

SENATE AMENDMENTS TO SENATE BILL 582

By COMMITTEE ON FINANCE AND REVENUE

May 2

- 1 On page 1 of the printed bill, line 2, delete “creating new provisions;” and delete “315.521.”.
- 2 In line 3, delete “prescribing an effective date” and insert “declaring an emergency”.
- 3 Delete lines 5 through 28 and delete pages 2 through 4 and insert:
- 4 “**SECTION 1.** ORS 351.697 is amended to read:
- 5 “351.697. (1) Each university in the Oregon University System and Oregon Health and Science
- 6 University may elect to establish a university venture development fund **as provided in this section**
- 7 for the purpose of facilitating the commercialization of university research and development. **A**
- 8 **university shall direct that the university venture development fund be administered, in**
- 9 **whole or in part, by the university or by the university’s affiliated foundation.**
- 10 “(2) The purposes of a university venture development fund are to provide:
- 11 “(a) Capital for university entrepreneurial programs;
- 12 “(b) Opportunities for students to gain experience in applying research to commercial activities;
- 13 “(c) Proof-of-concept funding for transforming research and development concepts into commer-
- 14 cially viable products and services;
- 15 “(d) Entrepreneurial opportunities for persons interested in transforming research into viable
- 16 commercial ventures that create jobs in this state; and
- 17 “(e) Tax credits for contributors to university research commercialization activities.
- 18 “(3) Each university that elects to establish a university venture development fund shall:
- 19 “(a) Notify the Department of Revenue of the establishment of the fund;
- 20 “(b) Either directly or through [a] **its affiliated** foundation [*supporting university activities*], so-
- 21 licit contributions to the fund [*from contributors*] **and receive, manage and disburse moneys**
- 22 **contributed to the fund;**
- 23 “(c) Subject to ORS 315.521 (1), 351.692 (3) and 353.445 (3), issue tax credit certificates to con-
- 24 tributors to the fund in the amount of the contributions;
- 25 “(d) Establish a grant program that meets the requirements for a venture grant program under
- 26 policies adopted by the State Board of Higher Education under ORS 351.692 or under policies
- 27 adopted by the Oregon Health and Science University Board of Directors under ORS 353.445; and
- 28 “(e) Subject to available moneys from the fund, provide qualified grant applicants with moneys
- 29 [*to transform research and development concepts undertaken by the university into commercially viable*
- 30 *products and services*] **for the purpose of facilitating the commercialization of university re-**
- 31 **search and development.**
- 32 “(4) **Except as provided in subsection (5) of this section, moneys in a university venture**
- 33 **development fund shall be disbursed only as directed by a university.**
- 34 “(5) **A university or its affiliated foundation may charge its customary administrative**
- 35 **assessment to manage its university venture development fund in an amount not to exceed**

1 **three percent of the fund's average balance during the fiscal year of the university or its**
2 **affiliated foundation. The administrative assessment may be paid from the assets in the fund.**
3 **Except as authorized by law, no other fees or indirect costs shall be charged against the**
4 **university venture development fund or any associated grants or other disbursements from**
5 **the fund.**

6 “[~~(4)~~] **(6)** A university that has established a university venture development fund shall monitor
7 the use of grants made from the fund and identify [*sources of*] **the** income [*received*] **realized** by the
8 university as the result of the use of **the** grants [*to convert research and development concepts into*
9 *commercially viable products and services. The university shall transfer 20 percent of the received in-*
10 *come to the General Fund, until the amount transferred to the General Fund equals the amount of tax*
11 *credits claimed due to contributions to the fund*]. **Income consists of cash realized from royalties,**
12 **milestone and license fee payments and cash from the sale of equity. The university shall**
13 **cause the transfer of the income realized from the grants to the General Fund, but not to**
14 **exceed the amount of the tax credits issued by the university as a result of contributions to**
15 **its university venture development fund. Immediately upon deposit of the transferred**
16 **amount into the General Fund, the university may issue new tax credits to equal the trans-**
17 **ferred amount.**

18 **“(7) A university that has established a university venture development fund shall report**
19 **annually to the Legislative Assembly or, if the Legislative Assembly is not in session, to the**
20 **interim legislative committees on revenue. The report shall be at the end of the fiscal year**
21 **of the university or of its affiliated foundation and provide information for that fiscal year.**
22 **The university shall include in the report the following information pertaining to its univer-**
23 **sity venture development fund:**

24 **“(a) The amount of donations received for the fund;**

25 **“(b) The amount of income received from the fund;**

26 **“(c) The amount of disbursements and grants paid from the fund;**

27 **“(d) The amount of income and royalties received from disbursements from the fund; and**

