

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

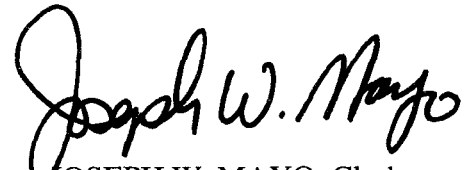
No. 2243

H.P. 1598

House of Representatives, May 26, 1999

An Act to Promote Research and Development Activities in Maine.

Reported by Representative COWGER for the Joint Select Committee on Research and Development pursuant to Joint Order H.P. 0005


JOSEPH W. MAYO, Clerk

2 Fund, to be used to fund
3 applied research and
4 development at the University
5 of Maine System.

6

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PART C

10 **Sec. C-1. Appropriation.** The following funds are appropriated
11 from the General Fund to carry out the purposes of this Part.

12

1999-00 **2000-01**

14

**ECONOMIC AND COMMUNITY DEVELOPMENT,
16 DEPARTMENT OF**

18

**Administration - Economic and
19 Community Development**

20

21	Positions - Legislative Count	(1,000)	(1,000)
22	Personal Services	\$85,940	\$86,539

24

Provides for the
25 appropriation of funds for
26 one Maine Technology
27 Institute Director position.

28

**Administration - Economic and
30 Community Development**

31

32	All Other	2,914,060	6,913,461
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34

Provides for the
35 appropriation of funds for
36 research and development
37 grants for the Maine
38 Technology Institute.

40

**Administration - Economic and
41 Community Development**

42

43	All Other	200,000	200,000
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44

Provides for the
45 appropriation of funds from a
46 transfer of funding for the
47 Maine Technology Investment

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2	Fund from the Maine Science and Technology Foundation.		
4	DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
6	TOTAL	<u>\$3,200,000</u>	<u>\$7,200,000</u>
8	MAINE SCIENCE AND TECHNOLOGY FOUNDATION		
10	Maine Science and Technology Foundation		
12	All Other	(\$200,000)	(\$200,000)
14	Provides for the		
16	deappropriation of funds for		
18	the transfer of funding for		
20	the Maine Technology		
22	Investment Fund to the		
24	Department of Economic and		
26	Community Development.		
28	MAINE SCIENCE AND TECHNOLOGY FOUNDATION		
30	TOTAL	<u>(\$200,000)</u>	<u>(\$200,000)</u>
32	TOTAL APPROPRIATIONS	<u>\$3,000,000</u>	<u>\$7,000,000</u>

PART D

Sec. D-1. 20-A MRSA §10952, sub-§7, as amended by PL 1997, c. 24, Pt. R, §1, is further amended to read:

7. Borrow money. To borrow money pursuant to this chapter and issue evidences of indebtedness to finance the acquisition, construction, reconstruction, improvement or equipping of any one project, or more than one, or any combination of projects, or to refund evidences of indebtedness hereafter issued or to refund general obligation debt of the State, or to refund any such refunding evidences of indebtedness or for any one, or more than one, or all of those purposes, or any combination of those purposes, and to provide for the security and payment of those evidences of indebtedness and for the rights of the holders of them, except that any borrowing pursuant to this chapter, exclusive of borrowing to refund evidences of indebtedness, to refund general obligation debt of the State, or to fund issuance costs or necessary reserves, may not exceed in the aggregate principal amount outstanding at any time \$100,000,000 \$150,000,000, and except that no borrowing may be effected pursuant to this chapter unless the amount of the borrowing and the project or projects are submitted to the legislative Office

of Fiscal and Program Review for review by the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs at least 60 days before closing on such borrowing for the project or projects is to be initiated;

Sec. D-2. Increase in borrowing authority. The increase in the borrowing authority, pursuant to the Maine Revised Statutes, Title 20-A, section 10952, subsection 7, must be used primarily to fund capital improvements to support research and development in the University of Maine System.

Sec. D-3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

2000-01

**UNIVERSITY OF MAINE SYSTEM,
BOARD OF TRUSTEES OF THE**

**Educational and General
Activities - UMS**

All Other \$2,500,000

Provides funds for the 2nd year of the biennium to fund debt service payment on the \$25,000,000 university bond issue for capital improvements to support research and development in the University of Maine System.

PART E

Sec. E-1. State Research Library for Business, Science and Technology. The Raymond H. Fogler Library at the University of Maine is designated the State Research Library for Business, Science and Technology. The purpose of the library is to serve the people of the State by providing research and development information services in the areas of business, science and technology.

Sec. E-2. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

2		1999-00	2000-01
4	UNIVERSITY OF MAINE SYSTEM,		
	BOARD OF TRUSTEES OF THE		
6			
8	Educational and General		
	Activities - UMS		
10	All Other	\$250,000	\$750,000
12	Provides funds for the		
14	purchase of information		
16	resources and equipment and		
18	staff support for the State		
	Research Library for		
	Business, Science and		
	Technology.		

20

22 **PART F**

24 **Sec. F-1. Appropriation.** The following funds are appropriated
 26 from the General Fund to carry out the purposes of this Part.

26

28		1999-00	2000-01
30	MARINE RESOURCES, DEPARTMENT OF		
32	Governor's Marine Studies		
	Fellowship Program		
34			
	All Other	\$50,000	\$50,000
36			
38	Provides funds for the		
40	Governor's Marine Studies		
	Fellowship Program.		

42 **PART G**

44 **Sec. G-1. Appropriation.** The following funds are appropriated
 46 from the General Fund to carry out the purposes of this Part.

