

HOUSE BILL NO. 812

INTRODUCED BY BRADLEY, HAFFEY, VINCENT, KEENAN, CRIPPEN,
TOWE, JACK MOORE, ADDY, ASAY, MENAHAN, ECK, FULLER, HAND,
THAYER, JACOBSON, PAVLOVICH, CHRISTIAENS, HARRINGTON, REAM,
HARP, BOYLAN, RAPP-SVRCEK, J. HAMMOND, SPAETH, QUILICI,
KRUEGER, BENGTSON, PECK, NISBET, BLAYLOCK, CAMPBELL,
LYNCH, BRANDEWIE, CONNELLY, WALLIN, GAGE, ERNST, MANUEL

BY REQUEST OF THE COUNCIL ON SCIENCE AND TECHNOLOGY

IN THE HOUSE

February 13, 1985	Introduced and referred to Committee on Appropriations.
April 1, 1985	Committee recommend bill do pass as amended. Report adopted. Bill printed and placed on members' desks. According to HR 1-5, bill failed second reading.
April 2, 1985	On motion, previous action reconsidered.
April 3, 1985	Motion pass consideration.
April 10, 1985	Second reading, do pass as amended. On motion, rules suspended and bill placed on third reading this day. Third reading, passed. Transmitted to Senate.

IN THE SENATE

April 13, 1985 On motion, rules suspended to accept HB 812. Motion adopted.

April 15, 1985 Introduced and referred to Committee on Finance and Claims.

April 17, 1985 On motion, rules temporarily suspended for the purpose of allowing all bills passed on second reading on the 85th Legislative Day to be advanced to third reading that same day.

April 19, 1985 Committee recommend bill be concurred in. Report adopted.

 Second reading, concurred in.

 Third reading, concurred in. Ayes, 41; Noes, 8.

 Returned to House.

IN THE HOUSE

April 19, 1985 Received from Senate.

April 20, 1985 Sent to enrolling.

April 22, 1985 Correctly enrolled.

April 23, 1985 Signed by President.

 Signed by Speaker.

 Delivered to Governor.

April 24, 1985 Returned from Governor with recommended amendments and Statement of Intent.

April 24, 1985

Second reading, Governor's amendments and Statement of Intent concurred in.

April 25, 1985

Third reading, Governor's amendments and Statement of Intent concurred in.

Governor's amendments and Statement of Intent transmitted to Senate.

IN THE SENATE

April 25, 1985

Received from House.

Second reading, Governor's amendments and Statement of Intent concurred in.

Third reading, Governor's amendments and Statement of Intent concurred in.

Returned to House.

IN THE HOUSE

April 25, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 812 *Thomson*

INTRODUCED BY *Broadley Haffey Vincent Keenan*

BY REQUEST OF THE COUNCIL ON SCIENCE AND TECHNOLOGY *Thomson*

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO FOSTER ECONOMIC

GROWTH; APPROPRIATING MONEY TO THE BOARD FROM THE

ALTERNATIVE ENERGY RESEARCH DEVELOPMENT AND DEMONSTRATION

ACCOUNT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN

APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Purpose. It is the purpose of [this act] to strengthen and diversify Montana's economy by establishing a public-private sector partnership to encourage scientific and technological development within the state in order to keep pace with a transforming economic structure and to create new jobs and expand small business opportunities. Because the alternative energy research development and demonstration program, administered by the department of natural resources and conservation, which presently receives 4 1/2% of the coal severance taxes allocated pursuant to 15-35-108, would overlap and supplement the program created by [this act] and because the alternative energy research development and demonstration account has a carryover from

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the 1985 biennium and is not presently planning to utilize the entire allocated amount it will receive during the 1987 biennium, [this act] contemplates a temporary, one-time appropriation of a portion of the allocation to the alternative energy research development and demonstration account for funding the science and technology research program of the Montana science and technology development board created in [this act].

Section 2. Definitions. As used in [this act] the following definitions apply:

(1) "Board" means the Montana science and technology development board provided for in [section 3].

(2) "Business and industry" means a privately owned and operated agricultural or commercial enterprise or association that maintains a research, development, commercial, or manufacturing facility in Montana. The enterprise or association need not have its headquarters within the state.

(3) "Department" means the department of commerce created in 2-15-1801.

(4) "Private sector" means any entity or individual, not principally a part of or associated with a governmental unit, that is associated with or involved in commercial activity.

(5) "Technology development project" means an activity



1 designed to discover, develop, transfer, utilize, or
 2 commercialize existing or new technology in order to
 3 strengthen and enhance economic development in Montana.

4 (6) "Technology investment" means an award of funds
 5 for a technology development project, including technology
 6 transfer, to stimulate Montana's economy. The technology
 7 investments authorized by this act are not investments of
 8 public funds for purposes of Article VIII, section 13, of
 9 the Montana constitution, or Title 17, chapter 6, relating
 10 to the unified investment of public funds, but are
 11 investments of public resources intended to encourage
 12 technologically based economic development that may
 13 eventually result in a financial return on those
 14 investments.

15 Section 3. Montana science and technology development
 16 board -- allocation -- composition -- quasi-judicial powers.

17 (1) There is a Montana science and technology development
 18 board. The board is allocated to the department of commerce.
 19 The department shall select, prescribe the duties for, and
 20 supervise staff to administer board activities.

21 (2) The board consists of 15 members appointed by the
 22 governor as prescribed in 2-15-124.

23 (3) In making appointments to the board, the governor
 24 shall consider people with broad interest and experience in
 25 science and technology and the application of such interest

1 and experience to economic development in Montana. At least
 2 11 members must be from the private sector.

3 (4) The board is designated a quasi-judicial board for
 4 purposes of 2-15-124, except that 2-15-124(1) does not
 5 apply.

