

Enrolled Senate Bill 838

Sponsored by Senators DECKERT, JOHNSON, MORSE, Representative BUTLER; Senator WALKER, Representative GREENLICK

CHAPTER

AN ACT

Relating to commercialization of research; creating new provisions; amending ORS 279A.025, 284.540, 285A.114, 293.115, 293.731, 293.761 and 348.696 and section 7, chapter 519, Oregon Laws 2001, sections 18 and 19, chapter 835, Oregon Laws 2001, and section 60, chapter 773, Oregon Laws 2003; repealing ORS 351.676, 351.678, 351.680, 351.683, 351.686, 351.689, 351.690 and 351.691 and section 8b, chapter 6, Oregon Laws 2002 (third special session); appropriating money; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. As used in sections 1 to 11 of this 2005 Act:

(1) "Oregon emerging business" means an emerging growth business as defined in ORS 348.701 that has:

- (a) Fewer than 100 employees; and**
- (b) At least 51 percent of its employees employed in Oregon.**

(2) "Research institution" means:

- (a) A community college as defined in ORS 341.005;**
- (b) A state institution of higher education listed in ORS 352.002;**
- (c) The Oregon Health and Science University public corporation created under ORS 353.020;**

(d) An Oregon-based, generally accredited, not-for-profit private institution of higher education;

- (e) A federal research laboratory conducting research in Oregon; or**
- (f) A private not-for-profit research institution located in Oregon.**

(3) "Traded sector" has the meaning given that term in ORS 285A.010.

SECTION 2. (1) There is created the Oregon Innovation Council consisting of the following voting members:

(a) The Governor or the Governor's designated representative, who shall be chairperson of the council.

(b) Five members appointed by the Governor who are engaged in the operations of Oregon traded sector industries.

(c) One member appointed by the Governor who is a representative of an Oregon-based, generally accredited, not-for-profit private institution of higher education.

(d) A member of the Oregon Growth Account Board, appointed by the board, who has experience in the field of venture capital.

(e) A member of the Engineering and Technology Industry Council, appointed by the Engineering and Technology Industry Council.

(f) The Director of the Economic and Community Development Department.

(g) The Chancellor of the Oregon University System.

(h) The Commissioner for Community College Services.

(i) The State Treasurer.

(2)(a) The Speaker of the House of Representatives shall appoint two members to the council who are members of the House of Representatives.

(b) The President of the Senate shall appoint two members to the council who are members of the Senate.

(c) Members of the Legislative Assembly appointed to the council are nonvoting members and may act in an advisory capacity only.

(3) The following persons, or their representatives, shall serve as ex officio, nonvoting members of the council:

(a) The chairperson of the Oregon Economic and Community Development Commission.

(b) The chairperson of the International Trade Commission.

(c) The president of the State Board of Higher Education.

(d) The chairperson of the State Board of Education.

(e) An executive officer of an association representing Oregon-based, generally accredited, not-for-profit private institutions of higher education, appointed by the Governor.

(4) The term of office of each appointed voting member of the council is three years, but an appointed member serves at the pleasure of the appointing authority. Before the expiration of the term of an appointed voting member, the appointing authority shall appoint a successor whose term begins on July 1 next following. An appointed member is eligible for reappointment. If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective for the remainder of the unexpired term.

(5) A majority of the voting members of the council constitutes a quorum for the transaction of business.

(6) Official action by the council requires the approval of a majority of the voting members of the council.

(7) The council shall meet at least twice per fiscal year at a place, day and time determined by the chairperson. The council may also meet at other times and places specified by a call of the chairperson or by written request of a majority of the voting members of the council.

(8) The council may adopt rules necessary for the operation of the council.

(9) The council may establish committees and delegate to the committees duties as the council considers desirable.

(10) The Economic and Community Development Department shall provide staff support to the council.

(11) Members of the council who are not members of the Legislative Assembly are entitled to compensation and expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for compensation and expenses of members of the council who are public officers shall be paid out of funds appropriated to the public agency that employs the member. Claims for compensation and expenses of members of the council who are not public officers shall be paid out of funds appropriated to the Economic and Community Development Department for that purpose.

(12) All agencies of state government, as defined in ORS 174.111, are directed to assist the council in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the council consider necessary to perform their duties.