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48		1999-00	2000-01
	UNIVERSITY OF MAINE SYSTEM,		

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BOARD OF TRUSTEES OF THE

**Educational and General
Activities - UMS**

All Other	\$100,000	\$100,000
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Provides funds to create and operate a Center for Advanced Law and Management at the University of Southern Maine.

PART H

Sec. H-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1999-00	2000-01
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FOUNDATION FOR BLOOD RESEARCH

ScienceWorks for ME

All Other	\$75,000	\$75,000
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Provides funds to support the ScienceWorks for ME equipment program to provide adequate laboratory equipment in secondary schools.

PART I

Sec. I-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1999-00	2000-01
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**MAINE SCIENCE AND TECHNOLOGY
FOUNDATION**

**Maine Science and Technology
Foundation**

2 All Other \$75,000 \$75,000
 4 Provides funds to support the
 6 Maine Research Internships
 8 for Teachers and Students
 10 program to provide internship
 12 opportunities in science and
 14 mathematics for teachers and
 16 students.

12 **PART J**

14 **Sec. J-1. Appropriation.** The following funds are appropriated
 16 from the General Fund to carry out the purposes of this Part.

18 **1999-00 2000-01**
 20 **EDUCATION, DEPARTMENT OF**
 22 **Learning Systems**

24 All Other \$75,000 \$75,000
 26 Provides funds to expand the
 28 Department of Education's
 30 partnership with the National
 32 Aeronautic and Space
 34 Administration to provide
 intensive, high-quality
 training in math and science
 for Maine educators.

36 **PART K**

38 **Sec. K-1. 5 MRSA §12004-G, sub-§33-D is enacted to read:**

40	<u>33-D.</u>	<u>Maine</u>	<u>Expenses</u>	<u>5 MRSA</u>
42	<u>Technology</u>	<u>Technology</u>	<u>Only</u>	<u>\$15302</u>
		<u>Institute</u>		

44 **Sec. K-2. 5 MRSA §13070-N is enacted to read:**

46 **§13070-N. Maine Technology Institute Director**
 48

2 1. Appointment. The Governor shall appoint, using a full
and competitive search process and after giving proper
4 consideration to the qualifications in subsection 3, a full-time
Maine Technology Institute Director, referred to in this section
6 as the "director," subject to review by the joint standing or
select committee of the Legislature having jurisdiction over
8 research and development matters and to confirmation by the
Legislature, who serves at the pleasure of the Governor. The
10 director shall report to the commissioner in the execution of the
director's responsibilities.

12 2. Duties. The director serves as the president of the
Maine Technology Institute upon confirmation by the institute's
14 board of directors. The director shall oversee activities of the
institute and has the duties and responsibilities provided in
16 chapter 407.

18 3. Qualifications. The director must have demonstrated
experience in the management of organizations that innovate,
20 commercialize and deploy technology and expertise in integrating
technology commercialization and deployment with economic
22 development.

24 **Sec. K-3. 5 MRSA c. 407** is enacted to read:

26 **CHAPTER 407**

28 **RESEARCH AND DEVELOPMENT**

30 **§15301. Definitions**

32 As used in this chapter, unless the context otherwise
indicates, the following terms have the following meanings.

34 1. Institute. "Institute" means the Maine Technology
36 Institute.

38 2. Targeted technologies. "Targeted technologies" means
biotechnology, aquaculture and marine technology, composite
40 materials technology, environmental technology, advanced
technologies for forestry and agriculture, information technology
42 and precision manufacturing technology. These targeted
technologies may be amended only by the Legislature.

44 **§15302. Maine Technology Institute**

46 1. Establishment. The Maine Technology Institute, as
48 established in section 12004-G, subsection 33-D, is a nonprofit
corporation with public and charitable purposes. The duties,
50 activities and operations of the institute are within the

2 provisions of the federal Internal Revenue Code, Section
3 501(c)(3).

4 2. Purpose. The institute, through a public and private
5 partnership, shall encourage, promote, stimulate and support
6 research and development activity leading to the
7 commercialization of new products and services in the State's
8 technology-intensive industrial sectors to enhance the
9 competitive position of those sectors and increase the likelihood
10 that one or more of the sectors will support clusters of
11 industrial activity and to create new jobs for Maine people.

12 3. Board of Directors of the Maine Technology Institute.
13 The institute is governed and all of its powers exercised by a
14 board of directors, referred to in this chapter as the "board,"
15 consisting of 11 voting members and 3 nonvoting members.

16
17 A. The Governor shall appoint 9 voting directors, 7 of whom
18 must be representatives of targeted technologies. The other
19 2 directors must have demonstrated significant experience in
20 finance, lending or venture capital. In making the
21 appointments from targeted technologies, the Governor shall
22 consider recommendations submitted by representatives of
23 targeted technology sectors. Directors of the board
24 appointed by the Governor are entitled to receive
25 reimbursement at the legislative rate for necessary expenses
26 for their attendance at authorized meetings of the board.

27
28 B. The Commissioner of Economic and Community Development
29 or the commissioner's designee and the Chancellor of the
30 University of Maine System or the chancellor's designee are
31 ex officio voting directors.

32
33 C. The President of the Maine Science and Technology
34 Foundation or the president's designee and the Director of
35 the State Planning Office or the director's designee are ex
36 officio nonvoting directors.

37
38 D. The Maine Technology Institute Director is a nonvoting
39 director.

40
41 4. Terms. Directors of the board appointed by the Governor
42 are appointed for 3-year terms. The terms of the initial
43 appointments are staggered as follows: Three are one-year terms,
44 3 are 2-year terms and 3 are 3-year terms. Those directors may
45 serve no more than 2 consecutive terms. Directors who serve on
46 the board by virtue of their offices serve terms coincident with
47 their terms in office.

