



# Oklahoma State Senate

# Legislative Brief

June 1998

## Technology Transfer

### Issue Background

Oklahoma's research institutions lag behind their peers in technology transfer and commercialization, according to an analysis conducted by the Southern Technology Council. Equalizing Oklahoma's royalty and commercialization rate with the average of peer institutions could have a \$33M impact on Oklahoma's economy, if the products are developed, manufactured, and sold by Oklahoma companies. Equalizing Oklahoma's royalty and commercialization rate with the rate of the top ten performing institutions could have a \$301M economic impact on Oklahoma's economy. (An Analysis of the University-Industry Technology Transfer System in Oklahoma:: The Southern Technology Council, 1997)

Technology Transfer Measures		
	median for STC Region Institutions	median for Okla- homa Institutions
patent applications per \$10 million expenditure	1.6	0.7
patents awarded per \$10 million expenditure	0.7	0.6
active licences per \$10 million expenditure	3.2	1.3
royalty revenues	\$304,901	\$18,500

Technology-intensive companies drive economic growth. Lack of a strong technology transfer policy impedes Oklahoma's ability to attract or develop these hi-tech companies and the higher skilled and higher paying jobs that go with them. The STC report recommends improved staffing and operation of university technology transfer offices and removal of legal barriers to technology transfer as two actions for improving Oklahoma's commercialization rate and ability to develop a hi-tech infrastructure.

### Summary of Actions

The Oklahoma Center for the Advancement of Science and Technology initiated a study group to review the legal impediments to technology transfer. The following issues were identified:

- Oklahoma's Constitution restricts the use of tax dollars for public purposes and may prevent research and commercialization partnerships between universities and businesses.
- Oklahoma's Constitution prohibits the State (or its institutions) from having an ownership interest in a company.
- Rules of the Ethics Commission prohibit state employees from using their position to receive compensation and may prohibit faculty members from profiting from commercialization of university-based research.

### **Constitutional changes to encourage technology transfer**

**HJR 1073**

HJR 1073 refers to a vote of the people amendments to the Oklahoma Constitution which address technology transfer.

State Question No. 680: Asks the voters to approve an amendment to Section 14 of Article X of the Oklahoma Constitution. Section 14 states that taxes shall be levied and collected only for public purposes. The amendment makes an exception to this provision by authorizing the use of state university facilities in conjunction with research, develop and commercialization of technology in joint ventures with private businesses which may profit from the technology. Use of university facilities for this purpose will be subject to requirements imposed by law.

State Question No. 681: Asks the voters to approve an amendment to Section 15 of Article X of the Oklahoma Constitution. Section 15 prohibits the State from becoming an owner or stockholder in any company, association, or corporation. The amendment allows state universities, their faculty and students that conduct research on or develop a technology using university facilities, equipment or services to have an ownership interest in the technology and in a private business commercializing the technology, subject to requirements imposed by law.

**Oklahoma Technology Transfer Act of 1998****HB 2863**

HB 2863 is the companion measure to HJR 1073. It requires the State Regents for Higher Education to establish a model policy governing the use of university facilities for conducting research and developing new technologies in cooperation with private businesses. The policy will address the investments universities may make in these businesses and royalties which they may receive. The State Regents is required to develop a system for recording research conducted at universities and to account for income and expenses associated with research and development and commercialization.

The policy will also address the property interests of faculty and students in both the technology that they develop while employed by the university or using university facilities, equipment or services, and in a business developing the technology, and revenues which they may receive. Ethics rules which prevent state employees from using their position to receive compensation are amended to exempt the receipt of revenues as a result of this property interest.

The bill authorizes the board of regents for each university to own an equity interest, through an exchange of value, in these businesses and prohibits the use of appropriated funds for acquiring this equity interest.

The Oklahoma Center for the Advancement of Science and Technology (OCAST) is authorized to develop and implement a technology business financing program to assist qualified Oklahoma companies in commercializing new products and processes. The roles of OCAST's technology commercialization center and the technology transfer offices of state universities are clarified with legislative intent expressed that they complement each other.

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[Legislative Brief Index](#)