SECTION 3. Notwithstanding the term of office specified in section 2 of this 2005 Act, of the members first appointed to the Oregon Innovation Council by the Governor:

- (1) Two shall serve for terms ending June 30, 2007.
- (2) Two shall serve for terms ending June 30, 2008.
- (3) Two shall serve for terms ending June 30, 2009.

SECTION 4. (1) The Oregon Innovation Council shall provide advice to the Governor, the Legislative Assembly, public and private post-secondary educational institutions, public agencies that provide economic development and the private sector on issues related to:

(a) Promoting agreements between public and private post-secondary educational institutions and private industry that increase technology transfer and the commercialization of research;

(b) Promoting investment in specialized research facilities and signature research centers where Oregon has a distinct or emerging advantage for creating new products and businesses;

(c) Stimulating seed and start-up capital investment and entrepreneurial capacity that will promote economic growth in Oregon traded sector industries;

(d) Developing the entrepreneurial and management capacity critical to the competitiveness of Oregon traded sector industries and rapidly growing global markets;

(e) Enhancing the international competitiveness of Oregon traded sector industries; and

(f) Identifying workforce issues for occupations critical to the competitiveness of Oregon traded sector industries, including but not limited to scientific, engineering, information technology and business management occupations.

(2) The Oregon Innovation Council shall advise the Engineering and Technology Industry Council established in ORS 351.663 on how to coordinate the Engineering and Technology Industry Council's goals and policies with the state plan developed under section 5 of this 2005 Act.

(3) The council, the Oregon Economic and Community Development Commission, the State Board of Higher Education and the office of the State Treasurer shall coordinate policies and programs related to the duties of the council.

(4) Based on the state plan developed under section 5 of this 2005 Act, the council may distribute moneys in the Oregon Innovation Fund by grant or pursuant to contracts with public and private post-secondary institutions, state agencies and private sector entities.

SECTION 5. (1) The Oregon Innovation Council shall develop a state plan for innovation and economic competitiveness. The plan shall include policy and program recommendations to:

(a) Identify and expand the state's industry and core research strengths related to Oregon traded sector industries;

(b) Promote agreements between public and private post-secondary educational institutions and private industry that increase technology transfer and the commercialization of research;

(c) Promote investment in specialized research facilities and signature research centers where Oregon has a distinct or emerging advantage for creating new products and businesses; and

(d) Stimulate seed and start-up capital investment and entrepreneurial capacity that will promote economic growth in Oregon traded sector industries.

(2) The state plan shall also include an identification of workforce issues and trends related to the development of workers in trade sector industries and recommendations to the State Workforce Investment Board and the State Board of Education on training and education enhancements based on the identified workforce issues and trends.

(3) The council shall update the plan every biennium.

(4) Each year, the council shall report to the Governor and the Legislative Assembly about the plan.

SECTION 6. The Oregon Innovation Council shall complete the initial state plan required by section 5 of this 2005 Act prior to June 30, 2006.

SECTION 7. There is created within the State Treasury, separate and distinct from the General Fund, the Oregon Innovation Fund. Interest earned by the Oregon Innovation Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Innovation Council for the purpose of making grants and entering into contracts to carry out the recommendations included in the state plan developed under section 5 of this 2005 Act.

SECTION 8. (1) There is created within the State Treasury, separate and distinct from the General Fund, the Oregon Commercialized Research Fund. Interest earned by the Oregon Commercialized Research Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Innovation Council for the purpose of making grants and loans under section 9 of this 2005 Act.

(2) Any moneys received from the Education Stability Fund for deposit in the Oregon Commercialized Research Fund pursuant to ORS 348.696 shall be placed in a separate account within the Oregon Commercialized Research Fund and may be used by the council only for public education.

SECTION 9. (1) The Oregon Innovation Council may make grants and loans from the Oregon Commercialized Research Fund to Oregon emerging businesses.

(2) To qualify for a grant or loan under this section, an Oregon emerging business must enter into an agreement with one or more research institutions to carry out proof of concept activities to:

(a) Establish the commercial potential of research; and
(b) Develop a business concept that can attract early stage private investment, including angel capital and venture capital.

(3) Proof of concept activities for which an Oregon emerging business may receive a grant or loan under this section include:

(a) The development of intellectual property;
(b) The payment of salaries and related expenses for commercialized research;
(c) The acquisition of equipment and supplies required for the proof of concept activities;
and

(d) Other activities as defined by rule of the council.

(4) To receive a grant or loan, the Oregon emerging business or a research institution that has entered into an agreement with the business must agree to provide a cash match equivalent to:

(a) 30 percent of the amount of the grant or loan for businesses with fewer than 20 employees.

