

1 HOUSE BILL NO. 368

2 INTRODUCED BY D. HEDGES

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE RESEARCH AND
5 COMMERCIALIZATION EXPENDABLE TRUST MAY BE USED FOR GRANTS FOR PRODUCTION
6 AGRICULTURE RESEARCH AND COMMERCIALIZATION PROJECTS; AMENDING SECTIONS 90-3-1002
7 AND 90-3-1003, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 90-3-1002, MCA, is amended to read:

12 **"90-3-1002. Research and commercialization expendable trust.** (1) There is a research and
13 commercialization expendable trust fund within the state treasury. The purpose of the fund is to establish
14 a permanent source of funding for research and commercialization projects to be conducted at research
15 and commercialization centers in the state.

16 (2) The research and commercialization expendable trust fund must be invested by the board of
17 investments. Earnings on the expendable trust fund must be deposited in the fund for distribution pursuant
18 to 90-3-1003(3), (4), and ~~(5)~~ (6) (7)."

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20 **Section 2.** Section 90-3-1003, MCA, is amended to read:

21 **"90-3-1003. Research and commercialization expendable trust -- use.** (1) The research and
22 commercialization expendable trust fund provided for in 90-3-1002 is statutorily appropriated, as provided
23 in 17-7-502, to the board of research and commercialization technology, provided for in 2-15-1819, for
24 the purposes provided in this section.

25 (2) The establishment of the expendable trust fund in 90-3-1002 is intended to enhance the
26 economic growth opportunities for Montana and constitute a public purpose.

27 (3) The expendable trust fund may be used only for:

28 (a) loans that are to be used for research and commercialization projects to be conducted at
29 research and commercialization centers located in Montana;

30 (b) grants that are to be used for production agriculture research and commercialization projects

1 to be conducted at research and commercialization centers located in Montana; or ~~for~~

2 (c) matching funds for grants from nonstate sources that are to be used for research and
3 commercialization projects to be conducted at research and commercialization centers located in Montana.

4 (4) At least 20% of the investments—made trust funds approved for research and
5 commercialization projects must be directed toward projects that enhance production agriculture. ~~An~~
6 ~~amount allocated for matching funds must be matched by at least a 1-to-1 ratio.~~

7 (5) AN APPLICANT FOR A GRANT SHALL PROVIDE MATCHING FUNDS FROM NONSTATE SOURCES EQUAL TO 25%
8 OF TOTAL PROJECT COSTS. THE REQUIREMENT TO PROVIDE MATCHING FUNDS IS A QUALIFIER, BUT NOT A CRITERION, FOR
9 APPROVAL OF A GRANT.

10 ~~(4)(5)(6)~~ The board shall establish policies, procedures, and criteria that achieve the objectives in
11 ~~their~~ its research and commercialization strategic plan for the awarding of grants and loans. The criteria
12 must include:

13 (a) the project's potential to diversify or add value to a traditional basic industry of the state's
14 economy;

15 (b) whether the project shows promise for enhancing technology-based sectors of Montana's
16 economy or promise for commercial development of discoveries;

17 (c) whether the project employs or otherwise takes advantage of existing research and
18 commercialization strengths within the state's public university and private research establishment;

19 (d) whether the project involves a realistic and achievable research project design;

20 (e) whether the project develops or employs an innovative technology;

21 (f) verification that the project activity is located within the state;

22 (g) whether the project's research team possesses sufficient expertise in the appropriate
23 technology area to complete the research objective of the project;

24 (h) verification that the project was awarded based on its scientific merits, following review by
25 a recognized federal agency, philanthropic foundation, or other private funding source; and

26 (i) whether the project includes research opportunities for students.

27 ~~(5)(6)(7)~~ The board shall direct the state treasurer to distribute funds for approved projects.
28 Unallocated interest and earnings from the expendable trust fund must be retained in the fund.
29 Repayments of loans and any agreements authorizing the board to take a financial right to licensing or
30 royalty fees paid in connection with the transfer of technology from a research and commercialization

1 center to another nonstate organization or ownership of corporate stock in a private sector organization
2 must be deposited in the fund.

3 ~~(6)(7)(8)~~ The board shall refer grant applications to external peer review groups. The board shall
4 compile a list of persons willing to serve on peer review groups for purposes of this section. The peer
5 review group shall review the application and make a recommendation to the board as to whether the
6 application for a grant should be approved. The board shall review the recommendation of the peer review
7 group and either approve or deny a grant application.

8 ~~(7)(8)(9)~~ The board shall identify whether a grant or loan is to be used for basic research, applied
9 research, or some combination of both. For the purposes of this section, "applied research" means
10 research that is conducted to attain a specific benefit or solve a practical problem and "basic research"
11 means research that is conducted to uncover the basic function or mechanism of a scientific question."

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13 NEW SECTION. **Section 3. Saving clause.** [This act] does not affect rights and duties that
14 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
15 act].

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17 NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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