6 Section 4. Meetings. The board shall meet quarterly
 7 and at other times to be determined by the chairman or a
 8 majority of the board, subject to the availability of funds.

9 Section 5. Organization. In addition to the
 10 chairmanship, the board may establish other offices and
 11 select board members to fill these offices.

12 Section 6. Powers and duties of the board. The board
 13 shall:

14 (1) establish policies and priorities that will expand
 15 and develop the use of science and technology for economic
 16 development in Montana;

17 (2) provide technical assistance for the transfer of
 18 technology to Montana businesses in order to encourage the
 19 use of new technology by Montana business and industry;

20 (3) make technology investments in technology
 21 development projects in the following areas that have short-
 22 or long-term potential to stimulate economic development in
 23 Montana:

24 (a) research capability development;

25 (b) applied technological research;

1 (c) technology assistance and transfer; and
 2 (d) seed capital awards for development and
 3 commercialization of new products and processes;
 4 (4) accept grants or receive devises of money or
 5 property to be used in Montana for investments described in
 6 [this act];
 7 (5) submit to the governor and the legislature a
 8 report describing the board's programs and accomplishments
 9 by November 1 of each even-numbered year or at the request
 10 of the governor; and
 11 (6) adopt rules necessary to implement the provisions
 12 of [this act], including but not limited to rules:
 13 (a) governing the conduct of board business;
 14 (b) establishing matching fund requirements for
 15 capability, basic research, and seed capital investment
 16 programs;
 17 (c) establishing criteria for determining the
 18 eligibility of projects and programs for technology
 19 investments; and
 20 (d) establishing methods of committing funds, types
 21 and amounts of fees, and types of research investments to be
 22 made.
 23 Section 7. Investments to board members prohibited.
 24 (1) Board members may not personally apply for or receive
 25 board funds, except as provided in 2-15-124. If an

1 organization with which a member is affiliated applies for
 2 board funds, the member must disclose the nature of the
 3 affiliation and may not participate in the decisionmaking
 4 process of the board regarding the application.
 5 (2) The provisions of 2-2-201 do not apply to board
 6 members.
 7 Section 8. Appropriation authority and funding.
 8 (1) The board has authority to accept and expend all funds
 9 received by it as grants, donations, or other private or
 10 public income. No award may be made for activities for which
 11 matching funds are required until such funds have been
 12 received.
 13 (2) The appropriations and investments made to and by
 14 the board are in addition to and separate from general fund
 15 appropriations to the university system and other state
 16 agencies.
 17 Section 9. Royalties and licensing agreements.
 18 (1) The board may enter into licensing agreements for those
 19 products or processes that are to be developed and
 20 commercialized as a result of a technology investment. As a
 21 part of such an agreement, the board may require payment of
 22 royalties that it considers commensurate with its original
 23 investment and may assign patent rights to the private
 24 sector company which is to receive a technology investment.
 25 (2) All royalty and fee income received by the board

1 is appropriated to its use. As this income is received, it
 2 will supplant the appropriation of coal tax revenues to the
 3 board. Royalty and fee income received by the board in
 4 excess of the amount appropriated to it from coal severance
 5 tax revenues accrues to a science and technology research
 6 and development account in the state special revenue fund.

7 Section 10. Accountability. (1) The board shall
 8 develop independent review and audit procedures to ensure
 9 that investments made by it are used for the purposes
 10 identified in its investment agreements.

11 (2) The board's technology investment agreements must
 12 contain provisions considered necessary by the board to
 13 ensure the proper inspection and review of projects, the
 14 attainment of project goals, and the maintenance of adequate
 15 financial records by recipients of board funds.

16 Section 11. Technical advisory councils. (1) The
 17 chairman of the board may recommend to the governor the
 18 appointment of technical advisory councils pursuant to
 19 2-15-122 for the purpose of providing advice to the board on
 20 selected topics. In making these recommendations, the
 21 chairman shall consider the scientific and technological
 22 expertise of various candidates and seek appropriate
 23 representation from the scientific and academic community,
 24 business and industry, agriculture, and the general public.

25 (2) Advisory council members are entitled to receive

1 reimbursement for travel expenses, as provided in 2-15-122.

2 Section 12. Initial board appointments. The terms of
 3 office of the initial appointments to the board are as
 4 follows:

5 (1) seven members must be appointed to terms ending
 6 January 1, 1987, subject to the appointment and confirmation
 7 of their successors; and

8 (2) eight members must be appointed to terms ending
 9 January 1, 1989, subject to the appointment and
 10 confirmation of their successors.

11 Section 13. Appropriation. (1) There is appropriated
 12 to the Department of Commerce for the use of the Montana
 13 Science and Technology Development Board \$1,500,000 from the
 14 alternative energy research development and demonstration
 15 account of the state special revenue fund for each fiscal
 16 year of the biennium ending June 30, 1987.

17 (2) No more than \$400,000 of the appropriation may be
 18 used over the biennium for the administrative expenses of
 19 the Board and staff expenses incurred by the Department. The
 20 balance of the appropriation must be used for technology
 21 investments. The Board is also given spending authority for
 22 all grants, donations, and income it receives.

23 Section 14. Effective date. This act is effective on
 24 passage and approval and applies to coal mined on or after
 25 April 1, 1985.

