

TEXAS EMERGING TECHNOLOGY FUND

The Texas Emerging Technology Fund is a proposed \$300 million fund for research and development activities in emerging technology industries. These industries are described below. The Texas Emerging Technology Fund would be part of the Texas Enterprise Fund. The Texas Emerging Technology Fund shall be used to 1) expedite innovation and commercialization, 2) attract, create, or expand private sector entities that will drive a substantial increase in high quality jobs, and 3) increase higher education applied technology research capabilities.

“Eligible industries” are those that will lead to immediate or long term creation of high quality new jobs in Texas and/or could lead to medical or scientific breakthroughs. Industries include, but are not limited to: semiconductor, information, computer and software technology, energy, manufactured energy systems, microelectromechanical systems, nanotechnology, biotechnology, medicine, life sciences, petroleum refining and chemical processes, aerospace, defense, and others determined by the Governor, Lt. Governor, and Speaker.

By July 1, 2005, the Governor shall appoint a 17 member Texas Emerging Technology Committee comprising industry leaders from Texas and nationally recognized researchers from Texas public and private institutions of higher education nominated by 1) the Texas Higher Education Coordinating Board, 2) presidents of public and private institutions, 3) the commissioners of the Texas Workforce Commission, 4) the chief executive officer of the Economic Development and Tourism Division of the Governor’s Office, and 5) representatives from the Texas Technology Initiative. The Governor will appoint the presiding officer of the Committee.

- Staff support and operating expenses of the Texas Emerging Technology Committee will be provided by the entities from which the members are appointed, the Office of the Governor, the Texas Higher Education Coordinating Board, the Texas Education Agency, and the Texas Workforce Commission.

The Texas Emerging Technology Fund shall have three components. Reallocation of funds between components can be made subject to prior approval by the Governor, Lt. Governor, and Speaker.

1. Incentives to create Regional Centers of Innovation and Commercialization (Texas Technology Initiative).

Fifty percent (50% or \$150 million) of the Texas Emerging Technology Fund appropriations shall be reserved as incentives for private or non-profit entities to collaborate with state public or private institutions of higher education, including public community/junior colleges and Texas State Technical College, the Texas Education Agency and the Texas Workforce Commission on emerging technology projects with a demonstrable economic benefit to the State of Texas.

Proposals eligible for funding shall be recommended to the Governor, Lt. Governor, and Speaker by the Texas Emerging Technology Committee.

Specific emphasis shall be given to the formation of Regional Centers of Innovation and Commercialization. A “Regional Center of Innovation and Commercialization” is collaboration between an appropriate combination of all parties cited above.

Regional Centers of Innovation and Commercialization shall provide:

1. Research and development activities, including "proof of concept" initiatives, which potentially can be funded;
2. Commercialization of the results of the research and development;
3. Incubation of start-up businesses or expansion of existing businesses related to the research and development; and
4. Workforce training for businesses resulting from the research and development.

Subject to the availability of suitable partners and resources, Regional Centers of Innovation and Commercialization are intended to be established in Harris, Lubbock, Bexar, Dallas/Tarrant, and El Paso Counties, the Lower Rio Grande Valley, and other suitable locations as determined by the Governor, Lt. Governor, and Speaker.

Participating entities receiving funding or other incentives under this program must guarantee via contract with the State specific actions to be performed that are expected to provide benefits to the State. Failure to perform those actions by a time certain specified in the contract shall result in the State’s financial investment being returned by the participant.

Royalties, income, and other benefits realized as a result of projects undertaken with Texas Emerging Technology Fund proceeds shall be divided among the collaborating entities according to terms specified via contract. The Texas Emerging Technology Fund will also define in the contract a percentage or royalties, income, or financial benefits from each project to be placed back into the fund.

Texas Emerging Technology Fund appropriations awarded as grants may be used pursuant to contract for salaries and benefits, travel, consumable supplies, other operating expenses, contracted research and development, capital equipment, construction or renovation of state or private facilities, and workforce training in emerging technology industries to expedite commercialization that will lead to an increase in high quality jobs in Texas.