2 5. Chair; vice-chair; secretary; treasurer. The board
3 shall elect a chair, a vice-chair, a secretary and a treasurer
4 from among its members. Each officer serves for a one-year term
5 and is eligible for reelection.

6 6. President. The Maine Technology Institute Director at
7 the Department of Economic and Community Development serves as
8 president of the institute upon confirmation by the board. Once
9 every 2 years, the Governor shall submit the Maine Technology
10 Institute Director's name to the board for reappointment.
11 Reappointment is subject to confirmation by the board. The
12 president shall:

14 A. Serve as the liaison between the board and the targeted
15 technology boards;

16 B. Manage the institute's programs, services and staff; and

18 C. Perform such other duties the board considers
19 appropriate.

20 7. Quorum. A majority of the voting directors constitutes
21 a quorum.

22 8. Executive committee. The board may elect an executive
23 committee of not fewer than 6 members who, in intervals between
24 meetings of the board, may transact such business of the
25 institute as the board may authorize from time to time.

26 9. Annual report. By October 15th of each year, the
27 institute shall provide an annual report on its activities to the
28 joint standing or joint select committee of the Legislature
29 having jurisdiction over research and development matters. The
30 institute shall also submit unaudited quarterly financial reports
31 to the joint standing committee or joint select committee of the
32 Legislature having jurisdiction over research and development
33 matters.

34 10. Independent evaluation. By January 14, 2000 and by
35 January 15th of every odd-numbered year, starting in 2001, the
36 institute shall submit to the joint standing committee or joint
37 select committee of the Legislature having jurisdiction over
38 research and development matters an independent evaluation of the
39 performance of the institute. The evaluation must measure firm
40 survival, new product development and process innovations, jobs
41 created and other measures that the evaluator, in consultation
42 with the institute, may establish. The evaluation must consider
43 the institute's strategic role in stimulating economic growth in
44 Maine's targeted technologies.

§15303. Duties of institute

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1. Fiscal agent for public investments in private research and development. The institute is the fiscal agent of the State for all funds appropriated or allocated to the institute. Fiscal duties include the disbursement of funds through grants to private companies, targeted technology incubators and nonprofit research laboratories. Other duties include the accounting, evaluation and monitoring of all activities of the institute and all programs funded in whole or in part by grants from the institute. The institute may fund necessary precursors to commercialization of products and services, including the development of new technologies and processes, the development of product concepts and the manufacture of prototypes.

2. Targeted technology boards. The institute shall work directly with and provide staffing to targeted technology sectors to stimulate and manage the research and development grant process in private companies through technology-specific boards, which are subsidiaries of the board consisting of private sector representatives, scientists and others determined appropriate by representatives of the targeted technology sectors. If the institute's board determines it necessary, the institute shall provide start-up organizational and development grants to those targeted technology sectors. Each technology board may establish goals and objectives for its sector based on state economic development goals, establish research and development priorities, help companies network with each other and advise them on funding opportunities and on the availability of other support services, prepare criteria by which to evaluate proposals, solicit and receive competitive funding proposals, arrange for peer reviews and screen proposals and select those to be forwarded to the board for final evaluation. The board may delegate, based on conditions it determines appropriate, partial or full regranting authority to those technology boards that have demonstrated capacity to execute grants that are likely to lead to commercialization of a new technology or product.

3. Measures of performance. The institute shall develop quantifiable measures of performance to which it will hold all grantees accountable, including, but not limited to, the number of new jobs created by the grant, the amount of sales generated, the number of patents produced and the amount of corporate income taxes paid, and shall require all grantees to report regularly to the institute on those measures during the grant period and for 5 years following the end of the grant period.

4. Adoption of bylaws. The institute shall adopt bylaws, through the board, consistent with this chapter for the governance of its affairs.

2 5. Employees. The institute shall fix, through the board,
the compensation of all employees of the institute.

4 6. Cooperation with associated organizations and the
6 University of Maine System. The institute, in implementing its
powers and duties:

8 A. Shall foster strategic considerations of economic
10 development in the allocation of resources among the
12 targeted technology sectors and promote activities that cut
across technologies and achieve competitive advantages for
14 Maine;

16 B. Shall ensure that the institute's programs reflect the
policies as described in the State's science and technology
18 plan developed by the Maine Science and Technology
Foundation and consult with the Maine Science and Technology
Foundation in the formation of those programs;

20 C. Shall collaborate with the University of Maine System on
22 the development and annual update of an outcome-based 5-year
technology plan that integrates private sector
24 commercialization in the targeted technologies with
university-sponsored research and development; and

26 D. Shall coordinate its priorities with the applied
28 research and development efforts of the University of Maine
System insofar as those efforts are in the targeted
30 technologies and encourage, when possible and appropriate,
companies and research laboratories receiving funds from the
32 institute to establish joint ventures with the university
system.

34 7. Other duties. The institute shall do all things
36 necessary or convenient to carry out the lawful purposes of the
institute under this chapter.