-End-

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APPROVED BY COMMITTEE
ON APPROPRIATIONS

1 HOUSE BILL NO. 812
2 INTRODUCED BY BRADLEY, HAFNEY, VINCENT, KEENAN, CRIPPEN,
3 TOWE, JACK MOORE, ADDY, ASAY, MENAHAN, ECK, FULLER, HAND,
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7 LYNCH, BRANDEWIE, CONNELLY, WALLIN, GAGE, ERNST, MANUEL
8 BY REQUEST OF THE COUNCIL ON SCIENCE AND TECHNOLOGY
9

10 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA
11 SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO FOSTER ECONOMIC
12 GROWTH; APPROPRIATING MONEY TO THE BOARD FROM THE
13 ALTERNATIVE ENERGY AND ENERGY CONSERVATION RESEARCH
14 DEVELOPMENT AND DEMONSTRATION ACCOUNT; AND PROVIDING AN
15 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
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17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Purpose. It is the purpose of [this act] to
19 strengthen and diversify Montana's economy by establishing a
20 public-private sector partnership to encourage scientific
21 and technological development within the state in order to
22 keep pace with a transforming economic structure and to
23 create new jobs and expand small business opportunities.
24 Because the alternative energy AND ENERGY CONSERVATION
25 research development and demonstration program, administered

1 by the department of natural resources and conservation,
2 which presently receives 4 1/2% of the coal severance taxes
3 allocated pursuant to 15-35-108, would overlap and
4 supplement the program created by [this act] and because the
5 alternative energy AND ENERGY CONSERVATION research
6 development and demonstration account has a carryover from
7 the 1985 biennium and THE DEPARTMENT OF NATURAL RESOURCES
8 AND CONSERVATION is not presently planning to utilize the
9 entire allocated amount it will receive during the 1987
10 biennium, [this act] contemplates a temporary, one-time
11 appropriation of a portion of the allocation to the
12 alternative energy AND ENERGY CONSERVATION research
13 development and demonstration account for funding the
14 science and technology research program of the Montana
15 science and technology development board created in [this
16 act]. THE USE OF FUNDS APPROPRIATED FROM THE ALTERNATIVE
17 ENERGY AND ENERGY CONSERVATION RESEARCH DEVELOPMENT AND
18 DEMONSTRATION ACCOUNT ESTABLISHED BY 90-4-103 FOR THE
19 PURPOSES OF [THIS ACT] FOR THE 1987 BIENNIUM IS SPECIFICALLY
20 AUTHORIZED.

21 Section 2. Definitions. As used in [this act] the
22 following definitions apply:

23 (1) "Board" means the Montana science and technology
24 development board provided for in [section 3].

25 (2) "Business and industry" means a privately owned

1 and operated agricultural or commercial enterprise or
 2 association that maintains a research, development,
 3 commercial, or manufacturing facility in Montana. The
 4 enterprise or association need not have its headquarters
 5 within the state.

6 (3) "Department" means the department of commerce
 7 created in 2-15-1801.

8 (4) "Private sector" means any entity or individual,
 9 not principally a part of or associated with a governmental
 10 unit, that is associated with or involved in commercial
 11 activity.

12 (5) "Technology development project" means an activity
 13 designed to discover, develop, transfer, utilize, or
 14 commercialize existing or new technology in order to
 15 strengthen and enhance economic development in Montana.

16 (6) "Technology investment" means an award of funds
 17 for a technology development project, including technology
 18 transfer, to stimulate Montana's economy. The technology
 19 investments authorized by this act are not investments of
 20 public funds for purposes of Article VIII, section 13, of
 21 the Montana constitution, or Title 17, chapter 6, relating
 22 to the unified investment of public funds, but are
 23 investments of public resources intended to encourage
 24 technologically based economic development that may
 25 eventually result in a financial return on those

1 investments.

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 3 board -- allocation -- composition -- quasi-judicial powers.

4 (1) There is a Montana science and technology development
 5 board. The board is allocated to the department of commerce.
 6 The department shall select, prescribe the duties for, and
 7 supervise staff to administer board activities.

8 (2) The board consists of 15 members appointed by the
 9 governor as prescribed in 2-15-124.

10 (3) In making appointments to the board, the governor
 11 shall consider people with broad interest and experience in
 12 science and technology and the application of such interest
 13 and experience to economic development in Montana. At least
 14 11 members must be from the private sector.

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 16 purposes of 2-15-124, except that 2-15-124(1) does not
 17 apply.

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9 or long-term potential to stimulate economic development in
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15 commercialization of new products and processes;

16 (4) accept grants or receive devises of money or
17 property to be used in Montana for investments described in
18 [this act];

19 (5) submit to the governor and the legislature a
20 report describing the board's programs and accomplishments
21 by November 1 of each even-numbered year or at the request
22 of the governor; and

23 (6) adopt rules necessary to implement the provisions
24 of [this act], including but not limited to rules:

25 (a) governing the conduct of board business;

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2 capability, basic research, and seed capital investment
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5 eligibility of projects and programs for technology
6 investments; and

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8 and amounts of fees, and types of research investments to be
9 made.

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11 (1) Board members may not personally apply for or receive
12 board funds, except as provided in 2-15-124. If an
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15 affiliation and may not participate in the decisionmaking
16 process of the board regarding the application.

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20 The board has authority to accept and expend all funds
21 received by it as grants, donations, or other private or
22 public income. No award may be made for activities for which
23 matching funds are OR PARTICIPATION OF FINANCIAL
24 INTERMEDIARIES IS required until such funds have been
25 received COMMITTED.

1 (2) The appropriations and investments made to and by
 2 the board are in addition to and separate from general fund
 3 appropriations to the university system and other state
 4 agencies.

5 Section 9. ~~Royalties-----and-----licensing~~
 6 RETURN-ON-INVESTMENT agreements. (1) The board may SHALL
 7 enter into licensing RETURN-ON-INVESTMENT agreements for
 8 those products or processes that are to be developed and
 9 commercialized as a result of a technology investment. As a
 10 part of such an agreement, the board may SHALL require
 11 payment of royalties A RETURN that it considers commensurate
 12 with THE RISK OF its original investment ~~and--may--assign~~
 13 ~~patent-rights-to-the.~~ THE private sector company ~~which-is-to~~
 14 ~~receive--a-technology-investment~~ SHALL OWN ANY PATENT RIGHTS
 15 OBTAINED AS A RESULT OF WORK DONE BY THE PRIVATE SECTOR
 16 COMPANY.

