

1 **SENATE FLOOR VERSION**

2 April 13, 2022

3 **AS AMENDED**

4 ENGROSSED HOUSE

5 BILL NO. 4354

6 By: Hill, Phillips, and Dollens  
7 of the House

8 and

9 Kidd of the Senate

10 [ economic development - Oklahoma Research and  
11 Development Attraction Act - Oklahoma Center for the  
12 Advancement of Science and Technology - effective  
13 date ]

14 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

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

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

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

23 A. The Oklahoma Center for the Advancement of Science and  
24 Technology ("OCAST") shall create a Research and Development  
Attraction Program ("Program"), to be administered in accordance

1 with this section for the purpose of fostering research and  
2 development in key industry clusters, leading to the creation of new  
3 products and services that are brought to market by Oklahoma-based  
4 companies, or brought to market by relocating companies financially  
5 sponsored by an Oklahoma-based capital provider and which conduct a  
6 substantial portion of total business activity in the State of  
7 Oklahoma.

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

12 C. OCAST may award matching funds up to fifty percent (50%) of  
13 the cost of the project, not to exceed One Hundred Thousand Dollars  
14 (\$100,000.00). A business may receive only one matching award under  
15 this section per year.

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

18 1. The business must be an Oklahoma-based small business. For  
19 the purposes of this section, "Oklahoma-based" means a business that  
20 has its principal place of business in this state or a business that  
21 has, in the preceding twelve (12) months, raised an equity round not  
22 less than Five Hundred Thousand Dollars (\$500,000.00) with an  
23 Oklahoma-based capital provider investing not less than ten percent  
24 (10%) of such equity round, that commits to spend all eligible

1 Program funds in the State of Oklahoma, and that has filed a  
2 certificate of qualification with the Oklahoma Secretary of State.  
3 For the purposes of this section, "small business" means a business  
4 entity that employs not more than one hundred (100) persons;

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

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

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

24

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

8           E. When administering the Program under this section, OCAST  
9 shall select eligible projects to qualify for matching funds within  
10 the Oklahoma 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;

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 OCAST shall promulgate rules to enforce the provisions of the  
17 Research and Development Attraction Program, including the  
18 following:

19 1. The application process for applying for matching funds;

20 2. The criteria to be used by OCAST to evaluate matching funds  
21 applications from Oklahoma-based small businesses and to determine  
22 the amount of the award;

23 3. OCAST shall include in its annual report the evaluation  
24 metrics which will be gathered to report efficacy of this Program

1 back to the State of Oklahoma, which may include, but will not be  
2 limited to, volume of applications, technological diversity of  
3 companies taking up the Program, the success of Oklahoma-based small  
4 businesses at raising follow-on capital rounds or advancing in  
5 technological readiness level (TRL), and follow-on capital spent in  
6 the state and at Oklahoma-based research entities; and

7 4. The agreements that Oklahoma-based small businesses must  
8 enter into in regard to claiming matching funds and to ensure  
9 compliance in spending of matching funds.

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

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
12 April 13, 2022 - DO PASS AS AMENDED

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