(b) 50 percent of the amount of the grant or loan for businesses with 20 or more but fewer than 50 employees.

(c) 75 percent of the amount of the grant or loan for businesses with 50 or more but fewer than 100 employees.

(5)(a) The council shall award grant or loan moneys to an Oregon emerging business in a two-phase contract. Each phase of the contract shall have clearly defined performance measures included in the contract between the business and the council.

(b) Under phase I of the contract, a business may be granted or loaned an initial investment not to exceed \$75,000. Phase I shall also include an agreement that upon successful completion of the performance measures for phase I, the business shall be eligible for funding under phase II. The amount of grant or loan moneys available to a business under both phases may not exceed \$200,000.

(6) The council shall require any Oregon emerging business that receives a grant or loan under this section and that moves more than 50 percent of the employees of the business out of the state within two years after receiving grant or loan moneys to repay the total amount of the grant or loan moneys.

(7) The council shall require an Oregon emerging business that receives a loan under this section to repay the loan within five years after receiving the loan. The council shall deposit any loan moneys received under this subsection in the Oregon Commercialized Research Fund.

(8) The council may award up to 15 percent of the amount of moneys available in the fund for grants or loans:

(a) To the Oregon University System for education of faculty on issues related to developing effective technology transfer and commercialized research processes; and

(b) For other activities as defined by rule of the council.

(9) The council may adopt rules to administer this section. The council shall follow the advice of the Oregon Commercialized Research Fund Advisory Council when adopting rules to administer this section.

SECTION 10. (1) There is created the Oregon Commercialized Research Fund Advisory Council consisting of nine members appointed by the Oregon Innovation Council. The members shall represent private equity investment firms, Oregon traded sector industries and research institutions.

(2) The advisory council shall:

(a) Advise the Oregon Innovation Council about investment criteria for the Oregon Commercialized Research Fund;

(b) Recommend projects to the Oregon Innovation Council that may be eligible for grants or loans from the fund;

(c) Review the performance of projects that are funded by grants or loans from the fund; and

(d) Review the performance of the fund.

(3) A majority of the members of the advisory council constitutes a quorum for the transaction of business.

(4) Official action by the advisory council requires the approval of a majority of the members of the advisory council.

(5) The advisory council shall elect one of its members to serve as chairperson.

(6) If there is a vacancy for any cause, the Oregon Innovation Council shall make an appointment to become immediately effective.

(7) The advisory council shall meet at times and places specified by the call of the chairperson or of a majority of the members of the advisory council.

(8) The Oregon Innovation Council shall provide staff support to the advisory council.

(9) Members of the advisory council are not entitled to compensation, but may be reimbursed for actual and necessary travel and other expenses incurred by them in the performance of their official duties in the manner and amounts provided for in ORS 292.495. Claims for expenses shall be paid out of funds appropriated to the Oregon Innovation Council for that purpose.

(10) All agencies of state government, as defined in ORS 174.111, are directed to assist the advisory council in the performance of its duties and, to the extent permitted by laws relating to confidentiality, to furnish such information and advice as the members of the advisory council consider necessary to perform their duties.

SECTION 11. (1) The Oregon Innovation Council shall establish a signature research center to maximize collaborative ventures among research institutions, the federal government and private industry that will capitalize on opportunities to obtain private and federal funding for the research and development of nanoscience and microscience products, technology and multiscale materials.

(2) The council may contract with a private, not-for-profit corporation for the administration of the center.

SECTION 12. ORS 279A.025 is amended to read:

279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting Code applies to all public contracting.

(2) The Public Contracting Code does not apply to:

(a) Contracts between contracting agencies or between contracting agencies and the federal government;

(b) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and 414.145 for purposes of source selection;

(c) Grants;

(d) Contracts for professional or expert witnesses or consultants to provide services or testimony relating to existing or potential litigation or legal matters in which a public body is or may become interested;

(e) Acquisitions or disposals of real property or interest in real property;

(f) Sole-source expenditures when rates are set by law or ordinance for purposes of source selection;

(g) Contracts for the procurement or distribution of textbooks;

(h) Procurements by a contracting agency from an Oregon Corrections Enterprises program;

(i) The procurement, transportation or distribution of distilled liquor, as defined in ORS 471.001, or the appointment of agents under ORS 471.750 by the Oregon Liquor Control Commission;