38 §15304. Powers of institute

40 The institute may:

42 1. Suit. Sue or be sued in its own name;

44 2. Application for and receipt of funds. Apply for and
46 receive funds from any private source or governmental entity,
whether by way of grant, donation or loan or in any other
48 manner. The State Controller shall pay the institute's total
state allotment for each fiscal year to the institute on July 1st
50 of that year, and these funds are nonlapsing;

2 **3. Invest funds.** Invest, reinvest and use on behalf of the
3 institute for any of its purposes funds received from any source
4 for carrying out this chapter, including the use of funds for
5 program and administrative costs, and expend interest earnings on
6 those funds as appropriate to implement this chapter;

8 **4. Real and personal property.** Purchase, seek, receive,
9 hold, lease, acquire by foreclosure, operate, manage, license,
10 sell, convey, transfer, grant or lease real and personal
11 property, together with those rights and privileges that may be
12 incidental and appurtenant to the property and the use of the
13 property, including, but not limited to, any real or personal
14 property acquired by the institute from time to time in the
15 satisfaction of debts or enforcement of obligations;

16 **5. Expenditures and obligations regarding real and personal**
17 **property.** Make all expenditures and incur any obligations
18 reasonably required in the exercise of sound business principles
19 to secure possession of, preserve, maintain, insure and improve
20 real and personal property or interests in real and personal
21 property acquired by the institute;

22 **6. Securities.** Acquire, subscribe to, own, hold, sell,
23 assign, transfer, mortgage or pledge the stock, shares, bonds,
24 debentures, notes or other securities and evidences of interest
25 in or indebtedness of any person, firm, corporation, joint stock
26 company, partnership, association or trust and, while the owner
27 or holder thereof, exercise all the rights, powers and privileges
28 of ownership, including the right to vote;

29 **7. Encumbrance of property.** Mortgage, pledge or otherwise
30 encumber any property right or thing of value acquired pursuant
31 to the powers contained in subsection 3, 4 or 5 as security for
32 the payment of any part of the purchase price of the property
33 right or thing of value;

34 **8. Equity investments; loans; contractual arrangements.** In
35 addition to disbursement of funds through grants as described in
36 section 15303, make alone or in participation or cooperation with
37 others direct equity investments in, loans to or any other
38 contractual arrangement allowed by law with private companies,
39 targeted technology incubators and nonprofit research
40 laboratories for the same purposes for which grants may be made.
41 For each disbursement of funds made by the institute, the
42 institute shall require satisfactory evidence of matching funds
43 in cash in an amount equal to the state funds invested in
44 whatever form by the institute in eligible recipients. Matching
45 funds may be in the form of debt or equity, but must be at risk
46 in the business for a minimum of 5 years;

2 9. Royalties. Establish and execute a policy on royalties;

4 10. Employees; contracts and liabilities. Hire and
6 compensate employees, make contracts for goods or services and
 incur liabilities with respect to the same with any entity for
8 any of the purposes described by those contracts and authorized
 by this chapter;

10 11. Debt. Borrow money for any of the purposes authorized
 in this chapter, incur debt, which includes the issuance of
12 bonds, debt, notes or other evidences of indebtedness, whether
 secured or unsecured, and secure the same by mortgage, pledge,
14 deed of trust or other lien on the institute's property, rights
 and privileges of every kind and nature or any part of or
16 interest in any of them;

18 12. Seal. Have and use a corporate seal;

20 13. Pension plans; insurance. Establish and carry out
 pension plans, profit sharing plans and other retirement,
22 incentive or insurance plans for any of its employees; and

24 14. Other powers. Act or do anything necessary or useful
 for carrying out any of its powers, duties or purposes.

26 **§15305. Limitation of powers**

28 The institute may not enter into contracts, obligations or
30 commitments of any kind on behalf of the State or any of its
 agencies, nor does it have the power of eminent domain or any
32 other power not provided to business corporations generally.
 Bonds, notes and other evidences of indebtedness of the institute
34 may not in any way be a debt or liability of the State or
 constitute a pledge of the faith and credit of the State. The
36 institute may not expend more than 7% of funds appropriated per
 biennium by the State for management and related operating costs
38 of the institute.

40 **§15306. Liability of officers, directors and employees**

42 All officers, directors, employees and other agents of the
 institute entrusted with the custody of the securities of the
44 institute or authorized to disburse the funds of the institute
 must be bonded either by a blanket bond or by individual bonds
46 with a minimum limitation of \$100,000 coverage for each person
 covered by the bond or bonds, conditioned upon the faithful
48 performance of their duties. The premiums for the bond or bonds
 must be paid out of the assets of the institute.

50

2 **§15307. Prohibited interests of officers, directors and employees**

4 An officer, director or employee of the institute or a
6 spouse or dependent child of any of those individuals may not
8 receive any direct personal benefit from the activities of the
10 institute in assisting any private entity. This section does not
12 prohibit corporations or other entities with which an officer or
14 director is associated by reason of ownership or employment from
participating in science and technology activities with the
institute if ownership or employment is made known to the board
and the officer or director abstains from voting on matters
relating to that participation. This prohibition does not extend
to incorporators who are not officers or directors of the institute.

16 **§15308. General conditions; dissolution**

18 The institute shall operate as a nonprofit organization
20 consistent with its composition and broad public purposes. The
following conditions apply to the operation or dissolution of the
institute.

22 **1. Net earnings of institute.** No part of the net earnings
24 of the institute may benefit any member, officer, director or
26 employee except that the institute may pay reasonable
compensation for services rendered and otherwise hold, manage and
dispose of its property in furtherance of the purposes of the
institute.

28 **2. Dissolution of institute.** The institute and its
30 corporate existence are terminated on December 31, 2006. On that
32 date, all property purchased with General Fund money and
34 unexpended General Fund appropriations must be transferred to the
State before paying or making provision for the payment of all
other liabilities of the institute. All other property and
36 unexpended funds must be handled according to the provisions
outlined in the bylaws of the institute.

38 **§15309. Liberal construction**

40 This chapter must be construed liberally to effect the
42 interest and purposes of the institute for an improved science
and technology capacity-building effort in the State and must be
broadly interpreted to effect that intent and those purposes.

