



February 13, 2015

Oregon State Legislature  
House Committee on Higher Education, Innovation, and Workforce  
Development

Re: Support the Public University Venture Development Fund - HB 2569

Dear Chair Read and members of the committee,

OHSU joins with Oregon's other public universities to encourage your support of HB 2569. The translation of basic research taking place at universities in Oregon and across the U.S. into meaningful commercial products and services is a long-term process and one that cannot proceed without funding at various points along the way. The Public University Venture Development Fund (UVDF) has been instrumental in providing funding to fill some of the current gaps that exist in the process of moving basic research discoveries or ideas conceived at universities into viable commercial product development.

The UVDF currently fills a gap that then feeds into further downstream funding opportunities that have been established by the Oregon legislature. One example of such downstream opportunities are funding programs and access to infrastructure within the Oregon Signature Research Centers (OTRADI, ONAMI and Oregon BEST). Development of early stage university technologies dramatically increases the likelihood that companies, either existing companies or new companies that may be spun out of the universities and established in Oregon, may further develop these technologies.

Understanding how early technologies or ideas move from early concept to a product or service is a key concept for students and researchers to understand especially those with an entrepreneurial mindset. This is precisely where the UVDF fits in. Over the past several years, funds brought in through the UVDF have not only been leveraged to provide such things as early proof-of-concept funds for very early stage technologies and ideas and provide funds to support business and market analyses around early technology evaluation, but the UVDF has also provided funds to begin and/or enhance new and existing entrepreneurial training programs across the various universities, and provide various levels of support for newly forming companies coming out of the universities.

The UVDF was established as a tax credit program that allowed donors to take a 60% tax credit over three years. It is, to my knowledge, the only tax credit program in the State of Oregon that has a payback provision. Based on the success of any program invested into by the universities with funds from the UVDF, 20% of any revenues received by the universities are paid back to the State of Oregon. This then allows further tax credits to be available to the universities for further fund raising into the UVDF. This is a one-of-its-kind program in Oregon and it is my understanding that this program is projected to have a zero (or very minimal) impact on the state's budget. Currently, the universities have paid back ~\$500,000 into the Oregon state general fund. However, commercial/revenue success is a long-term process. As most technologies conceived at universities are very early stage, the average time for any significant revenue return to the universities from successful

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commercialization may be 8-12 years. This is the primary driving force for why the sunset on this legislation should be extended.

The collective universities are seeking three changes to the legislation in addition to extending the current sunset date. First, an extension to the sunset as referred to above. With early stage technology commercialization taking on average ten years, extending the sunset will allow for more time to reap the potential revenue benefits of technologies/programs that have been invested into within the last few years. Second, with an extension of the sunset date we are seeking an increase in the total tax credits that would be available. As some of the universities are reaching the caps placed on them by the current legislation, we are collectively seeking an overall increase in the available tax credits. How these tax credits will be distributed amongst the universities will be decided on a yearly basis by the heads of research at each institution. Second, over the years some donors, especially corporate donors, have expressed concern with the three-year tax credit provision. Many potential donors have had difficulty in understanding how the three-year tax credit would work for them, and in the end they have not donated to the UVDF. Other donors have expressed a desire to take the full 60% tax credit in a single year, and not have it spread over three years. Therefore, we are proposing a change to the legislation that would enable donors to take the full tax credit in a single year if they choose. The current maximum per year that a donor can take as a tax credit is \$50,000, so we are proposing that this be changed to a maximum of \$150,000 to allow donors to take the full tax credit in a single year.

Currently, OHSU does not have other programs that provide for this type of funding into early stage proof-of-concept nor provide funding for entrepreneurial education and opportunities for students to gain experience in the commercialization of research. Therefore, the UVDF fills a much-needed gap in both the commercialization process and the educational process. I am highly supportive of extending the UVDF with the changes proposed which will allow the universities in the state of Oregon to further fulfill their missions of education and research while also enhancing and encouraging the commercialization of early-stage research discoveries and ideas.

OHSU strongly encourages you to support HB 2569 and continue the success of the University Venture Development Fund in Oregon. Please feel free to contact me at 503-494-8200 if you have any questions or if I can provide any further information.

Sincerely,  
Andrew

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