17 (2) All ~~royalty--and-fee~~ income received by the board
 18 is appropriated to its use. As this income is received, it
 19 will supplant the appropriation of coal tax revenues to the
 20 board. ~~Royalty-and-fee~~ SUCH income received by the board in
 21 excess of the amount appropriated to it from coal severance
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 13 chairman shall consider the scientific and technological
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 15 representation from the scientific and academic community,
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 18 reimbursement for travel expenses, as provided in 2-15-122.

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5 Science and Technology Development Board \$1,500,000 from the
6 alternative energy AND ENERGY CONSERVATION research
7 development and demonstration account of the state special
8 revenue fund for each fiscal year of the biennium ending
9 June 30, 1987.

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11 used over the biennium for the administrative expenses of
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17 passage and approval and applies to coal mined on or after
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9 or long-term potential to stimulate economic development in
10 Montana:

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12 (b) applied technological research;

13 (c) technology assistance and transfer; and

14 (d) seed capital awards for development and
15 commercialization of new products and processes;

16 (4) accept grants or receive devises of money or
17 property to be used in Montana for investments described in
18 [this act];

19 (5) submit to the governor and the legislature a
20 report describing the board's programs and accomplishments
21 by November 1 of each even-numbered year or at the request
22 of the governor; and

23 (6) adopt rules necessary to implement the provisions
24 of [this act], including but not limited to rules:

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16 process of the board regarding the application.

17 (2) The provisions of 2-2-201 do not apply to board
18 members.

19 Section 8. Appropriation authority and funding. (1)
20 The board has authority to accept and expend all funds
21 received by it as grants, donations, or other private or
22 public income. No award may be made for activities for which
23 matching funds are OR PARTICIPATION OF FINANCIAL
24 INTERMEDIARIES IS required until such funds have been
25 received COMMITTED.

1 (2) DOLLAR-FOR-DOLLAR MATCHING FUNDS ARE REQUIRED
 2 PRIOR TO ANY EXPENDITURE OF STATE FUNDS FOR RESEARCH
 3 CAPABILITY DEVELOPMENT, BASIC RESEARCH, OR SEED CAPITAL
 4 AWARDS OR INVESTMENTS PROVIDED FOR IN [SECTION 6].

5 ~~(2)~~(3) The appropriations and investments made to and
 6 by the board are in addition to and separate from general
 7 fund appropriations to the university system and other state
 8 agencies.

9 Section 9. Royalties-----and-----licensing
 10 RETURN-ON-INVESTMENT agreements. (1) The board may SHALL
 11 enter into ~~licensing~~ RETURN-ON-INVESTMENT agreements for
 12 those products or processes that are to be developed and
 13 commercialized as a result of a technology investment. As a
 14 part of such an agreement, the board may SHALL require
 15 payment of royalties A RETURN that it considers commensurate
 16 with THE RISK OF its original investment ~~and--may--assign~~
 17 ~~patent-rights-to-the.~~ THE private sector company which-is-to
 18 ~~receive--a-technology-investment~~ SHALL OWN ANY PATENT RIGHTS
 19 OBTAINED AS A RESULT OF WORK DONE BY THE PRIVATE SECTOR
 20 COMPANY.

21 (2) All ~~royalty--and-fee~~ income received by the board
 22 is appropriated to its use. As this income is received, it
 23 will supplant the appropriation of coal tax revenues to the
 24 board. ~~Royalty-and-fee~~ SUCH income received by the board in
 25 excess of the amount appropriated to it from coal severance

1 tax revenues accrues to a science and technology research
 2 and development account in the state special revenue fund.

3 Section 10. Accountability. (1) The board shall
 4 develop independent review and audit procedures to ensure
 5 that investments made by it are used for the purposes
 6 identified in its investment agreements.

7 (2) The board's technology investment agreements must
 8 contain provisions considered necessary by the board to
 9 ensure the proper inspection and review of projects, the
 10 attainment of project goals, and the maintenance of adequate
 11 financial records by recipients of board funds.

12 Section 11. Technical advisory councils. (1) The
 13 chairman of the board may recommend to the governor the
 14 appointment of technical advisory councils pursuant to
 15 2-15-122 for the purpose of providing advice to the board on
 16 selected topics. In making these recommendations, the
 17 chairman shall consider the scientific and technological
 18 expertise of various candidates and seek appropriate
 19 representation from the scientific and academic community,
 20 business and industry, agriculture, and the general public.

21 (2) Advisory council members are entitled to receive
 22 reimbursement for travel expenses, as provided in 2-15-122.

23 Section 12. Initial board appointments. The terms of
 24 office of the initial appointments to the board are as
 25 follows:

1 (1) seven members must be appointed to terms ending
2 January 1, 1987, subject to the appointment and confirmation
3 of their successors; and

4 (2) eight members must be appointed to terms ending
5 January 1, 1989, subject to the appointment and
6 confirmation of their successors.

7 Section 13. Appropriation. (1) There is appropriated
8 to the Department of Commerce for the use of the Montana
9 Science and Technology Development Board ~~\$1,500,000~~
10 \$1,000,000 from the alternative energy AND ENERGY
11 CONSERVATION research development and demonstration account
12 of the state special revenue fund for each fiscal year of
13 the biennium ending June 30, 1987.

14 (2) No more than ~~\$400,000~~ \$300,000 of the
15 appropriation may be used over the biennium for the
16 administrative expenses of the Board and staff expenses
17 incurred by the Department. The balance of the appropriation
18 must be used for technology investments. The Board is also
19 given spending authority for all grants, donations, and
20 income it receives.