28 **“(e) The amount of moneys transferred from the fund to the General Fund.**

29 **“SECTION 2.** ORS 351.692 is amended to read:

30 **“351.692.** The State Board of Higher Education shall adopt policies that prescribe the require-
31 ments for a venture grant program and the requirements that a grant applicant must meet in order
32 to receive grant moneys from a university venture development fund, including requirements:

33 **“(1)** That a grant recipient remain within this state for at least five years following the receipt
34 of a grant or repay the grant plus interest;

35 **“(2)** That each university that establishes a **university** venture development fund report
36 amounts of tax credit certificates issued by the university and maintain records of [*licensing and*
37 *royalty revenue received*] **income realized** by the university as the result of grants made from the
38 fund [*under ORS 351.697 (4)*] and records of amounts paid to the General Fund [*under ORS 351.697*
39 *(4)*]; and

40 **“(3)** Under which the Oregon University System is to maintain records and issue directions to
41 universities that have established **university** venture development funds relating to when universi-
42 ties must cease issuing certificates, in order to ensure that the total amount [*contributed to univer-*
43 *sity venture development funds within the Oregon University System does not exceed \$10 million.*] **owed**
44 **to the General Fund by the Oregon University System at any one time under ORS 351.697 (6)**
45 **does not exceed \$6 million.**

1 “**SECTION 3.** ORS 353.445 is amended to read:

2 “353.445. The Oregon Health and Science University Board of Directors shall adopt a policy that
3 prescribes the requirements for a venture grant program and the requirements that a grant appli-
4 cant must meet in order to receive grant moneys from the university venture development fund op-
5 erated by Oregon Health and Science University, including requirements:

6 “(1) That a grant recipient remain within this state for at least five years following the receipt
7 of a grant or repay the grant plus interest;

8 “(2) That the university [*maintain records*] **report amounts** of tax credit certificates issued by
9 the university and cease issuing certificates [*when the total amount of certificates issued by the uni-*
10 *versity equals \$4 million; and*] **until the total amount owed to the General Fund by the univer-**
11 **sity at any one time under ORS 351.697 (6) does not exceed \$2.4 million; and**

12 “(3) That the university maintain records of [*licensing and royalty revenue received*] **income re-**
13 **alized** by the university as the result of grants made from the fund [*under ORS 351.697 (4)*] and re-
14 cords of amounts paid to the General Fund [*under ORS 351.697 (4)*].

15 “**SECTION 4.** ORS 351.695 is amended to read:

16 “351.695. (1) [*At the request of*] A university within the Oregon University System[, *the State*
17 *Treasurer shall establish one or more university venture development funds for the university within*
18 *the State Treasury*] **may deposit moneys received for its university venture development fund**
19 **in the Higher Education Donation Fund established under ORS 351.130.**

20 “[(2) *Each university venture development fund established under subsection (1) of this section may*
21 *be used for the receipt and disbursement of funds as described in ORS 351.697 and policies adopted*
22 *under ORS 351.692. The State Treasurer may invest moneys deposited in a university venture devel-*
23 *opment fund. Interest earned by moneys in a university venture development fund shall be credited to*
24 *the fund.*]

25 “(2) **Notwithstanding ORS 351.697 (5), the State Treasurer, as payment for expenses, may**
26 **deduct a fee pursuant to ORS 293.718 from a university venture development fund adminis-**
27 **tered by a university within the Oregon University System or the Oregon Health and Science**
28 **University.**

29 “(3) **A university within the Oregon University System or the Oregon Health and Science**
30 **University may direct that moneys credited to its university venture development fund be**
31 **held and invested by the university’s affiliated foundation. Any moneys held by an affiliated**
32 **foundation under this section or ORS 351.697 are not subject to the provisions of ORS chap-**
33 **ter 293 or 295 and may not be considered public or state funds for any purpose. Moneys**
34 **transferred to an affiliated foundation under this section or ORS 351.697 may be used only**
35 **as provided under ORS 351.692, 351.695, 351.697 and 353.445.**

36 “(4) **At the request of a university within the Oregon University System, moneys in the**
37 **Higher Education Donation Fund that were deposited by the university under this section**
38 **may be transferred to the university’s affiliated foundation.**

39 “(5) **A university within the Oregon University System or the Oregon Health and Science**
40 **University may retain or may elect to have its affiliated foundation retain some or all of the**
41 **principal contributed to a university venture development fund for investment to perpetuate**
42 **and increase the moneys available for expenditure. The balance of the fund and the earnings**
43 **on that balance may be used as provided under ORS 351.692, 351.695, 351.697 and 353.445.**

44 “**SECTION 5.** This 2007 Act being necessary for the immediate preservation of the public
45 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect

1 **on its passage.”**

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