Priority will be given to proposals that:

- Involve emerging scientific or technology fields that have a reasonable probability of enhancing Texas’ national and global economic competitiveness;
- Could lead to medical or scientific breakthroughs;
- Are matched with other funds available by the private or non-profit entity and institution or institutions of higher education;
- Are collaborative between any combination of private or non-profit entities, Texas public or private agencies or institutions, and public or private non-state institutions;
- Have a demonstrable economic development benefit to the State of Texas.

2. Research Matching Grants

Twenty-five percent (25% or \$75 million) of Texas Emerging Technology Fund appropriations shall be reserved to match funding from federal or other non-state research sponsors. Proposals eligible for funding shall be recommended to the Governor, Lt. Governor, and Speaker by the Texas Emerging Technology Committee described above.

Priority for matching funds will be given to proposals that accelerate commercialization into production by targeting programs which:

- Address federal or other major research sponsors' priorities in emerging scientific or technology fields;
- Are interdisciplinary, e.g., electrical engineering and medicine or computer science and biology;
- Are collaborative with any combination of Texas public or private institutions of higher education;
- Have a likelihood of leading to medical or scientific breakthroughs;
- Have a demonstrable economic development benefit to the State of Texas.

Participating entities receiving funding or other incentives under this program must guarantee via contract with the State specific actions to be performed that are expected to provide benefits to the State. Failure to perform those actions by a time certain specified in the contract with the State shall result in the State's financial investment being returned by the participant

Royalties, income, and other benefits realized as a result of projects undertaken with Texas Emerging Technology Fund proceeds shall be divided among the collaborating entities according to terms specified in the contract. The Texas Emerging Technology Fund will also define in the contract a percentage or royalties, income, or financial benefits from each project to be placed back into the fund.

3. Acquisition of Research Superiority

Twenty-five percent (25% or \$75 million) of Texas Emerging Technology Fund appropriations shall be reserved to acquire new or enhance existing Research Superiority at Texas public institutions of higher education. Proposals eligible for funding shall be recommended to the Governor, Lt. Governor, and Speaker by the Texas Emerging Technology Committee described above.

“Research Superiority” is defined as two or more world class or nationally recognized researchers and associated assistants. Eligible Research Superiority must be related to eligible industries defined above.

The Texas Emerging Technology Committee shall solicit and identify institutional proposals to create new Research Superiority, to attract existing Research Superiority from non-Texas institutions or other research entities, or to enhance existing Research Superiority by attracting additional non-state researchers and resources.

The Committee shall recommend Research Superiority for funding from the Texas Emerging Technology Fund to the Governor, Lt. Governor, and Speaker.

Funds awarded for Research Superiority may be used for research and research capability acquisition, including: salaries and benefits, travel, consumable supplies, other operating expenses, capital equipment, and construction or renovation of facilities.

Any Texas institution that violates the integrity of the proposal process by attempting to attract Research Superiority or an individual key researcher identified for consideration will lose all program participation eligibility for three years.

Priority will be given to proposals that:

- Involve scientific or technical fields that have a reasonable probability of enhancing Texas' national and global economic competitiveness;
- Could lead to medical or scientific breakthroughs;
- Are interdisciplinary;
- Have or can attract federal and other funding for the Research Superiority;
- Are likely to create a nationally or internationally recognized locus of Research Superiority;
- Are matched with other funds available to the institution or institutions.

Participating entities receiving funding or incentives under this program must document specific benefits that the State may expect to gain as a result of attracting the Research Superiority. This documentation of anticipated benefits must be established prior to final contract agreement. Failure to realize the benefits as determined by periodic program review and by a time specified via contract with the State may result in the State's financial investment being terminated.

Royalties, income, and other benefits realized as a result of projects undertaken with Texas Emerging Technology Fund proceeds shall be divided among the collaborating entities according to terms specified via contract. The Texas Emerging Technology Fund will also define in the contract a percentage or royalties, income, or financial benefits from each project to be placed back into the fund.