(j) Contracts entered into under ORS chapter 180 between the Attorney General and private counsel or special legal assistants;

(k) Contracts for the sale of forest products, as defined in ORS 321.005, from lands owned or managed by the State Board of Forestry and the State Forestry Department;

(L) Contracts for forest protection or forest related activities, as described in ORS 477.406, by the State Forester or the State Board of Forestry;

(m) Sponsorship agreements entered into by the Director of the Oregon State Fair and Exposition Center in accordance with ORS 565.080 (4);

(n) Contracts entered into by the Housing and Community Services Department in exercising the department's duties prescribed in ORS chapters 456 and 458, except that the department's public contracting for goods and services, as defined in ORS 279B.005, is subject to ORS chapter 279B;

(o) Contracts entered into by the State Treasurer in exercising the powers of that office prescribed in ORS chapters 178, 286, 287, 288, 289, 293, 294 and 295, including but not limited to investment contracts and agreements, banking services, clearing house services and collateralization agreements, bond documents, certificates of participation and other debt repayment agreements, and any associated contracts, agreements and documents, regardless of whether the obligations that the contracts, agreements or documents establish are general, special or limited, except that the State Treasurer's public contracting for goods and services, as defined in ORS 279B.005, is subject to ORS chapter 279B;

(p) Energy savings performance contracts;

(q) Contracts, agreements or other documents entered into, issued or established in connection with:

(A) The incurring of debt by a public body, including but not limited to the issuance of bonds, certificates of participation and other debt repayment obligations, and any associated contracts, agreements or other documents, regardless of whether the obligations that the contracts, agreements or other documents establish are general, special or limited;

(B) The making of program loans and similar extensions or advances of funds, aid or assistance by a public body to a public or private body for the purpose of carrying out, promoting or sustaining activities or programs authorized by law; or

(C) The investment of funds by a public body as authorized by law, and other financial transactions of a public body that by their character cannot practically be established under the competitive contractor selection procedures of ORS 279B.050 to 279B.085;

(r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221, 243.275, 243.291, 243.303 and 243.565; or

(s) Any other public contracting of a public body specifically exempted from the code by another provision of law.

(3) The Public Contracting Code does not apply to the public contracting activities of:

(a) The Oregon State Lottery Commission;

(b) The Oregon University System and member institutions, except as provided in ORS 351.086;

(c) The legislative department;

(d) The judicial department;

(e) Semi-independent state agencies listed in ORS 182.451, 182.452 and 182.454, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(f) Oregon Corrections Enterprises;

(g) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to 279A.290;

(h) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

(i) The Appraiser Certification and Licensure Board, except as provided in ORS 279.835 to 279.855 and 279A.250 to 279A.290;

(j) The Oregon Innovation Council; or

[(j)] (k) Any other public body specifically exempted from the code by another provision of law.

(4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with qualified nonprofit agencies providing employment opportunities for disabled individuals under ORS 279.835 to 279.855.

SECTION 13. ORS 293.115 is amended to read:

293.115. The following moneys shall be separate and distinct from the General Fund:

(1) Moneys paid into the State Treasury for fiduciary purposes and moneys that are in trust funds, as defined in ORS 291.002.

(2) Moneys by law directed and required to be placed by the State Treasurer to the credit of:

(a) The Agricultural College Fund principal and the interest accruing from the investment thereof.

(b) The Burbank Trust Fund and the interest accruing from the investment thereof.

(c) The Common School Fund and the interest accruing from the investment thereof.

(d) The Industrial Accident Fund under ORS 656.632 and the interest accruing from the investment thereof.

(e) The Consumer and Business Services Fund under ORS 705.145 and the interest accruing from the investment thereof.

(f) The Workers' Benefit Fund created in ORS 656.605 and the interest accruing from the investment thereof.

(g) The University Fund principal and the interest accruing from the investment thereof.

(h) The University of Oregon Villard Endowment Interest Fund.

[(i) The Higher Education Technology Transfer Fund created by ORS 351.691 and the interest accruing therefrom.]

[(j) The Higher Education Technology Transfer Account created in section 2, chapter 835, Oregon Laws 2001, and the interest accruing from the investment thereof.]

(i) The Oregon Commercialized Research Fund created by section 8 of this 2005 Act and the interest accruing from the investment thereof.

(j) The Oregon Innovation Fund created by section 7 of this 2005 Act and the interest accruing from the investment thereof.

