

**HOUSE OF REPRESENTATIVES**  
**HOUSE INFORMATION TECHNOLOGY**  
**FINAL ANALYSIS**

**BILL #:** CS/HB 1937 (FORMERLY PCB IT 02-01)  
**RELATING TO:** The Florida Technology Development Act  
**SPONSOR(S):** Fiscal Responsibility Council and 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 YEAS 20 NAYS 0
- (3)
- (4)
- (5)

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I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

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 research, and education required to support such businesses. The bill establishes a process for identifying, approving, and evaluating centers of excellence. The bill provides for the Act to take effect upon becoming law.

On March 8, 2002, the Fiscal Responsibility Council adopted a strike-everything amendment that would convert the appointees by the President of the Senate and the Speaker of the House of Representatives from non-voting to voting. This would increase the number of voting members of the commission from 5 to 9. The Council substitute extended the deadline for selection of the centers of excellence from November 15, 2002 to March 15, 2003. The committee substitute also provided an appropriation of \$30 million to establish centers in addition to the \$50,000 for commission administrative cost that was included in the original bill.

On March 13, the bill was on the Special Order Calendar, read a 2<sup>nd</sup> time, and twice amended. The first amendment added a new Section 2 that amended s. 240.2605 (1), F. S., to create an account within the Trust Fund for Major Gifts to receive and disburse funds appropriated to match tax credits earned by a certified business under s. 212.08 (5) (j), F. S., that are designated for use by a state university or community college to support research and development projects requested by the certified business, amended the title to reflect the substance of the foregoing amendment, and renumbered the remaining sections of the bill. The second amendment amended section 2, renumbered section 3, to change \$30 million to \$50 million.

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**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 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 system to coordinate the 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 to stimulate start up and expansion of high technology Florida businesses. The bill would also provide the fiscal vehicle needed to receive and disburse funds appropriated to match tax credits earned by a certified business that are designated for use by state universities and community colleges to support research and development projects requested by the certified business.

**D. SECTION-BY-SECTION ANALYSIS:**

Section 1 of the bill provides for the creation of s. 240.72, F.S., to establish an Evolving Technology Commission within the Executive Office of the Governor, and create centers of excellence at Florida universities.

The Centers of Excellence would:

- identify opportunities for scholars, scientists, engineers and businesses to form collaborative partnerships to develop advanced and innovative technologies and to facilitate transfer of technologies to commercial applications in the private sector;
- acquire and leverage public and private sector funding needed to pay the cost of conducting such applied research and technology transfer;

- recruit and retain world-class faculty and students in high-technology disciplines;
- enhance and expand curricula and laboratory resources in high-technology programs at universities in the state;
- increase the production of graduates in high-technology disciplines;

The Commission would be composed of 12 members. Regular members would be business leaders and industrial and academic researchers who have been recognized as leaders in the state's emerging and advanced technology sectors. The Governor would appoint 5 regular members, the President of the Senate would appoint 2 regular members and the Speaker of the House of Representatives would appoint 2 regular members of the Commission. The Regular members must be appointed by July 1, 2002. Before January 7, 2003 the Secretary of Education would serve as an ex-officio non-voting member. Effective January 7, 2003 the Commissioner of Education would serve as an ex-officio non-voting member. The member of the Senate and the member of the House of Representatives who serve as members of the Florida Research Consortium, Inc. would also serve as ex-officio non-voting members. The members of the Commission would serve without compensation but would be entitled to per diem and travel expenses while in the performance of their duties. The Executive Office of the Governor would provide staff support for the Commission.

By August 1, 2002, the Florida Research Consortium is to provide to the Commission a report detailing and prioritizing the factors that would contribute to the success of a center of excellence. Factors to be treated in the report include criteria related to:

- the maturity of related university programs;
- the resources to be dedicated to related activities by the university;
- the comprehensiveness and effectiveness of site plans;
- regional economic structure and climate;
- proposals for collaboration with other public and private entities;
- accountability;
- the presence of an integrated research and development strategy;
- the fund-raising capability of the host university;
- the host university's experience with commercialization;
- a plan to enhance curricula through collaboration with industry;
- a plan to increase the number, quality, and retention of students and faculty in related disciplines;
- a plan to enhance the likelihood of faculty and students pursuing private sector careers; and
- the ability to provide capital facilities necessary to support research and development.