21 Section 14. Effective date. This act is effective on
22 passage and approval and applies to coal mined on or after
23 April 1, 1985.

-End-

HOUSE BILL NO. 812

INTRODUCED BY BRADLEY, HAPPEY, VINCENT, KEENAN, CRIPPEN, TOWE, JACK MOORE, ADDY, ASAY, MENAHAN, ECK, FULLER, HAND, THAYER, JACOBSON, PAVLOVICH, CHRISTIAENS, HARRINGTON, REAM, HARP, BOYLAN, RAPP-SVRCEK, J. HAMMOND, SPAETH, QUILICI, KRUEGER, BENGTSON, PECK, NISBET, BLAYLOCK, CAMPBELL, LYNCH, BRANDEWIE, CONNELLY, WALLIN, GAGE, ERNST, MANUEL BY REQUEST OF THE COUNCIL ON SCIENCE AND TECHNOLOGY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO FOSTER ECONOMIC GROWTH; APPROPRIATING MONEY TO THE BOARD FROM THE ALTERNATIVE ENERGY AND ENERGY CONSERVATION RESEARCH DEVELOPMENT AND DEMONSTRATION ACCOUNT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Purpose. It is the purpose of [this act] to strengthen and diversify Montana's economy by establishing a public-private sector partnership to encourage scientific and technological development within the state in order to keep pace with a transforming economic structure and to create new jobs and expand small business opportunities. Because the alternative energy AND ENERGY CONSERVATION research development and demonstration program, administered

by the department of natural resources and conservation, which presently receives 4 1/2% of the coal severance taxes allocated pursuant to 15-35-108, would overlap and supplement the program created by [this act] and because the alternative energy AND ENERGY CONSERVATION research development and demonstration account has a carryover from the 1985 biennium and THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION is not presently planning to utilize the entire allocated amount it will receive during the 1987 biennium, [this act] contemplates a temporary, one-time appropriation of a portion of the allocation to the alternative energy AND ENERGY CONSERVATION research development and demonstration account for funding the science and technology research program of the Montana science and technology development board created in [this act]. THE USE OF FUNDS APPROPRIATED FROM THE ALTERNATIVE ENERGY AND ENERGY CONSERVATION RESEARCH DEVELOPMENT AND DEMONSTRATION ACCOUNT ESTABLISHED BY 90-4-103 FOR THE PURPOSES OF [THIS ACT] FOR THE 1987 BIENNIUM IS SPECIFICALLY AUTHORIZED.

Section 2. Definitions. As used in [this act] the following definitions apply:

- (1) "Board" means the Montana science and technology development board provided for in [section 3].
(2) "Business and industry" means a privately owned



1 and operated agricultural or commercial enterprise or
2 association that maintains a research, development,
3 commercial, or manufacturing facility in Montana. The
4 enterprise or association need not have its headquarters
5 within the state.

6 (3) "Department" means the department of commerce
7 created in 2-15-1801.

8 (4) "Private sector" means any entity or individual,
9 not principally a part of or associated with a governmental
10 unit, that is associated with or involved in commercial
11 activity.

12 (5) "Technology development project" means an activity
13 designed to discover, develop, transfer, utilize, or
14 commercialize existing or new technology in order to
15 strengthen and enhance economic development in Montana.

16 (6) "Technology investment" means an award of funds
17 for a technology development project, including technology
18 transfer, to stimulate Montana's economy. The technology
19 investments authorized by this act are not investments of
20 public funds for purposes of Article VIII, section 13, of
21 the Montana constitution, or Title 17, chapter 6, relating
22 to the unified investment of public funds, but are
23 investments of public resources intended to encourage
24 technologically based economic development that may
25 eventually result in a financial return on those

1 investments.

2 Section 3. Montana science and technology development
3 board -- allocation -- composition -- quasi-judicial powers.

4 (1) There is a Montana science and technology development
5 board. The board is allocated to the department of commerce.
6 The department shall select, prescribe the duties for, and
7 supervise staff to administer board activities.

8 (2) The board consists of 15 members appointed by the
9 governor as prescribed in 2-15-124.

10 (3) In making appointments to the board, the governor
11 shall consider people with broad interest and experience in
12 science and technology and the application of such interest
13 and experience to economic development in Montana. At least
14 11 members must be from the private sector.

15 (4) The board is designated a quasi-judicial board for
16 purposes of 2-15-124, except that 2-15-124(1) does not
17 apply.

18 Section 4. Meetings. The board shall meet quarterly
19 and at other times to be determined by the chairman or a
20 majority of the board, subject to the availability of funds.

21 Section 5. Organization. In addition to the
22 chairmanship, the board may establish other offices and
23 select board members to fill these offices.

24 Section 6. Powers and duties of the board. The board
25 shall:

- 1 (1) establish policies and priorities that will expand
 2 and develop the use of science and technology for economic
 3 development in Montana;
- 4 (2) provide technical assistance for the transfer of
 5 technology to Montana businesses in order to encourage the
 6 use of new technology by Montana business and industry;
- 7 (3) make technology investments in technology
 8 development projects in the following areas that have short-
 9 or long-term potential to stimulate economic development in
 10 Montana:
- 11 (a) research capability development;
- 12 (b) applied technological research;
- 13 (c) technology assistance and transfer; and
- 14 (d) seed capital awards for development and
 15 commercialization of new products and processes;
- 16 (4) accept grants or receive devises of money or
 17 property to be used in Montana for investments described in
 18 [this act];
- 19 (5) submit to the governor and the legislature a
 20 report describing the board's programs and accomplishments
 21 by November 1 of each even-numbered year or at the request
 22 of the governor; and
- 23 (6) adopt rules necessary to implement the provisions
 24 of [this act], including but not limited to rules:
- 25 (a) governing the conduct of board business;