(3) All sums received by the state from the federal government from forest reserves, rentals, sales of timber and other sources from forest reserves, under ORS 293.560 and the interest accruing from the investment thereof.

(4) All sums received from the five percentum of sales of public lands and apportioned under ORS 272.085 and the interest accruing from the investment thereof.

(5) All sums received from the federal government under ORS 293.565 to 293.575 under Mineral Leasing Act, federal Flood Control Act and the Taylor Grazing Act and the interest accruing from the investment thereof.

(6) Any other funds or accounts created by law that are not specifically established in the law creating them as funds or accounts in the General Fund.

SECTION 14. ORS 293.115, as amended by section 8, chapter 835, Oregon Laws 2001, and section 4, chapter 81, Oregon Laws 2003, is amended to read:

293.115. The following moneys shall be separate and distinct from the General Fund:

(1) Moneys paid into the State Treasury for fiduciary purposes and moneys that are in trust funds, as defined in ORS 291.002.

(2) Moneys by law directed and required to be placed by the State Treasurer to the credit of:

(a) The Agricultural College Fund principal and the interest accruing from the investment thereof.

(b) The Burbank Trust Fund and the interest accruing from the investment thereof.

(c) The Common School Fund and the interest accruing from the investment thereof.

(d) The Industrial Accident Fund under ORS 656.632 and the interest accruing from the investment thereof.

(e) The Consumer and Business Services Fund under ORS 705.145 and the interest accruing from the investment thereof.

(f) The Workers' Benefit Fund created in ORS 656.605 and the interest accruing from the investment thereof.

(g) The University Fund principal and the interest accruing from the investment thereof.

(h) The University of Oregon Villard Endowment Interest Fund.

[(i) The Higher Education Technology Transfer Fund created by ORS 351.691 and the interest accruing therefrom.]

(i) The Oregon Commercialized Research Fund created by section 8 of this 2005 Act and the interest accruing from the investment thereof.

(j) The Oregon Innovation Fund created by section 7 of this 2005 Act and the interest accruing from the investment thereof.

(3) All sums received by the state from the federal government from forest reserves, rentals, sales of timber and other sources from forest reserves, under ORS 293.560 and the interest accruing from the investment thereof.

(4) All sums received from the five percentum of sales of public lands and apportioned under ORS 272.085 and the interest accruing from the investment thereof.

(5) All sums received from the federal government under ORS 293.565 to 293.575 under Mineral Leasing Act, federal Flood Control Act and the Taylor Grazing Act and the interest accruing from the investment thereof.

(6) Any other funds or accounts created by law that are not specifically established in the law creating them as funds or accounts in the General Fund.

SECTION 15. ORS 293.731 is amended to read:

293.731. Subject to the objective set forth in ORS 293.721 and the standards set forth in ORS 293.726, the Oregon Investment Council shall formulate policies for the investment and reinvestment of moneys in the investment funds and the acquisition, retention, management and disposition of investments of the investment funds. The council, from time to time, shall review those policies and make changes therein as it considers necessary or desirable. The council may formulate separate policies for any fund included in the investment funds. This section does not apply to the Oregon Growth Account, *[and to] the Oregon Growth Account Board, [or to the Higher Education Technology Transfer Account and the Higher Education Technology Transfer Account Board]* **the Oregon Commercialized Research Fund, the Oregon Innovation Fund or the Oregon Innovation Council.**

SECTION 16. ORS 293.731, as amended by section 15b, chapter 922, Oregon Laws 2001, is amended to read:

293.731. Subject to the objective set forth in ORS 293.721 and the standards set forth in ORS 293.726, the Oregon Investment Council shall formulate policies for the investment and reinvestment of moneys in the investment funds and the acquisition, retention, management and disposition of investments of the investment funds. The council, from time to time, shall review those policies and make changes therein as it considers necessary or desirable. The council may formulate separate policies for any fund included in the investment funds. This section does not apply to the Oregon Growth Account, [or to] the Oregon Growth Account Board, **the Oregon Commercialized Research Fund, the Oregon Innovation Fund or the Oregon Innovation Council.**

SECTION 17. ORS 293.761 is amended to read:

293.761. The investment officer shall report quarterly to the officer or body having control and administration of each fund included in the investment funds the changes in investments made during the preceding month for the fund. If requested by the officer or body, the investment officer shall furnish to the officer or body the details on the investment transactions for any fund. The investment officer shall separately identify investments held in the Oregon Growth Account established in ORS 348.702, the Oregon Resource and Technology Development Subaccount established in ORS 348.706 and the [*Higher Education Technology Transfer Account created in section 2, chapter 835, Oregon Laws 2001,*] **Oregon Commercialized Research Fund created in section 8 of this 2005 Act** as part of the report on the Education Stability Fund required by this section.

