporation."

16 2. Page 2, by striking lines 27 through 33 and
17 inserting the following: "In cooperation with".

18 3. Page 3, by striking lines 5 through 10 and
19 inserting the following: "regents. The state board
20 of regents shall review the recommendations and may
21 approve or deny the recommendations. If the
22 recommendations are denied, the state board of regents
23 shall state a reason for the denial. The state".

24 4. Page 3, lines 21 and 22, by striking the words
25 "approval, denial, or modification", and inserting the
26 following: "approval or denial".

27 5. Page 4, line 22, by inserting after the figure
28 "2.32." the following: "The initial appointee under
29 this paragraph shall serve a one-year term and every
30 appointee thereafter shall serve a three-year term."

31 6. Page 6, by inserting after line 22 the
32 following:

33 "5. As a condition of the receipt of moneys from
34 the corporation, the corporation shall require
35 recipients to enter into agreements specifying
36 compliance reporting requirements. If a recipient of
37 moneys fails to comply with a reporting requirement or
38 does not meet other compliance requirements in an
39 agreement, the recipient is subject to repayment of
40 all or a portion of the moneys received. An agreement
41 between the corporation and a recipient shall specify
42 the method for determining the amount of moneys which
43 will be repaid in the event of failure to comply with
44 the requirements of an agreement."

By JENKINS of Black Hawk
HOFFMAN of Crawford

H-8425 FILED MARCH 29, 2006

Brunkhorst co-chair
Hatch co-chair
Danielson
Kielly
Seymour
Shull

Succeeded By
HF 2309

SSB# 3216
Economic Growth

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

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

A BILL FOR

1 An Act relating to technology transfer and commercialization in
2 certain core platform areas.

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

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1 Section 1. NEW SECTION. 262B.21 RESEARCH AND DEVELOPMENT
2 PLATFORMS.

3 1. For purposes of this section, and sections 262B.22 and
4 262B.23, "core platform areas" means the areas of advanced
5 manufacturing, biosciences, information solutions, and
6 financial services.

7 2. The state board of regents shall do all of the
8 following:

9 a. Recruit employees, build capacity, and invest moneys to
10 ensure rapid scientific progress in the core platform areas.

11 b. Create endowed chair positions and employ persons with
12 entrepreneurial expertise.

13 c. Invest in technology development infrastructure to
14 strengthen and accelerate the scientific and commercialization
15 work in the core platform areas.

16 d. Provide financial assistance in the form of grants for
17 purposes of accelerating the transformation of new and ongoing
18 research and development initiatives in the core platform
19 areas into commercial opportunities.

20 e. Actively participate in advisory groups dedicated to
21 the areas of bioscience advanced manufacturing, and
22 information solutions.

23 Sec. 2. NEW SECTION. 262B.22 TECHNOLOGY AND
24 COMMERCIALIZATION RESOURCE ORGANIZATION.

25 1. The general assembly finds and declares that the public
26 good requires that Iowa successfully participate and compete
27 in the emerging world economy. A technology and
28 commercialization resource organization is established to
29 formulate and implement plans and programs for the core
30 platform areas and to facilitate their commercial application
31 within the state.

32 2. The technology and commercialization resource
33 organization shall receive recommendations for research
34 projects which have commercialization potential from
35 institutions of higher learning under the control of the state

1 board of regents. In cooperation with commercialization
2 experts in the private sector, the organization shall analyze
3 research project submissions and make recommendations
4 regarding which projects should receive funding and how much
5 funding such projects should receive. The recommendations of
6 the organization shall be forwarded to the state board of
7 regents. The state board of regents shall review the
8 recommendations and may approve, deny, or modify the
9 recommendations. If the state board of regents modifies a
10 recommendation, the modified recommendation shall be returned
11 to the technology and commercialization resource organization
12 for consideration and for recommendation. The state board of
13 regents may award financial assistance to approved research
14 projects.

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

29 4. The board of directors of the organization shall
30 consist of eight voting members as follows:

- 31 a. The president of the state board of regents.
- 32 b. The three members of the economic development
33 subcommittee of the state board of regents.
- 34 c. The chief technology officer of the state.
- 35 d. One member selected by a biosciences development

1 organization designated by the department of economic
2 development pursuant to section 15G.111, subsection 2.

3 e. The chairperson of the advanced manufacturing steering
4 group of the department of economic development.