44 **Sec. K-4. 10 MRSA §947, sub-§3,** as enacted by PL 1997, c. 556,
46 §3, is amended to read:

48 **3. Target areas.** "Target areas" mean means the following
50 economic--sectors targeted technologies identified in Title 5,
chapter 407 for which applied research and development is

2 considered most likely to produce significant benefits to the
people and economy of the State+.

4 A.--~~Aquaculture and marine sciences and technology+~~

6 B.--~~Biotechnology+~~

8 C.--~~Composite materials engineering+~~

10 D.--~~Environmental sciences and technology+-and~~

12 E.--~~Information sciences and technology+~~

14 **Sec. K-5. 10 MRSA §948, sub-§1, ¶F,** as repealed and replaced
by PL 1997, c. 683, Pt. A, §4, is amended to read:

16 F. Providing an annual report to the Governor and the
18 Legislature by January 1st of each regular session of the
Legislature setting forth:

20 (1) The operations ~~and accomplishments~~ of the fund
22 during the fiscal year; and

24 (2) The assets and liabilities of the fund at the end
of its most recent fiscal year; and

26 (3) The annual measurable goals and objectives of the
28 fund, as established by the board, and an assessment of
30 the achievement of those goals and objectives. The
goals and objectives must include, but not be limited
32 to, education, research and development; and

34 **Sec. K-6. Board of Directors of the Maine Technology Institute**
minutes. Until December 30, 2000, the Board of Directors of the
Maine Technology Institute shall submit to the joint standing or
the joint select committee of the Legislature having jurisdiction
over research and development matters minutes of each board
meeting. The minutes must be submitted within 30 days following
each meeting.

40 **Sec. K-7. Transition.** Funding of Centers for Innovation will
42 continue through June 30, 2001, when technology boards can be
established.

44 PART L

46 **Sec. L-1. 5 MRSA §13122-J** is enacted to read:

48 **§13122-J. Comprehensive research and development evaluation**

50

2 The foundation shall develop and submit to the Governor and
3 the Legislature by January 1, 2001 and on the first day of each
4 legislative session every 5 years thereafter an evaluation of
5 state investments in research and development. The evaluation
6 must:

7 1. Outcome measures. Establish outcome measures considered
8 appropriate by public and private practitioners in and outside of
9 the State in the fields of research and development and economic
10 development. Maine practitioners must include, but not be limited
11 to, a representative from the University of Maine System, a
12 representative of the targeted technology sectors, a
13 representative of the Department of Economic and Community
14 Development and representatives of other state agencies having
15 economic development responsibility;

16 2. Independent reviewers. Utilize nationally recognized
17 independent reviewers to assess the competitiveness of the
18 State's technology sectors and the impact of the State's research
19 and development activities on economic development in the State;
20 and

21 3. Recommendations. Make recommendations to the
22 Legislature on existing and proposed state-supported research and
23 development programs and activities to affect technology-based
24 economic development in the State.

25 **Sec. L-2. Plan for comprehensive evaluation of research and**
26 **development investments.** By December 31, 1999, the Maine Science
27 and Technology Foundation shall submit to the Joint Select
28 Committee on Research and Development matters a plan for a
29 comprehensive evaluation of state investments in research and
30 development. The strategy must be developed collaboratively by
31 public, private and nonprofit entities.

PART M

32 **Sec. M-1. 5 MRSA §13131, as enacted by PL 1995, c. 445, §2,**
33 **is amended to read:**

§13131. Establishment of the Maine Technology Capacity Fund

34 The Maine Technology Investment Capacity Fund is established
35 within the Maine Science and Technology Foundation to strengthen
36 employment opportunities in the State by increasing the science
37 and technology investment level through partnerships among the
38 State Government, private enterprise, the Federal Government and
39 private and public research institutions. The fund may be used
40 to match ~~federal,--foundation--or--other--grants--and--to--invest~~
41 ~~directly-----in-----market-oriented-----technology-----extension,~~

2 ~~commercialization--and--development--opportunities~~ public and
3 ~~private funds that provide program or consulting resources to the~~
4 ~~targeted technology sectors to increase their capacity to develop~~
5 ~~into industry clusters. The fund may also be used to support~~
6 ~~best practice studies or to provide technical assistance on a~~
7 ~~contractual basis to enhance the capacity of the targeted~~
8 ~~technology sectors to develop into industry clusters.~~

10 **1. Definitions.** As used in this section, unless the
11 context otherwise indicates, the following terms have the
12 following meanings.

14 A. "Enterprise" means a firm doing business in this State
15 that is engaged or proposes to be engaged in this State in
16 value-added agricultural, natural resource-based or other
17 manufacturing, research and development, or in the provision
18 of knowledge-based services.

20 B. "Fund" means the Maine Technology Investment Capacity
21 Fund.

22 C. "Intellectual property" means any legal protectable
23 materials, including any new information, technologies,
24 inventions, designs, works of authorship, any strain,
25 variety or culture of an organism, or any portion,
26 modification, translation or extension of these items, any
27 processes, mineral discoveries and other legally protectable
28 materials, including know-how and trade secrets, that are
29 generated as a direct and indirect result of investments
30 made by the foundation through contracts, grants or any
31 other legal agreement.

34 D. "Protection of intellectual property rights" means
35 protecting the foundation's rights to intellectual property
36 through intellectual property protection mechanisms,
37 including, but not limited to, patents, copyrights,
38 trademarks, trade secrets and licensing rights.

40 E. "Technology commercialization" means the process of
41 bringing an investment-grade technology out of an enterprise
42 or a private or public laboratory for first-run application
43 in the marketplace.