- 1 (b) establishing matching fund requirements for
 2 capability, basic research, and seed capital investment
 3 programs;
- 4 (c) establishing criteria for determining the
 5 eligibility of projects and programs for technology
 6 investments; and
- 7 (d) establishing methods of committing funds, types
 8 and amounts of fees, and types of research investments to be
 9 made.
- 10 Section 7. Investments to board members prohibited.
- 11 (1) Board members may not personally apply for or receive
 12 board funds, except as provided in 2-15-124. If an
 13 organization with which a member is affiliated applies for
 14 board funds, the member must disclose the nature of the
 15 affiliation and may not participate in the decisionmaking
 16 process of the board regarding the application.
- 17 (2) The provisions of 2-2-201 do not apply to board
 18 members.
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 23 matching funds ~~are~~ OR PARTICIPATION OF FINANCIAL
 24 INTERMEDIARIES IS required until such funds have been
 25 received COMMITTED.

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2 PRIOR TO ANY EXPENDITURE OF STATE FUNDS FOR RESEARCH
3 CAPABILITY DEVELOPMENT, BASIC RESEARCH, OR SEED CAPITAL
4 AWARDS OR INVESTMENTS PROVIDED FOR IN [SECTION 6].

5 ~~†2†~~(3) The appropriations and investments made to and
6 by the board are in addition to and separate from general
7 fund appropriations to the university system and other state
8 agencies.

9 Section 9. ~~Royalties-----and-----licensing~~
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11 enter into ~~licensing~~ RETURN-ON-INVESTMENT agreements for
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13 commercialized as a result of a technology investment. As a
14 part of such an agreement, the board may SHALL require
15 payment of ~~royalties~~ A RETURN that it considers commensurate
16 with THE RISK OF its original investment ~~and--may--assign~~
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18 ~~receive--a-technology-investment~~ SHALL OWN ANY PATENT RIGHTS
19 OBTAINED AS A RESULT OF WORK DONE BY THE PRIVATE SECTOR
20 COMPANY.

21 (2) All ~~royalty--and-fee~~ income received by the board
22 is appropriated to its use. As this income is received, it
23 will supplant the appropriation of coal tax revenues to the
24 board. ~~Royalty-and-fee~~ SUCH income received by the board in
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2 and development account in the state special revenue fund.

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14 appointment of technical advisory councils pursuant to
15 2-15-122 for the purpose of providing advice to the board on
16 selected topics. In making these recommendations, the
17 chairman shall consider the scientific and technological
18 expertise of various candidates and seek appropriate
19 representation from the scientific and academic community,
20 business and industry, agriculture, and the general public.

21 (2) Advisory council members are entitled to receive
22 reimbursement for travel expenses, as provided in 2-15-122.

23 Section 12. Initial board appointments. The terms of
24 office of the initial appointments to the board are as
25 follows:

1 (1) seven members must be appointed to terms ending
2 January 1, 1987, subject to the appointment and confirmation
3 of their successors; and

4 (2) eight members must be appointed to terms ending
5 January 1, 1989, subject to the appointment and
6 confirmation of their successors.

7 Section 13. Appropriation. (1) There is appropriated
8 to the Department of Commerce for the use of the Montana
9 Science and Technology Development Board ~~\$1,500,000~~
10 \$1,000,000 from the alternative energy AND ENERGY
11 CONSERVATION research development and demonstration account
12 of the state special revenue fund for each fiscal year of
13 the biennium ending June 30, 1987.

14 (2) No more than ~~\$400,000~~ \$300,000 of the
15 appropriation may be used over the biennium for the
16 administrative expenses of the Board and staff expenses
17 incurred by the Department. The balance of the appropriation
18 must be used for technology investments. The Board is also
19 given spending authority for all grants, donations, and
20 income it receives.

21 Section 14. Effective date. This act is effective on
22 passage and approval and applies to coal mined on or after
23 April 1, 1985.

-End-

GOVERNOR'S PROPOSED AMENDMENTS TO
HOUSE BILL NO. 812,
REFERENCE COPY
APRIL 24, 1985

1. Page 7, line 3.
Following: " DEVELOPMENT, "
Strike: " BASIC "
Insert: "applied technological"

2. Page 9, line 10.
Following: line 9
Strike: "\$1,000,000"
Insert: "\$2,000,000"

3. Page 9, line 12.
Following: "for"
Strike: "each fiscal year of"

4. Page 6, line 22.
Following: "income."
Insert: "[These funds are statutorily appropriated,
as provided in [section 2 of House Bill No. 12].]"

5. Page 7, line 22.
Following: "use."
Insert: "[This income is statutorily appropriated,
as provided in [section 2 of House Bill No. 12].]"

6. Page 9, line 21.
Following: line 20
Insert: Section 14. Coordination instruction. The
bracketed sentences in sections 8(1) and 9(2) are
effective only if House Bill No. 12 of the 49th
legislature is passed and approved. In addition,
if House Bill No. 12 is passed and approved,
references to sections 8 and 9 are included in
the subsection of House Bill No. 12 listing all
sections containing statutory appropriations.
Renumber: subsequent section

-END-

GOVERNOR'S PROPOSED STATEMENT OF INTENT
TO HOUSE BILL NO. 812,
REFERENCE COPY
APRIL 24, 1985

A statement of intent is required for this bill because it directs the Montana Science and Technology Development Board to adopt administrative rules to implement and administer its various technology investment programs.

