

## HOUSE BILL NO. 715

INTRODUCED BY A. OLSON

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PORTION OF THE RESEARCH AND COMMERCIALIZATION EXPENDABLE TRUST BE USED FOR CLEAN COAL RESEARCH AND DEVELOPMENT PROJECTS OR RENEWABLE RESOURCE RESEARCH AND DEVELOPMENT PROJECTS; AMENDING SECTIONS 90-3-1002 AND 90-3-1003, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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

**"90-3-1002. Research and commercialization account.** (1) There is a research and commercialization special revenue account within the state treasury. The purpose of the account is to establish a permanent source of funding for research and commercialization projects to be conducted at research and commercialization centers in the state and to pay the costs of administering those projects.

(2) The research and commercialization account must be invested by the board of investments. ~~Earnings~~ EXCEPT AS PROVIDED IN 90-3-1003(5)(B), EARNINGS on the account must be deposited in the account for distribution pursuant to 90-3-1003(3), ~~(4)~~, through (5) and ~~(7)~~ (8)."

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

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

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

(3) The account may be used only for:

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

(b) grants that are to be used for production agriculture research and commercialization projects, or CLEAN coal research and development projects, OR RENEWABLE RESOURCE RESEARCH AND DEVELOPMENT PROJECTS

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

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; or

4 (d) administrative costs that are incurred by the board in carrying out the provisions of this part.

5 (4) At least 20% of the account funds approved for research and commercialization projects must be  
6 directed toward projects that enhance production agriculture.

7 (5) (A) At least ~~20%~~ 30% of the account funds approved for research and commercialization projects  
8 must be directed toward projects that enhance CLEAN coal research and development OR RENEWABLE RESOURCE  
9 RESEARCH AND DEVELOPMENT.

10 (B) IF THE BOARD IS NOT IN RECEIPT OF A QUALIFIED APPLICATION FOR A PROJECT TO ENHANCE CLEAN COAL  
11 RESEARCH AND DEVELOPMENT OR RENEWABLE RESOURCE RESEARCH AND DEVELOPMENT, SUBSECTION (5)(A) DOES NOT  
12 APPLY.

13 ~~(5)(6)~~ An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total  
14 project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

15 ~~(6)(7)~~ The board shall establish policies, procedures, and criteria that achieve the objectives in its  
16 research and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

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

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

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

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

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

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

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

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

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

30 ~~(7)(8)~~ The board shall direct the state treasurer to distribute funds for approved projects. Unallocated

1 interest and earnings from the account must be retained in the account. Repayments of loans and any  
2 agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the  
3 transfer of technology from a research and commercialization center to another nonstate organization or  
4 ownership of corporate stock in a private sector organization must be deposited in the account.

5 ~~(8)~~(9) The board shall refer grant applications to external peer review groups. The board shall compile  
6 a list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall  
7 review the application and make a recommendation to the board as to whether the application for a grant should  
8 be approved. The board shall review the recommendation of the peer review group and either approve or deny  
9 a grant application.

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

14 (11) FOR THE PURPOSES OF THIS SECTION:

15 (A) "CLEAN COAL RESEARCH AND DEVELOPMENT" MEANS RESEARCH AND DEVELOPMENT OF PROJECTS THAT  
16 WOULD ADVANCE THE EFFICIENCY, ENVIRONMENTAL PERFORMANCE, AND COST-COMPETITIVENESS OF USING COAL AS AN  
17 ENERGY SOURCE WELL BEYOND THE CURRENT LEVEL OF TECHNOLOGY USED IN COMMERCIAL SERVICE;

18 (B) "RENEWABLE RESOURCE RESEARCH AND DEVELOPMENT" MEANS RESEARCH AND DEVELOPMENT THAT WOULD  
19 ADVANCE:

20 (I) THE USE OF ANY OF THE SOURCES OF ENERGY LISTED IN 69-8-1003(6) TO PRODUCE ELECTRICITY; AND

21 (II) THE EFFICIENCY, ENVIRONMENTAL PERFORMANCE, AND COST COMPETITIVENESS OF USING RENEWABLE  
22 RESOURCES AS AN ENERGY SOURCE WELL BEYOND THE CURRENT LEVEL OF TECHNOLOGY USED IN COMMERCIAL SERVICE."

23  
24 NEW SECTION. Section 3. Notification to tribal governments. The secretary of state shall send a  
25 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
26 Chippewa tribe.

27  
28 NEW SECTION. Section 4. Saving clause. [This act] does not affect rights and duties that matured,  
29 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

1 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2007.

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