44 F. "Technology development" means strategically focused
45 research aimed at developing investment-grade technologies
46 essential to market competitiveness. "Technology
47 development" does not refer to basic research, but rather to
48 products, devices, techniques or processes that have
49 advanced beyond the theoretical stage and are in a prototype
50 or industry practice stage.

2 G. "Technology extension" means the introduction and
4 adaptation of off-the-shelf technologies and
6 state-of-the-art management practices to the specific
circumstances of individual firms.

8 **2. Organization.** The board of directors of the foundation
10 has all the powers and authority, not explicitly prohibited by
12 law, necessary or convenient to carry out and effectuate the
functions, duties and responsibilities of the fund, including,
but not limited to:

14 A. Taking actions in partnership with private enterprise,
the Federal Government and private and public research
institutions to:

16 (1) Increase the rate of technology extension across
18 manufacturing and other knowledge-based firms
throughout the State;

20 (2) Increase the amount of technology development
22 occurring in the State; and

24 (3) Increase the rate at which technologies with
26 potential commercial application are moved out of
private and public laboratories into the marketplace;

28 B. Soliciting, borrowing, accepting and receiving money
30 from any public or private source to augment state
contributions to the fund;

32 C. Approving an annual budget for the fund and investing
and expending money from within the fund;

34 D. Contracting with public entities as necessary to further
36 the directives of this section;

38 E. Carrying forward any unexpended state appropriations
into succeeding fiscal years;

40 F. Providing an annual report to the Governor and the
42 Legislature by January 1st of each regular session of the
Legislature within the annual report of the foundation,
44 setting forth:

46 (1) The operations and accomplishments of the fund
48 during the fiscal year; and

2 ~~(2) A capitalization target for the fund to enable the~~
3 ~~State to achieve and maintain competitiveness with~~
4 ~~other states;~~

6 (3) The assets and liabilities of the fund at the end
7 of its most recent fiscal year; and

8 ~~(4) The operations, costs and net income or loss of~~
9 ~~the direct investment pool as described in subsection 3~~
10 ~~and federal and nonstate matching funds;~~

12 G. Owning intellectual property, licensing intellectual
13 property, and negotiating for and collecting royalty rights
14 or otherwise realizing a return on investment made under the
15 fund and all programs of the foundation when appropriate in
16 order to promote the interests and investments of the State
17 in furthering science and technology; and

18 H. Protecting all proprietary information contained in
19 proposals, contracts and grants or any other legal agreement
20 only when such information is likely to involve patentable
21 material that loses its protectable nature when presented in
22 a public forum.

24 **3. Authorized activities.** The board of directors of the
25 foundation ~~shall allocate the resources of the fund to, and has~~
26 ~~the power to transfer resources between~~ may undertake the
27 following activities:

28 A. Matching grants activities, including, but not limited
29 to, federal, private and foundation awards for technology
30 extension, science and technology development and technology
31 commercialization activities that require state funding
32 matches and are considered consistent with the purposes of
33 the fund. Focus areas for investment include, but are not
34 limited to, ~~marine sciences and technologies; environmental~~
35 ~~sciences, technologies and engineering; sensor and materials~~
36 ~~sciences and technologies; wood science and engineering;~~
37 ~~genetics and immunology; and metals and electronics; and~~
38 targeted technologies as defined in chapter 407.

39 B. ~~Direct investment activities that demonstrate and~~
40 ~~develop effective approaches to commercially oriented~~
41 ~~science and technology development and commercialization~~
42 ~~efforts conducted collaboratively among the State~~
43 ~~Government, as represented by the fund, private enterprise,~~
44 ~~the Federal Government and private and public research~~
45 ~~institutions in accordance with the following:~~

2 ~~(1) The board of directors of the foundation shall~~
3 ~~direct funds to commercial activities with high growth~~
4 ~~potential, including, but not limited to, agriculture,~~
5 ~~feed processing and sustainable fisheries, including~~
6 ~~aquaculture, electronics and metals manufacturing,~~
7 ~~energy and environmental technologies, biotechnology,~~
8 ~~biomedicine and biomaterials from the sea, and forest~~
9 ~~products;~~

10 ~~(2) Separate accounts must be established by the~~
11 ~~foundation for the direct investment pool. The board~~
12 ~~of directors of the foundation shall endeavor to~~
13 ~~maintain the resources dedicated to direct investment~~
14 ~~activities as a self-supporting pool once the pool and~~
15 ~~the overall fund have been sufficiently capitalized as~~
16 ~~reflected in the annual report;~~

17 ~~(3) The foundation shall limit its direct investment~~
18 ~~activities to qualified securities in private~~
19 ~~enterprises or public or private laboratories in this~~
20 ~~State. Qualified securities include loans, royalty~~
21 ~~agreements or any other contractual arrangement allowed~~
22 ~~by law between the foundation and a federal, state,~~
23 ~~county or municipal agency, or any individual,~~
24 ~~corporation, enterprise, association or other entity~~
25 ~~involving technology development; and~~

26 ~~(4) The foundation shall, from time to time, release a~~
27 ~~program solicitation that describes eligible activities~~
28 ~~and eligible organizations. All proposal and review~~
29 ~~criteria, procedures and schedules must be included in~~
30 ~~the program solicitation.~~

31 **4. Guidelines.** The board of directors of the foundation
32 shall establish guidelines for:

33 A. The amounts of the revenues generated by the investment
34 of money contained in the fund that may be used to pay the
35 foundation's operating expenses associated with the
36 operation of the fund. The operating expenses may not
37 exceed the indirect cost rate negotiated between the
38 foundation and its cognizant federal agency; and

39 B. Cash and in-kind match requirements based on the
40 activities to be supported with the fund. The foundation
41 shall strive to achieve a minimum match of 1:1, on an annual
42 basis, for matching grant activities supported under the
43 fund.