The breadth and complexity of these programs necessitates that the board have broad latitude in developing criteria, requirements, and procedures for carrying out this mandate. The Legislature contemplates, however, that the board rules would, among other things:

- (1) establish procedures for the conduct of board business;
- (2) provide for technology investments that will:
 - (a) stimulate applied research and product development in the public and private sectors;
 - (b) strengthen the research and development capabilities of Montana's colleges and universities and other nonprofit research organizations;
 - (c) transfer new technology and provide technical assistance to business and industry;
 - (d) furnish "seed" funds which provide leverage for the investment of private capital investments in new technology;
 - (e) protect the confidentiality of trade secrets and business and financial information relating to applicants for technology investments;
- (3) establish eligibility and selection criteria for technology investments;
and
- (4) establish matching funding requirements for various types of investments.

1 STATEMENT OF INTENT

2 HOUSE BILL 812

3
4 A STATEMENT OF INTENT IS REQUIRED FOR THIS BILL BECAUSE
5 IT DIRECTS THE MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT
6 BOARD TO ADOPT ADMINISTRATIVE RULES TO IMPLEMENT AND
7 ADMINISTER ITS VARIOUS TECHNOLOGY INVESTMENT PROGRAMS.

8 THE BREADTH AND COMPLEXITY OF THESE PROGRAMS
9 NECESSITATES THAT THE BOARD HAVE BROAD LATITUDE IN
10 DEVELOPING CRITERIA, REQUIREMENTS, AND PROCEDURES FOR
11 CARRYING OUT THIS MANDATE. THE LEGISLATURE CONTEMPLATES,
12 HOWEVER, THAT THE BOARD RULES WOULD, AMONG OTHER THINGS:

13 (1) ESTABLISH PROCEDURES FOR THE CONDUCT OF BOARD
14 BUSINESS;

15 (2) PROVIDE FOR TECHNOLOGY INVESTMENTS THAT WILL:

16 (A) STIMULATE APPLIED RESEARCH AND PRODUCT DEVELOPMENT
17 IN THE PUBLIC AND PRIVATE SECTORS;

18 (B) STRENGTHEN THE RESEARCH AND DEVELOPMENT
19 CAPABILITIES OF MONTANA'S COLLEGES AND UNIVERSITIES AND
20 OTHER NONPROFIT RESEARCH ORGANIZATIONS;

21 (C) TRANSFER NEW TECHNOLOGY AND PROVIDE TECHNICAL
22 ASSISTANCE TO BUSINESS AND INDUSTRY;

23 (D) FURNISH "SEED" FUNDS WHICH PROVIDE LEVERAGE FOR
24 THE INVESTMENT OF PRIVATE CAPITAL INVESTMENTS IN NEW
25 TECHNOLOGY;

1 (E) PROTECT THE CONFIDENTIALITY OF TRADE SECRETS AND
2 BUSINESS AND FINANCIAL INFORMATION RELATING TO APPLICANTS
3 FOR TECHNOLOGY INVESTMENTS;

4 (3) ESTABLISH ELIGIBILITY AND SELECTION CRITERIA FOR
5 TECHNOLOGY INVESTMENTS; AND

6 (4) ESTABLISH MATCHING FUNDING REQUIREMENTS FOR
7 VARIOUS TYPES OF INVESTMENTS.

1 HOUSE BILL NO. 812

2 INTRODUCED BY BRADLEY, HAFPEY, VINCENT, KEENAN, CRIPPEN,
 3 TOWE, JACK MOORE, ADDY, ASAY, MENAHAN, ECK, FULLER, HAND,
 4 THAYER, JACOBSON, PAVLOVICH, CHRISTIAENS, HARRINGTON, REAM,
 5 HARP, BOYLAN, RAPP-SVRCEK, J. HAMMOND, SPAETH, QUILICI,
 6 KRUEGER, BENGTON, PECK, NISBET, BLAYLOCK, CAMPBELL,
 7 LYNCH, BRANDEWIE, CONNELLY, WALLIN, GAGE, ERNST, MANUEL
 8 BY REQUEST OF THE COUNCIL ON SCIENCE AND TECHNOLOGY

9
 10 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA
 11 SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO FOSTER ECONOMIC
 12 GROWTH; APPROPRIATING MONEY TO THE BOARD FROM THE
 13 ALTERNATIVE ENERGY AND ENERGY CONSERVATION RESEARCH
 14 DEVELOPMENT AND DEMONSTRATION ACCOUNT; AND PROVIDING AN
 15 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Purpose. It is the purpose of [this act] to
 19 strengthen and diversify Montana's economy by establishing a
 20 public-private sector partnership to encourage scientific
 21 and technological development within the state in order to
 22 keep pace with a transforming economic structure and to
 23 create new jobs and expand small business opportunities.
 24 Because the alternative energy AND ENERGY CONSERVATION
 25 research development and demonstration program, administered

1 by the department of natural resources and conservation,
 2 which presently receives 4 1/2% of the coal severance taxes
 3 allocated pursuant to 15-35-108, would overlap and
 4 supplement the program created by [this act] and because the
 5 alternative energy AND ENERGY CONSERVATION research
 6 development and demonstration account has a carryover from
 7 the 1985 biennium and THE DEPARTMENT OF NATURAL RESOURCES
 8 AND CONSERVATION is not presently planning to utilize the
 9 entire allocated amount it will receive during the 1987
 10 biennium, [this act] contemplates a temporary, one-time
 11 appropriation of a portion of the allocation to the
 12 alternative energy AND ENERGY CONSERVATION research
 13 development and demonstration account for funding the
 14 science and technology research program of the Montana
 15 science and technology development board created in [this
 16 act]. THE USE OF FUNDS APPROPRIATED FROM THE ALTERNATIVE
 17 ENERGY AND ENERGY CONSERVATION RESEARCH DEVELOPMENT AND
 18 DEMONSTRATION ACCOUNT ESTABLISHED BY 90-4-103 FOR THE
 19 PURPOSES OF [THIS ACT] FOR THE 1987 BIENNIUM IS SPECIFICALLY
 20 AUTHORIZED.

