

CHAPTER 792

H.B. No. 1405

AN ACT

relating to economic diversification through technology commercialization at Texas universities.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter Z, Chapter 51, Education Code, is amended by adding Section 51.920 to read as follows:

Sec. 51.920. TECHNOLOGY TRANSFER. (a) Technology transfer can enhance the state's investment in research and development through the rapid commercialization of university research and the creation and expansion of Texas companies.

(b) The Center for Technology Development and Transfer established by Section 65.45 of this code, and the Technology Business Development Division of the Texas Engineering Experiment Station established by Section 88.300 of this code, shall cooperate fully to exercise their respective authorities to promote the timely and effective transfer of technology.

(c) Technology development programs operated by other state-supported institutions of higher education are encouraged to cooperate with the Center for Technology Development and Transfer and the Technology Business Development Division.

SECTION 2. Subchapter D, Chapter 88, Education Code, is amended to read as follows:

**SUBCHAPTER D. TECHNOLOGY BUSINESS DEVELOPMENT DIVISION
[INSTITUTE FOR VENTURES IN NEW TECHNOLOGY]**

Sec. 88.300. **TECHNOLOGY BUSINESS DEVELOPMENT DIVISION [INSTITUTE FOR VENTURES IN NEW TECHNOLOGY]**. There is established at the Texas Engineering Experiment Station a *Technology Business Development Division* [~~an Institute for Ventures in New Technology~~], hereinafter referred to as *TBD* [INVENT]. The operating budget, staffing, and activities of *TBD* [INVENT] shall be approved by the board of regents of The Texas A&M University System.

Sec. 88.301. **PUBLIC PURPOSE OF THE DIVISION [CENTER]**. *The legislature finds that it is essential to the economic diversification of the state that technology development and transfer be promoted and expanded. As a means of accomplishing this purpose, the Technology Business Development Division will sponsor educational and business development activities with the goal of technology transfer, job creation, and business development. TBD shall administer INVENT, established by Section 88.304 of this code and any other programs created by the board of regents or the legislature to carry out these purposes.* [~~The legislature finds that an indispensable element of the American economic system is free and vigorous competition and that the preservation and expansion of economic competition is essential to the economic well-being of this state and of the United States. The resources and potential contributions of small business enterprises and individual entrepreneurs are essential to economic competition, and it is the policy of this state to ensure economic competition by assisting small business enterprises and individual entrepreneurs to the greatest extent possible. It is the purpose of INVENT to provide technical assistance in the evaluation and development~~]

~~of new products and processes for small business enterprises and individual entrepreneurs. Such purpose is declared to be a public purpose which will promote economic competition to the benefit of all persons in the state.]~~

Sec. 88.302. OBJECTIVES AND DUTIES OF *TBD* [~~THE INSTITUTE~~]. The objectives and duties of *TBD* [~~the institute~~] are as follows:

(1) to participate in the creation of a *more vigorous and diversified economy in Texas* [~~new diversified high-technology tax base for the state~~];

(2) to make the intellectual resources inherent in the state's higher education faculty available to enhance competitive industrialization of the state;

(3) to provide opportunities for the business, *science*, and engineering communities of higher education to participate in and study actual cases in new product development; *and*

(4) [~~to solicit ideas and innovations for new products and processes from small businesses and individual entrepreneurs;~~

[(5)] to select those ideas and innovations which indicate the greatest potential for technological innovation and commercial development[;]

[(6) ~~to research and develop such ideas and innovations so that recommendations necessary to use them effectively and to acquire necessary resources for their use on the open market may be made.~~

Sec. 88.303. OWNERSHIP INTERESTS. The *Texas Engineering Experiment Station* [~~institute~~] may do the following:

(1) enter into agreements establishing equitable interests, royalties, and patent rights relating to activities carried on under the authority of this subchapter; [~~The institute may~~]

(2) receive, hold, sell, and transfer shares of corporate stock in any corporation formed for the purpose of marketing, producing, manufacturing, or promoting any idea or innovation for which it has provided technical assistance as provided by this subchapter; *and*

(3) *to the extent permitted by law participate as the general partner or as a limited partner, either directly or through a subsidiary corporation formed for that purpose, in limited partnership, general partnerships, or joint ventures engaged in the development, manufacture, or marketing of products, technology, or scientific information under a license from the board of regents or a corporation owned or controlled by the board of regents.*

Sec. 88.304. *INSTITUTE FOR VENTURES IN NEW TECHNOLOGY*. There is established at the *Texas Engineering Experiment Station* an *Institute for Ventures in New Technology* hereinafter referred to as *INVENT*. It shall be administered as an *institute of the Technology Business Development Division*.

Sec. 88.305. *PUBLIC PURPOSE OF INVENT*. The legislature finds that an indispensable element of the American economic system is free and vigorous competition and that the preservation and expansion of economic competition is essential to the economic well-being of this state and of the United States. The resources and potential contributions of small business enterprises and individual entrepreneurs are essential to economic competition, and it is the policy of this state to ensure economic competition by assisting small business enterprises and individual entrepreneurs to the greatest extent possible. It is the purpose of *INVENT* to provide technical assistance in the evaluation and development of new products and processes for small business enterprises and individual entrepreneurs. Such purpose is declared to be a public purpose that will promote economic competition to the benefit of all persons in the state.

Sec. 88.306. *OBJECTIVES AND DUTIES OF INVENT*. In addition to any other objectives and duties that may be assigned to it by the board of regents, *INVENT* shall have the following objectives and duties:

(1) to solicit ideas and innovations for new products and processes from small businesses and individual entrepreneurs; and

(2) to research and develop such ideas and innovations so that recommendations necessary to use them effectively and to acquire necessary resources for their use on the open market may be made.

SECTION 3. The legislature is authorized to appropriate \$900,000 per year to be shared equally by the Center for Technology Development and Transfer and the Technology Business Development Division to support the purposes of this legislation.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 8, 1987, by a non-record vote. Passed by the Senate on May 22, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 19, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment.