

STORAGE NAME: h1937.frc.doc
DATE: March 4, 2002

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: HB 1937 (FORMERLY PCB IT 02-01)
RELATING TO: The Florida Technology Development Act
SPONSOR(S): Committee on Information Technology & Rep. Hart
TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) INFORMATION TECHNOLOGY YEAS 9 NAYS 0
 - (2) FISCAL RESPONSIBILITY COUNCIL
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

HB 1937 provides for creation of s. 240.72, Florida Statutes, otherwise known as the Florida Technology Development Act (the Act). The Act would authorize creation of a 12-member Emerging Technology Commission (the Commission) in the Executive Office of the Governor. The Commission would prepare and submit proposals to the Florida Board of Education (the Board) for establishing Centers of Excellence at universities in the state. The purposes of the Centers of Excellence would be to facilitate the development and transfer of advanced and innovative high-technology from academia to commercial application through partnerships with private businesses; to stimulate start-up, growth and expansion of Florida businesses that produce or use high-technology; and to advance the education and training required to produce the high-skill, high-wage workforce needed to support such businesses. The bill provides for the Act to take effect upon becoming law.

The bill appropriates \$50,000 to pay the cost of the administrative services necessary to support the Commission's authorized operations and activities. The bill establishes a process for identifying, approving, and evaluating Centers of Excellence in the State University System, and states that each center should be funded at a minimum of \$25 million. The total amount of the appropriated funds that would be needed has not yet been determined.

SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

The bill would require funding of an expansion of research by Florida universities. However, it would be expected that there would be an even greater expansion of the private sector as a result of the commercialization of technology derived from that research.

B. PRESENT SITUATION:

Currently, there is no organized coordination of research and testing performed at universities and research centers in the state with private businesses. As a result, there is no mechanism to facilitate economic, efficient, and expedient transfer of advanced and innovative technologies from universities and research centers to commercial application in the private sector.

C. EFFECT OF PROPOSED CHANGES:

The expected effect of the changes proposed by the bill would be to create a well-organized system to coordinate transfer to commercial application of advanced and innovative technologies developed at universities and research centers in the state. The bill envisions university partnerships with private businesses in the state to stimulate start up, growth, and expansion of high technology Florida businesses and to advance the education of the workforce needed to support such businesses. This delivery system would be founded in Centers of Excellence established in the state. The Centers of Excellence would:

- identify opportunities for scholars, scientists, and engineers engaged in research and testing to develop advanced and innovative technologies at universities and research centers;
- identify opportunities for collaboration with private businesses to facilitate transfer of technologies to commercial applications in the private sector;
- facilitate acquisition of the funding needed to pay the cost of conducting such applied research and testing through leveraging available public and private funds;
- create partnerships between public and private entities to develop advanced and innovative technologies;

- stimulate start up, growth and expansion of high-technology businesses through partnerships between venture capital firms and public and private entities;
- foster and promote enhancement and expansion of curricula in high-technology programs at universities in the state;
- increase the quantity and quality of faculty and students concentrating on high-technology disciplines and the quantity and quality of graduates majoring in such disciplines at universities in the state;
- attract and retain leading scholars interested in engaging in developing advanced and innovative technologies at universities in the state; and
- facilitate acquisition of the facilities, equipment and other resources needed to support collaborative efforts of public and private entities to transfer advanced and innovative technologies to commercial applications in the private sector.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 of the PCB would provide for:

- creation of s. 240.72, Florida Statutes, to establish an Evolving Technology Commission;
- the members of the Commission to be appointed and the Commission to be fully constituted within 2 weeks from the date the Act becomes law;
- the Florida Research Consortium, Inc. and ITFlorida.com, Inc. to collaborate in establishing performance criteria to control the establishment and operation of Centers of Excellence at universities in the state;
- within 3 weeks of being constituted, the Commission to release the performance criteria to each university in the state and inform each university of the deadline for submitting one or more proposals to establish one or Centers of Excellence;
- each university in the state to be authorized to prepare and submit one or more proposals for establishing and operating one or more Centers of Excellence;
- the Commission to review and evaluate each proposal received and accepted from a university in the state and to develop a minimum of 3 and a maximum of 5 proposals for establishing and operating Centers of Excellence in accord with the performance criteria;
- the Commission to meet at least 3 times in person at specified intervals before completing preparation of the proposals it submits to the Board;
- the Commission to submit to the Board the proposals the Commission has prepared;
- by November 15, 2002, the Board to approve the proposals received from the Commission that the Board deems appropriate and then authorize expenditure of available funds to implement the proposals approved to facilitate establishment and operation of each Center of Excellence contemplated by each approved proposal;

- the funds appropriated for establishment and operation of the Centers of Excellence not be unnecessarily divided into multiple funding divisions and at least \$25 million be distributed to each Center of Excellence;
- the Commission to remain constituted for at least one year from the date the Board approves one or more of the Commission's proposals to provide guidance and review performances of those responsible for establishing and operating each Center of Excellence contemplated by each approved proposal; and
- the Commission to expire on November 1, 2003.

Section 2 of the bill would provide for an appropriation of \$50,000 to be made to the Executive Office of the Governor to pay the administrative services necessary to support the Commission's authorized operations and activities.

Section 3 of the bill would provide for the Act to take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The fiscal impact of the bill on state revenues is not known and no economic impact analysis of the bill has yet been made. The intent of the bill is to increase tax revenues as a result of stimulating start up, growth, and expansion of businesses in Florida that produce or use technology.

2. Expenditures:

The bill appropriates \$50,000 to pay the cost of the administrative services necessary to support the Commission's authorized operations and activities but does not indicate the fund source.

The bill establishes a process for identifying, approving, and evaluating Centers of Excellence in the State University System, with the purpose of promoting the development of high technology industry. The bill would require an appropriation of the funds needed to support establishment and operation of each Center of Excellence authorized by an approved proposal and states that each center should be funded at a minimum of \$25 million. However, the bill delineates no process for requesting an appropriation to fund the centers. The total amount of the appropriated funds that would be needed has not yet been determined.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

In his 2002 state of the state address and budget recommendations to the Legislature, the Governor proposed that \$100 million be dedicated to establishing and operating the Centers of Excellence.

III. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The PCB would not require counties or municipalities to expend funds, or require counties or municipalities to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The PCB would not reduce the authority of a county or municipality to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The PCB would not reduce the percentage of a state tax shared with counties or municipalities.

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

None

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None

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VI. SIGNATURES:

COMMITTEE ON HOUSE INFORMATION TECHNOLOGY:

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