2 **5. Liquidation and dissolution.** In the event of
3 liquidation or dissolution of the foundation or the fund, any
4 rights or interests in a qualified security or portion of a
5 qualified security purchased with money invested by the State
6 vest in the State. The State is entitled to, in proportion to
7 the amount of investment in the fund by the State, any balance of
8 money remaining in the fund after payment of all debts and
9 obligations upon liquidation or dissolution of the foundation or
10 the fund.

11 **Sec. M-2. Transition.** The Maine Technology Institute
12 established in this Act is the successor to the Maine Technical
13 Investment Fund with respect to direct investment activities.
14 The following provisions apply to the transfer of direct
15 investment activities from the Maine Technology Investment Fund
16 to the Maine Technology Institute.

17 1. The Maine Technology Investment Fund shall cease making
18 direct investments in companies on the effective date of this Act.
19

20 2. Direct investments in companies made by the Maine
21 Technology Investment Fund prior to the effective date of this
22 Act will continue to be managed by the Maine Science and
23 Technology Foundation until June 30, 2000, at which time the
24 management of the investments must be assumed by the Maine
25 Technology Institute and the following transfers must occur.
26

27 A. All responsibilities, power and authority relating to
28 direct investment activities vested in the Maine Technology
29 Investment Fund on June 30, 2000 are transferred to the
30 Maine Technology Institute.
31

32 B. All rules, procedures and guidelines in effect, in
33 operation or adopted on June 30, 2000 by the Maine
34 Technology Investment Fund regarding direct investment
35 activities remain in effect until rescinded, revised or
36 amended by the Maine Technology Institute.
37

38 C. All contracts, agreements and compacts regarding direct
39 investments in effect on June 30, 2000 involving the Maine
40 Technology Investment Fund remain in effect until rescinded,
41 revised or amended by the Maine Technology Institute.
42

43 D. All records, property, equipment, contracts, compacts,
44 data and agreements allocated for the use of the Maine
45 Technology Investment Fund necessary for performing the
46 direct investment activities are transferred to the Maine
47 Technology Institute.
48

FISCAL NOTE

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1999-00 2000-01

APPROPRIATIONS/ALLOCATIONS

General Fund \$10,375,000 \$17,375,000

This bill includes General Fund appropriations totaling \$10,375,000 and \$17,375,000 in fiscal years 1999-00 and 2000-01 to several state departments and agencies to promote research and development activities.

Part A of the bill provides appropriations to the Maine Technical College System in the amount of \$1,000,000 in each of fiscal years 1999-00 and 2000-01 for the initial capitalization of new or expanded catalog programs to meet the employment needs of growing high-technology companies.

Part B of the bill includes General Fund appropriations of \$5,750,000 in each year of the 2000-2001 biennium to the University of Maine System for the long-term funding strategy for the Maine Economic Improvement Fund for applied research and development at the system. The Governor's proposed "Part 2" budget includes appropriations of \$6,000,000 in each year of the biennium for this purpose.

The bill includes General Fund appropriations of \$3,000,000 and \$7,000,000 in fiscal years 1999-00 and 2000-01, respectively, to the Department of Economic and Community Development to support the Maine Technology Institute, including the authorization for a Maine Technology Institute Director position, in Part C of the bill. Part K of the bill provides implementing language for the institute and clarifies that no more than 7% of the funds appropriated in a biennium may be expended for operating costs of the biennium. For the 2000-2001 biennium, operating costs for the institute will be limited to \$700,000. The Governor's proposed "Part 2" budget includes appropriations of \$4,000,000 and \$9,764,636 in fiscal years 1999-00 and 2000-01, respectively, to support the Maine Technology Institute.

The additional costs associated with participating as a member of the board of directors of the Maine Technology Institute can be absorbed by the state department and agency members of the board utilizing existing budgeted resources.

Part C of the bill also includes the transfer of General Fund appropriations of \$200,000 each year to reflect the transfer of administering the Maine Technology Investment Fund from the

2 Maine Science and Technology Foundation to the Department of
Economic and Community Development.

4 In Part D, the bill increases the bonding authority of the
University of Maine System by \$50,000,000, to \$150,000,000, to
6 fund capital improvements to support research and development
activities. Part D also provides the system with an
8 appropriation of \$2,500,000 in fiscal year 2000-01 to fund the
first of an estimated 15 years of debt service payments related
10 to the issuance of approximately \$25,000,000 of these bonds in
fiscal year 2000-01. Assured revenue borrowing effected by the
12 University of Maine under current practice has been directly
related to specific projects that would raise sufficient revenue
14 to service the debt. The appropriation in this bill would change
that practice by authorizing, in effect, a lease appropriation
16 bond whereby the General Fund appropriation will be used to
service the new debt.

18
20 Part E of the bill provides additional appropriations to the
University of Maine System amounting to \$250,000 and \$750,000 in
22 fiscal years 1999-00 and 2000-01, respectively, for information
resources, equipment and staff support for the State Research
Library for Business, Science and Technology.

24
26 Parts F through J include General Fund appropriations that
support a number of educational initiatives. \$50,000 is provided
in each year to the Department of Marine Resources for the
28 Governor's Marine Studies Fellowship Program; \$100,000 is
provided annually to the University of Maine System to create and
30 operate a Center for Advanced Law and Management at the
University of Southern Maine; the Foundation for Blood Research
32 is provided \$75,000 annually to support the ScienceWorks for ME
equipment program; \$75,000 per year is included for the Maine
34 Science and Technology Foundation to support the Maine Research
Internships for Teachers and Students program; and amounts of
36 \$75,000 annually are provided to the Department of Education to
expand the department's partnership with the National Aeronautic
38 and Space Administration.