The proposal and review process for selecting the centers would follow the following timeline;

- by September 15, 2002 the Commission would approve criteria for evaluating proposals;
- by October 1, 2002, the Commission would notify the universities of the opportunity to submit proposals and would provide them with the criteria to be used in evaluating the proposals, and would, with the assistance of the State Technology Office, have the criteria published on the internet.
- by December 1, 2002 proposals must be submitted to the Commission (this requirement could be waived by 2/3 vote of the Commission);
- by February 1, 2003, the Commission must have held at least 3 public hearings on the university proposals and must submit to the State Board of Education between two and five written plans and plan evaluations, for the establishment of centers of excellence;

- by March 15, 2003, the State Board of Education must approve a final plan for the establishment of at least one center of excellence and authorize the allocation of appropriated funds to the center(s);
- by March 22, 2003, the State Board of Education shall provide a final plan to the Governor, the President of the Senate and the Speaker of the House of Representatives; and
- beginning on June 30, 2003 the Commission must provide quarterly progress reports on the establishment and success of the centers to the Commissioner of Education.

The bill provides for this section to be repealed on July 1, 2004.

Section 2 of the bill amended s. 240.2605 (1), F. S., to create an account within the Trust Fund for Major Gifts to receive and disburse funds appropriated to match tax credits earned by a certified business under s. 212.08 (5) (j), F. S., that are designated for use by a state university or community college to support research and development projects requested by the certified business.

Section 3 of the bill would provide for an appropriation of \$50,000 of non-recurring funds from the General Revenue Fund to the Executive Office of the Governor to pay the administrative services necessary to support the Commission's authorized operations and activities and for an appropriation of \$50 million in non-recurring funds from the Educational Enhancement Trust Fund to establish centers of excellence.

Section 4 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:

Section 2 of the bill would provide for an appropriation of \$50,000 of non-recurring funds from the General Revenue Fund to the Executive Office of the Governor to pay the administrative services necessary to support the Commission's authorized operations and activities and for an appropriation of \$30 million in non-recurring funds from the Educational Enhancement Trust Fund to establish centers of excellence.

### 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. The bill provides for an appropriation of at least \$50.05, but whether any funds will be appropriated, and, if so, the amount appropriated will be determined by the provisions of the 2002-2003 General Appropriations Act, which has not yet been passed.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill 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:

This bill 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:

This bill 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:

On March 8, 2002, the Fiscal Responsibility Council adopted a strike-everything amendment that would convert the appointees by the President of the Senate and the Speaker of the House of Representatives from non-voting to voting. This would increase the number of voting members of the commission from 5 to 9.

The original bill provided that the commission would be appointed within two weeks of the effective date of the Act and that the centers of excellence would be selected by the State Board of Education by November 15, 2002. The council substitute requires that the commission would be appointed by July 1, 2002, adds a requirement that the commission hold at least three public hearings prior to the selection of proposals for recommendation to the State Board of Education and extends the deadline for the State Board of Education to select the centers of excellence until March 15, 2003.

The original bill appropriated \$50,000 to support the Emerging Technology Commission and required that an appropriation to establish a center of excellence be at least \$25 million. The council substitute removed this restriction but added an appropriation of \$30 million in non-recurring funds from the Educational Enhancement Trust Fund to be used by the State Board of Education to establish one or more centers.

On March 13, 2002, the bill was on the Special Order Calendar, read a 2<sup>nd</sup> time, and twice amended. The first amendment was by Representative Lynn and amended s. 240.2605, F. S., to create an account within the Trust Fund for Major Gifts to receive and disburse funds appropriated to match tax credits earned by a certified business under s. 212.08 (5) (j), F. S., that are designated for use by a state university or community college to support research and development projects requested by the certified business, amended the title to reflect the substance of the foregoing amendment, and renumbered the remaining sections of the bill. The second amendment was by Representatives Hart and Lacasa and amended section 2, renumbered section 3, to change the amount appropriated from non-recurring General Revenue for the other purposes of the Act from \$30 million to \$50 million.

The bill died on the Calendar, but was incorporated in CS/SB 1844, which passed the Senate and House on March 22, 2002.

**VI. SIGNATURES:**

**COMMITTEE ON HOUSE INFORMATION TECHNOLOGY:**

Prepared by:

Staff Director:

John A. Barley

Charles Davidson

**AS REVISED BY THE FISCAL RESPONSIBILITY COUNCIL:**

Prepared by:

Staff Director:

Robert Cox

David Coburn

**FINAL ANALYSIS PREPARED BY THE COMMITTEE ON HOUSE INFORMATION TECHNOLOGY:**

Prepared by:

Staff Director:

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