

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 HOUSE BILL 4354

By: Hill

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6 AS INTRODUCED

7 An Act relating to economic development; enacting the
8 Oklahoma Research and Development Attraction Act;
9 imposing duty on Oklahoma Department of Commerce;
10 requiring development of Research and Development
11 Attraction Grants Program; authorizing award of
12 matching funds; specifying amount of match; imposing
13 dollar limit; specifying conditions required for
14 eligibility; imposing requirement related to eligible
15 projects; specifying factors in selection; requiring
16 Oklahoma Department of Commerce to adopt rules;
17 specifying required content for rules; providing for
18 codification; and providing an effective date.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 5003.10f of Title 74, unless
22 there is created a duplication in numbering, reads as follows:

23 This act shall be known and may be cited as the "Oklahoma
24 Research and Development Attraction Act".

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 5003.10g of Title 74, unless
there is created a duplication in numbering, reads as follows:

1 A. The Oklahoma Department of Commerce ("Department") shall
2 create a Research and Development Attraction Grants Program
3 ("Program"), to be administered in accordance with this section for
4 the purpose of fostering research and development in key industry
5 clusters, leading to the creation of new products and services that
6 are brought to market by Oklahoma-based companies, or brought to
7 market by companies financially sponsored by an Oklahoma-based lead
8 investor and which conduct a substantial portion of total business
9 activity in the State of Oklahoma.

10 B. The Department may award matching funds to eligible
11 businesses to offset a portion of expenses incurred through a
12 collaborative research and development project engagement with an
13 Oklahoma institution of higher education or nonprofit research
14 institution.

15 C. The Department may award matching funds up to fifty percent
16 (50%) of the cost of the project, not to exceed One Hundred Thousand
17 Dollars (\$100,000.00). A business may receive only one matching
18 grant under this section per year.

19 D. In order to be eligible for matching funds under this
20 section, a business must satisfy all of the following conditions:

21 1. The business must be an Oklahoma-based small business. For
22 the purposes of this section, "Oklahoma-based" means a business that
23 has its principal place of business in this state or a startup that
24 has raised an equity round in the preceding twelve (12) months, with

1 an Oklahoma-based capital provider serving as the lead investor, and
2 that incurs fifty percent (50%) or more of business expenses within
3 Oklahoma and from Oklahoma service providers. For the purposes of
4 this section "small business" means a business entity that employs
5 not more than one hundred (100) persons;

6 2. In accordance with the Oklahoma Office of Science and
7 Innovation's 2021-2026 strategic plan, the business must operate in
8 one of the state's three strategic industry clusters, including
9 aerospace and autonomous systems, life sciences, and energy
10 diversification;

11 3. The research and development service provider which partners
12 with the business must be an Oklahoma-based research entity. For
13 the purposes of this section, "Oklahoma-based research entity" means
14 an institution of higher education or another nonprofit organization
15 that primarily provides research services, and which has its main
16 physical campus in this state. For the purposes of this section,
17 "research services" means research and development, technology
18 exploration, technical development, product development, and
19 commercialization intended to foster innovation in eligible small
20 businesses;

21 4. The research and development project for which matching
22 funds are provided must be conducted physically within the State of
23 Oklahoma, for the duration of the engagement with the Oklahoma-based
24 research entity; and

1 5. To be awarded matching funds under the Program, an Oklahoma-
2 based small business must file an application with the Department,
3 attesting to the total cost of the project and demonstrating
4 available and unrestricted private capital to meet at least fifty
5 percent (50%) of the total project cost. Matching funds may be used
6 only to purchase research services, as defined in this section, from
7 an Oklahoma-based research entity.

8 E. When administering the Program under this section, the
9 Department shall select eligible projects to qualify for matching
10 funds within the Research and Development Attraction Act based on
11 factors including, but not limited to:

12 1. The amount of private capital the matching funds will induce
13 to be spent in Oklahoma;

14 2. The total market size of the Oklahoma-based small
15 businesses' product or service offering;

16 3. Third-party validation of the Oklahoma-based small
17 businesses' intellectual assets, including but not limited to equity
18 raised from venture capital or private equity firms, federal
19 commercialization grants through the Small Business Innovation
20 Research or Small Business Technology Transfer programs, or
21 competitive federal research awards through National Institutes of
22 Health, National Science Foundation, Department of Defense,
23 Department of Energy, and others;

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1 4. The projected future job creation impact of the Oklahoma-
2 based small business for the state;

3 5. Other economic benefits to the state, including through
4 increased state and local revenues and growth in private investment;

5 6. The need of the Oklahoma-based small business to acquire
6 specialized services and resources in Oklahoma;

7 7. The alignment of the project within Oklahoma's identified
8 cluster strategies; and

9 8. The impact on Oklahoma-based research entities, including
10 through increased revenue, exposure to new technologies, and
11 increased attraction opportunities for students, researchers, and
12 professional staff.

13 SECTION 3. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 5003.10h of Title 74, unless
15 there is created a duplication in numbering, reads as follows:

16 The Oklahoma Department of Commerce shall promulgate rules to
17 enforce the provisions of the Research and Development Attraction
18 Grants Program, including the following:

- 19 1. The application process for applying for matching funds;
- 20 2. The criteria to be used by the Department to evaluate
21 matching funds applications from Oklahoma-based small businesses,
22 and to determine the amount of the award; and

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1 3. The agreements that Oklahoma-based small businesses must
2 enter into, in regard to claiming matching funds and to ensure
3 compliance in spending of matching funds.

4 SECTION 4. This act shall become effective November 1, 2022.

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6 58-2-9869 MAH 01/16/22

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