SECTION 18. ORS 293.761, as amended by section 16b, chapter 922, Oregon Laws 2001, and section 11, chapter 6, Oregon Laws 2002 (third special session), is amended to read:

293.761. The investment officer shall report quarterly to the officer or body having control and administration of each fund included in the investment funds the changes in investments made during the preceding month for the fund. If requested by the officer or body, the investment officer shall furnish to the officer or body the details on the investment transactions for any fund. The investment officer shall separately identify investments held in the Oregon Growth Account established in ORS 348.702, [*and*] the Oregon Resource and Technology Development Subaccount established in ORS 348.706 **and the Oregon Commercialized Research Fund created in section 8 of this 2005 Act** as part of the report on the Education Stability Fund required by this section.

SECTION 19. ORS 348.696 is amended to read:

348.696. Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education Stability Fund is established separate and distinct from the General Fund. Except for earnings on moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided in ORS 293.701 to 293.790. All declared earnings on moneys in the fund shall be transferred and appropriated continuously as follows:

(1) All declared earnings from the Oregon Growth Account to the [*Higher Education Technology Transfer Fund established in ORS 351.691*] **Oregon Commercialized Research Fund created in section 8 of this 2005 Act;**

[(2) *All declared earnings from the Higher Education Technology Transfer Account to the Department of Higher Education;*]

[(3)] **(2)** 75 percent of all declared earnings not described in subsection (1) [*or (2)*] of this section to the Oregon Education Fund established by ORS 348.716; and

[(4)] **(3)** 25 percent of all declared earnings not described in subsection (1) [*or (2)*] of this section to the Oregon Student Assistance Commission for the Oregon Opportunity Grant program under ORS 348.260.

SECTION 20. ORS 348.696, as amended by section 28, chapter 922, Oregon Laws 2001, and section 3, chapter 6, Oregon Laws 2002 (third special session), is amended to read:

348.696. Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education Stability Fund is established separate and distinct from the General Fund. Except for earnings on moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided in ORS 293.701 to 293.790. All declared earnings on moneys in the fund shall be transferred and appropriated continuously as follows:

(1) All declared earnings from the Oregon Growth Account to the [*Higher Education Technology Transfer Fund established in ORS 351.691*] **Oregon Commercialized Research Fund created in section 8 of this 2005 Act;**

(2) 75 percent of all declared earnings not described in subsection (1) of this section to the Oregon Education Fund established [*in*] **by** ORS 348.716; and

(3) 25 percent of all declared earnings not described in subsection (1) of this section to the Oregon Student Assistance Commission for the Oregon Opportunity Grant program under ORS 348.260.

SECTION 21. Section 7, chapter 519, Oregon Laws 2001, is amended to read:

Sec. 7. Sections 1 to 6 [*of this 2001 Act*], **chapter 519, Oregon Laws 2001**, are repealed on [*January 2, 2006*] **the effective date of this 2005 Act.**

SECTION 22. Section 18, chapter 835, Oregon Laws 2001, is amended to read:

Sec. 18. [*If the amendment to section 6, Article XI of the Oregon Constitution, proposed by Senate Joint Resolution 17 (2001) is approved by the people at a special election held throughout this state on the same date as the next biennial primary election,*] Sections 1 to 6 [*of this 2001 Act*], **chapter 835, Oregon Laws 2001**, are repealed on [*July 1, 2011*] **the effective date of this 2005 Act.**

SECTION 23. Section 19, chapter 835, Oregon Laws 2001, as amended by section 29, chapter 922, Oregon Laws 2001, is amended to read:

Sec. 19. [*If the amendment to section 6, Article XI of the Oregon Constitution, proposed by Senate Joint Resolution 17 (2001) is approved by the people at a special election held throughout this state on the same date as the next primary election,*] Any securities, property or moneys held in the Higher Education Technology Transfer Account shall be transferred to the Oregon Resource and Technology Development Subaccount on [*June 30, 2011*] **the effective date of this 2005 Act.**

SECTION 24. ORS 284.540 is amended to read:

284.540. (1) There is established the Governor's Council on Oregon's Economy.