40 The Maine Science and Technology Foundation will incur some
minor additional costs to periodically develop an evaluation of
42 state investments in research and development and to submit that
evaluation to the Governor and the Legislature. These costs can
44 be absorbed within the foundation's existing budgeted resources.

46
SUMMARY

48
50 Part A appropriates \$1,000,000 per year in the next biennium
to the Maine Technical College System for the initial

2 capitalization of new or expanded catalog programs at the
3 technical colleges to serve new and emerging high-technology
4 industries.

6 Part B appropriates funds to the Maine Economic Improvement
7 Fund, administered by the Board of Trustees of the University of
8 Maine System Board of Trustees, to support applied research and
9 development and product innovation in target areas within the
10 University of Maine System.

12 Part C appropriates a total of \$10,000,000 for the biennium
13 to the Department of Economic and Community Development for
14 research and development grants for the Maine Technology
15 Institute. It also transfers \$200,000 in each fiscal year of the
16 biennium from the Maine Technology Investment Fund for the Maine
17 Technology Institute.

18 Part D increases the borrowing authority of the University
19 of Maine System. It appropriates funds to fund debt service
20 payment on a university bond issue for capital construction in
21 the University of Maine System to renovate and construct research
22 facilities for use by university researchers and students,
23 research collaborators and private sector partners.

24 Part E designates the Raymond H. Fogler Library at the
25 University of Maine as the State Research Library for Business,
26 Science and Technology. It also appropriates funds to the
27 University of Maine System for the purchase of information
28 resources, equipment and staff support for the State Research
29 Library for Business, Science and Technology.

32 Part F appropriates funds to the Governor's Marine Studies
33 Fellowship Program to provide support for undergraduate and
34 graduate students enrolled in state-chartered colleges and
35 universities to work with researchers in academic institutions,
36 marine industries and marine industry associations.

38 Part G appropriates funds to create and support a Center for
39 Advanced Law and Management at the University of Southern Maine.
40 The center will strengthen the competitive advantage of Maine
41 firms and entrepreneurs by creating a forum to address many of
42 the complex issues that affect technology-based businesses.

44 Part H appropriates funds to the Foundation for Blood
45 Research for the ScienceWorks for ME equipment donation program.
46 This funding will support expansion of the program to reach more
47 schools with more equipment.

48 Part I appropriates funds to the Maine Science and
50 Technology Foundation for the Maine Research Internships for

2 Teachers and Students (MERITS) program. This funding will allow
the MERITS program to continue.

4 Part J appropriates funds to support the expansion of the
Department of Education's partnership with the National
6 Aeronautic and Space Administration (NASA). Through the
partnership, the Department of Education will use NASA materials
8 and technology for professional development, curriculum
development and teacher and student internships.

10 Part K establishes the Maine Technology Institute as a
private nonprofit corporation with a public purpose. The
12 institute is governed by a board of 9 private sector members
appointed by the Governor; the Commissioner of Economic and
14 Community Development; the Chancellor of the University of Maine
System; the President of the Maine Science and Technology
16 Foundation, who serves as a nonvoting member; the Director of the
State Planning Office, who serves as a nonvoting member; and the
18 Maine Technology Institute Director, who serves as a nonvoting
member. The position of Maine Technology Institute Director at
20 the Department of Economic and Community Development is appointed
by the Governor and approved by a majority of the board to serve
22 as president of the institute.

24 The purpose of the institute is to encourage, promote,
26 stimulate and support research and development activity leading
to the commercialization of new products and services in the
28 State's technology-intensive industrial sectors to create new
jobs for Maine people. The institute will disburse funds through
30 grants, direct investments and loans to private companies,
targeted technology incubators and nonprofit research
32 laboratories. The institute will work directly with and provide
staffing to targeted technologies to stimulate and manage the
34 research and development grant process through
technology-specific boards consisting of private sector
36 representatives, scientists and others. Each targeted technology
board will establish goals and objectives for its sector,
38 establish research and development priorities, help companies
network with each other and advise them on funding opportunities
40 and the availability of other support services, prepare criteria
by which to evaluate proposals, solicit and receive competitive
42 funding proposals, arrange for peer reviews and screen proposals
and select those to be forwarded to the institute's board for
44 final evaluation.

46 The general corporate powers and duties of the institute as
a nonprofit corporation with a public purpose include the right
48 to hire staff and establish salaries, to sue and be sued, to
enter into contracts and to incur debt.

50

2 The institute is required to submit to the Legislature an
annual report on its activities and an independent evaluation of
the performance of the institute every other year.

4

6 The bill dissolves the institute after 7 years, on December
31, 2006, and on that date returns to the State all property
purchased with General Fund appropriations and transfers to the
General Fund all unencumbered appropriations.

8

10 Part L requires the submission of a plan for a comprehensive
evaluation of state investments in research and development by
December 31, 1999 and requires the submission of a comprehensive
evaluation every 5 years.

12

14

16 Part M deletes the authority of the Maine Technology
Investment Fund to make direct investments in market-oriented
technology extension, commercialization and development
opportunities and provides for the transfer of direct investment
activities from the Maine Technology Investment Fund to the Maine
Technology Institute. It also changes the name of the Maine
Technology Investment Fund to the Maine Technology Capacity Fund.

18

20