

MEMORANDUM

Legislative Fiscal Office
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To: *Transportation and Economic Development Subcommittee*

From: *Krista McDowell, Legislative Fiscal Office*
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Date: June 17, 2013

Subject: *SB 241*
Work Session Recommendations

SB 241 relates to commercialization of university-based research.

The measure, the original staff measure summary, preliminary Joint Committee on Ways and Means staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

The measure previously had a public hearing and work session in the Senate Committee on Business and Transportation and was recommended do pass and referred to Ways and Means by prior reference. The measure also previously had a public hearing in the Transportation and Economic Development Subcommittee on May 13, 2013.

Amendment

The -5 amendments to the measure replace the original language in the bill. The amendments require the Oregon Business Development Department to facilitate activities relating to the Oregon Regional Accelerator and Innovation Network (Oregon RAIN) in the South Willamette Valley.

The measure, as amended, has no fiscal impact. House Bill 5028, the budget bill for the Oregon Business Development Department, will include \$1,250,000 of Lottery Funds to support 2013-15 biennium operations of the Oregon Regional Accelerator and Innovation Network, and \$2,500,000 of Article XI-Q bond proceeds for capital investments in the Network.

Motion: Move the -5 amendment to SB 241.

Measure as Modified

The measure, as amended, is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move SB 241 to the full committee with a “do pass” recommendation, as amended.

Assignment of Carriers

Full: _____

2nd Chamber: _____

**PROPOSED AMENDMENTS TO
SENATE BILL 241**

1 On page 1 of the printed bill, line 2, after “research” insert a period and
2 delete the rest of the line.

3 Delete lines 4 through 28 and delete page 2 and insert:

4 **“SECTION 1. For the purposes of sections 1 and 2 of this 2013 Act,**
5 **‘Oregon Solutions Network’ means the Oregon Solutions Network es-**
6 **tablished pursuant to Executive Order 11-12 dated December 16, 2011,**
7 **including but not limited to regional advisory committees and regional**
8 **solutions centers within the network.**

9 **“SECTION 2. (1) The Oregon Business Development Department**
10 **shall facilitate regional collaboration among the University of Oregon,**
11 **Oregon State University and the Oregon Solutions Network in Lane,**
12 **Linn and Benton Counties, for the purpose of assisting technology-**
13 **based, start-up businesses in this state whose primary purpose is to**
14 **commercialize university-based or university-assisted research and to**
15 **increase the number of, and ensure the retention of, such businesses**
16 **in the region.**

17 **“(2) The collaboration under subsection (1) of this section shall in-**
18 **clude, but not be limited to, the following:**

19 **“(a) Providing financial assistance to programs, entities and pro-**
20 **viders of technical business development and creation assistance and**
21 **providing support to technology-based, start-up businesses whose pri-**
22 **mary purpose is to commercialize university-based or university-**

1 assisted research.

2 “(b) Identifying and recruiting entrepreneurial talent, qualified in-
3 vestors and other sources of capital.

4 “(c) Acquiring, procuring, furnishing or improving facilities in or
5 near Lane, Linn or Benton Counties, as identified by the University
6 of Oregon, Oregon State University and the Oregon Solutions Net-
7 work, for the operation or support of businesses receiving assistance
8 under this section, signature research centers and other businesses,
9 programs and entities involved in the commercialization of
10 university-based or university-assisted research.

11 “(d) Establishing, connecting or expanding support programs, di-
12 rectly or indirectly, that provide assistance to technology-based,
13 start-up businesses whose primary purpose is to commercialize
14 university-based or university-assisted research within and outside the
15 region.

16 “(3) The department may enter into contracts and agreements with
17 the University of Oregon, Oregon State University and the Oregon
18 Solutions Network for the purpose of implementing and accomplishing
19 the objectives set forth in subsection (2) of this section.

20 “(4) The department shall adopt rules to implement the provisions
21 of this section.

22 “SECTION 3. The Oregon Business Development Department, the
23 University of Oregon, Oregon State University and the Oregon Sol-
24 utions Network shall report to the committees of the 2015 regular
25 session of the Legislative Assembly related to business and economic
26 development regarding the implementation of section 2 of this 2013
27 Act.”.

28

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 241 - 5

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Krista McDowell
Reviewed by: Steve Bender
Date: 6/17/2013

Measure Description:

Directs Oregon Business Development Department to develop and implement program to assist technology-based, start-up businesses whose primary purpose is commercialization of university research.

Government Unit(s) Affected:

Oregon University System (OUS), Business Development Department (Business Oregon), Oregon State Treasurer, Counties

Analysis:

The proposed legislation has been determined to have

NO EXPENDITURE IMPACT

on state or local government.

Joint Committee on Ways and Means

Carrier – House: Rep.
Carrier – Senate: Sen.

Revenue: Revenue Impact Statement Not Issued

Fiscal: Fiscal Impact Statement Issued

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Krista McDowell, Legislative Fiscal Office

Meeting Date: [Full Committee Meeting Date]

WHAT THE MEASURE DOES: Directs Oregon Business Development Department to develop and implement program to assist technology-based start-up businesses whose primary purpose is commercialization of university research. Establishes Oregon University Research Commercialization Fund and appropriates moneys in Fund to Department for program purposes. Requires report to legislative committees on economic development during 2015 Legislative Session regarding program implementation.

ISSUES DISCUSSED:

- Closing market gaps by matching higher education production with commercial resources and access to capital
- How bill would help OSU and UofO collaborate and create jobs
- OHSU and PSU have a collaborative already in place
- Community match requirement to meet state dollars
- Physical building will help collaboration take place and will prevent delays in the development of new markets

EFFECT OF COMMITTEE AMENDMENT:

BACKGROUND: Research performed at the university level generates ideas and breakthroughs that represent potential commercial and societal value, particularly in the areas of science and technology. The transition from academic research to commercially-viable business opportunity can benefit from management expertise, information resources, appropriate facilities and improved access to capital for fledgling companies. While the traditional model involved licensing university research, the “business accelerator” concept offers a more robust support structure for ventures building on university research.

Senate Bill 241 establishes the Oregon University Research Commercialization Fund, which will be used by the Oregon Business Development Department, in cooperation with the University of Oregon and Oregon State University, to provide financial assistance, proof of concept funding, subsidized office and laboratory space in proximity to university research facilities, execution and repayment of loan guarantees or extensions of credit for eligible businesses, purchase of technology and supplies, and provision for training and technical assistance, as well as assistance in identifying and connecting venture capital investment. The Fund is to be seeded by donations, moneys appropriated by the Legislative Assembly, investment earnings, and moneys from other sources.