(2) The members of the council are:

(a) The presiding officer of the Oregon Economic and Community Development Commission;

(b) The chairperson of the Oregon Transportation Commission;

(c) The chairperson of the State Board of Agriculture;

(d) The chairperson of the International Trade Commission;

[*(e) The chairperson of the Oregon Council for Knowledge and Economic Development;*]

[*(f)*] **(e)** The president of the State Board of Higher Education; and

[*(g)*] **(f)** Other persons designated by the Governor.

(3) The council shall meet quarterly to:

(a) Discuss and coordinate the activities of each entity described in subsection (2) of this section that relate to economic development and improving the economy in Oregon; and

(b) Discuss and recommend to the Legislative Assembly methods for creating certainty for the development process.

SECTION 25. ORS 285A.114 is amended to read:

285A.114. (1) In consultation with local governments, the Oregon Economic and Community Development Commission shall establish regions for the purpose of job development and community assistance. When establishing the regions, the commission must consider the optimal size for each region that will most effectively facilitate economic development activities in the region. Regions established by the commission do not have to be of the same size or population.

(2) The Director of the Economic and Community Development Department shall provide for economic innovation coordination in the central office, which shall assist the field representatives in[.]

[*(a)*] establishing contacts between local businesses and universities and community colleges in Oregon to promote the use of the research capacities of these institutions for development of new products[; and]

[(b) Serving as a liaison between the clients of the Economic and Community Development Department and the Oregon Council for Knowledge and Economic Development to promote effective linkage between regional economic development efforts and technological advances in Oregon].

SECTION 26. Section 60, chapter 773, Oregon Laws 2003, is amended to read:

Sec. 60. (1) The Oregon Economic and Community Development Commission shall establish regions for the purpose of job development and community assistance by the Economic and Community Development Department. When establishing the regions, the commission must consider the optimal size for each region that will most effectively facilitate economic development activities in the region. Regions established by the commission do not have to be of the same size or population.

(2) The Director of the Economic and Community Development Department shall provide for economic innovation coordination in the central office, which shall assist the field representatives in[.]

[(a)] establishing contacts between local businesses and universities and community colleges in Oregon to promote the use of the research capacities of these institutions for development of new products[; and]

[(b) Serving as a liaison between the clients of the Economic and Community Development Department and the Oregon Council for Knowledge and Economic Development to promote effective linkage between regional economic development efforts and technological advances in Oregon].

SECTION 27. Section 8b, chapter 6, Oregon Laws 2002 (third special session), is repealed.

SECTION 28. Any moneys in the Higher Education Technology Transfer Fund shall be transferred to the Oregon Commercialized Research Fund on the effective date of this 2005 Act.

SECTION 29. (1) There is allocated to the Oregon Innovation Council from the Administrative Services Economic Development Fund the amount identified in subsection (2) of this section.

(2) Notwithstanding any other law limiting expenditures, the amount of \$7 million is established for the biennium beginning July 1, 2005, as the maximum limit for payment of expenses by the Oregon Innovation Council from the Administrative Services Economic Development Fund for a signature research center.

(3) The allocation of moneys from the Administrative Services Economic Development Fund under this section is subject to the requirements in section 4, Article XV of the Oregon Constitution, for deposit of specified amounts of the net proceeds from the Oregon State Lottery into the Education Stability Fund and into the Parks and Natural Resources Fund and shall be made only after satisfaction or payment of:

(a) Amounts allocated to Westside lottery bonds issued under ORS 391.140 or to the reserves or any refunding related to the Westside lottery bonds in accordance with the priority for allocation and disbursement established by ORS 391.130;

(b) All liens, pledges or other obligations relating to lottery bonds or refunding lottery bonds that are due or payable during the biennium beginning July 1, 2005; and

(c) Amounts required by any other pledges of, or liens on, net proceeds from the Oregon State Lottery.

SECTION 30. ORS 351.676, 351.678, 351.680, 351.683, 351.686, 351.689, 351.690 and 351.691 are repealed.

SECTION 31. This 2005 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect on July 1, 2005.

Passed by Senate June 30, 2005

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Secretary of Senate

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President of Senate

Passed by House August 1, 2005

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Speaker of House

Received by Governor:

.....M,....., 2005

Approved:

.....M,....., 2005

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Governor

Filed in Office of Secretary of State:

.....M,....., 2005

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Secretary of State