5 f. The chairperson of the information solutions steering
6 group of the department of economic development.

7 5. The members of the board of directors shall annually
8 elect a president of the board from the board membership. A
9 vacancy shall be filled by the appointing authority. Members
10 are eligible for actual expense reimbursement while fulfilling
11 duties of the board.

12 Sec. 3. NEW SECTION. 262B.23 VENTURE RESOURCES
13 CORPORATION.

14 1. A venture resources corporation shall be selected
15 through a request for proposals process. The request for
16 proposals shall be developed and administered by a single
17 biosciences development organization designated by the
18 department of economic development pursuant to section
19 15G.111, subsection 2. The biosciences development
20 organization designated by the department of economic
21 development pursuant to section 15G.111, subsection 2, shall
22 review the responses to the request for proposals and shall
23 select the venture resources corporation and enter into an
24 agreement with the corporation for purposes of performing the
25 duties provided in subsection 2.

26 2. The venture resources corporation selected pursuant to
27 subsection 1 must be incorporated under chapter 490 and shall
28 do all of the following:

29 a. Establish a seed fund for early-stage investment in
30 emerging opportunities in this state.

31 b. Develop a partnership with an experienced venture fund
32 willing to manage the seed fund and coinvest in the seed fund.

33 c. Coordinate efforts with existing seed funds located in
34 this state and leverage moneys in such funds into investments
35 in entities with a higher value.

1 d. Establish partnerships with large venture capital funds
2 for purposes of funding of start-up companies after the
3 initial start-up moneys have been invested in the companies.

4 e. Support regional venture funds in raising moneys.

5 f. Establish extensive nonventure capital sources of
6 funding.

7 g. Be self-sustaining through equity-based venture
8 investments.

9

EXPLANATION

10 This bill relates to technology transfer and
11 commercialization in certain core platform areas.

12 The bill defines the term "core platform areas" to mean the
13 areas of advanced manufacturing, biosciences, information
14 solutions, and financial services.

15 The bill requires the state board of regents to recruit
16 employees, build capacity, and invest moneys to ensure rapid
17 scientific progress in the core platform areas; create endowed
18 chair positions and employ persons with entrepreneurial
19 expertise; invest in technology development infrastructure to
20 strengthen and accelerate the scientific and commercialization
21 work in the core platform areas; provide financial assistance
22 in the form of grants for purposes of accelerating the
23 transformation of new and ongoing research and development
24 initiatives in the core platform areas into commercial
25 opportunities; and actively participate in advisory groups
26 dedicated to the areas of bioscience, advanced manufacturing,
27 and information solutions.

28 The bill establishes a technology and commercialization
29 resource organization to formulate and implement plans and
30 programs for the core platform areas and to facilitate their
31 commercial application within the state.

32 The bill provides that the technology and commercialization
33 resource organization shall receive recommendations for
34 research projects which have commercialization potential from
35 institutions of higher learning under the control of the state

1 board of regents. The bill provides that, in cooperation with
2 commercialization experts in the private sector, the
3 organization shall analyze research project submissions and
4 make recommendations regarding which projects should receive
5 funding and how much funding such projects should receive.
6 The bill provides that recommendations of the organization
7 shall be forwarded to the state board of regents. The bill
8 requires the state board of regents to review the
9 recommendations and may approve, deny, or modify the
10 recommendations. The bill allows the state board of regents
11 to award financial assistance to approved research projects.
12 The bill provides that the organization shall be organized as
13 a nonprofit corporation and shall not be regarded as a state
14 agency, except for purposes of Code chapter 17A.
15 The bill provides that a venture resources corporation
16 shall be selected through a request for proposals process.
17 The bill provides that a biosciences development organization
18 and the selected venture resources corporation shall enter
19 into an agreement for purposes of establishing a seed fund for
20 early-stage investment in emerging opportunities in this
21 state, developing a partnership with an experienced venture
22 fund willing to manage the seed fund and coinvest in the seed
23 fund, coordinating efforts with existing seed funds located in
24 this state, establishing partnerships with large venture
25 capital funds for purposes of funding start-up companies after
26 the initial start-up moneys have been invested in the
27 companies, supporting regional venture funds in raising
28 moneys, establishing extensive nonventure capital sources of
29 funding, and being self-sustaining through equity-based
30 venture investments.

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