21 Section 2. Definitions. As used in [this act] the
 22 following definitions apply:

23 (1) "Board" means the Montana science and technology
 24 development board provided for in [section 3].

25 (2) "Business and industry" means a privately owned

1 and operated agricultural or commercial enterprise or
 2 association that maintains a research, development,
 3 commercial, or manufacturing facility in Montana. The
 4 enterprise or association need not have its headquarters
 5 within the state.

6 (3) "Department" means the department of commerce
 7 created in 2-15-1801.

8 (4) "Private sector" means any entity or individual,
 9 not principally a part of or associated with a governmental
 10 unit, that is associated with or involved in commercial
 11 activity.

12 (5) "Technology development project" means an activity
 13 designed to discover, develop, transfer, utilize, or
 14 commercialize existing or new technology in order to
 15 strengthen and enhance economic development in Montana.

16 (6) "Technology investment" means an award of funds
 17 for a technology development project, including technology
 18 transfer, to stimulate Montana's economy. The technology
 19 investments authorized by this act are not investments of
 20 public funds for purposes of Article VIII section 13, of
 21 the Montana constitution, or Title 17, Chapter 6, relating
 22 to the unified investment of public funds, but are
 23 investments of public resources intended to encourage
 24 technologically based economic development that may
 25 eventually result in a financial return on those

1 investments.

2 Section 3. Montana science and technology development
 3 board -- allocation -- composition -- quasi-judicial powers.

4 (1) There is a Montana science and technology development
 5 board. The board is allocated to the department of commerce.
 6 The department shall select, prescribe the duties for, and
 7 supervise staff to administer board activities.

8 (2) The board consists of 15 members appointed by the
 9 governor as prescribed in 2-15-124.

10 (3) In making appointments to the board, the governor
 11 shall consider people with broad interest and experience in
 12 science and technology and the application of such interest
 13 and experience to economic development in Montana. At least
 14 11 members must be from the private sector.

15 (4) The board is designated a quasi-judicial board for
 16 purposes of 2-15-124, except that 2-15-124(1) does not
 17 apply.

18 Section 4. Meetings. The board shall meet quarterly
 19 and at other times to be determined by the chairman or a
 20 majority of the board, subject to the availability of funds.

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 22 chairmanship, the board may establish other offices and
 23 select board members to fill these offices.

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 25 shall:

1 (1) establish policies and priorities that will expand
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 3 development in Montana;

4 (2) provide technical assistance for the transfer of
 5 technology to Montana businesses in order to encourage the
 6 use of new technology by Montana business and industry;

7 (3) make technology investments in technology
 8 development projects in the following areas that have short-
 9 or long-term potential to stimulate economic development in
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14 (d) seed capital awards for development and
 15 commercialization of new products and processes;

16 (4) accept grants or receive devises of money or
 17 property to be used in Montana for investments described in
 18 [this act];

19 (5) submit to the governor and the legislature a
 20 report describing the board's programs and accomplishments
 21 by November 1 of each even-numbered year or at the request
 22 of the governor; and

23 (6) adopt rules necessary to implement the provisions
 24 of [this act], including but not limited to rules:

25 (a) governing the conduct of board business;

1 (b) establishing matching fund requirements for
 2 capability, basic research, and seed capital investment
 3 programs;

4 (c) establishing criteria for determining the
 5 eligibility of projects and programs for technology
 6 investments; and

7 (d) establishing methods of committing funds, types
 8 and amounts of fees, and types of research investments to be
 9 made.

10 Section 7. Investments to board members prohibited.

11 (1) Board members may not personally apply for or receive
 12 board funds, except as provided in 2-15-124. If an
 13 organization with which a member is affiliated applies for
 14 board funds, the member must disclose the nature of the
 15 affiliation and may not participate in the decisionmaking
 16 process of the board regarding the application.

17 (2) The provisions of 2-2-201 do not apply to board
 18 members.

19 Section 8. Appropriation authority and funding. (1)
 20 The board has authority to accept and expend all funds
 21 received by it as grants, donations, or other private or
 22 public income. [THESE FUNDS ARE STATUTORILY APPROPRIATED AS
 23 PROVIDED IN [SECTION 2 OF HOUSE BILL NO. 12].] No award may
 24 be made for activities for which matching funds are OR
 25 PARTICIPATION OF FINANCIAL INTERMEDIARIES IS required until

1 such funds have been ~~received~~ COMMITTED.

2 (2) DOLLAR-FOR-DOLLAR MATCHING FUNDS ARE REQUIRED
3 PRIOR TO ANY EXPENDITURE OF STATE FUNDS FOR RESEARCH
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5 RESEARCH, OR SEED CAPITAL AWARDS OR INVESTMENTS PROVIDED FOR
6 IN [SECTION 6].

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8 by the board are in addition to and separate from general
9 fund appropriations to the university system and other state
10 agencies.

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20 receive a technology investment SHALL OWN ANY PATENT RIGHTS
21 OBTAINED AS A RESULT OF WORK DONE BY THE PRIVATE SECTOR
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23 (2) All ~~royalty and fee~~ income received by the board
24 is appropriated to its use. [THIS INCOME IS STATUTORILY
25 APPROPRIATED, AS PROVIDED IN [SECTION 2 OF HOUSE BILL NO.

1 12].] As this income is received, it will supplant the
2 appropriation of coal tax revenues to the board. ~~Royalty and~~
3 ~~fee~~ SUCH income received by the board in excess of the
4 amount appropriated to it from coal severance tax revenues
5 accrues to a science and technology research and development
6 account in the state special revenue fund.

7 Section 10. Accountability. (1) The board shall
8 develop independent review and audit procedures to ensure
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19 2-15-122 for the purpose of providing advice to the board on
20 selected topics. In making these recommendations, the
21 chairman shall consider the scientific and technological
22 expertise of various candidates and seek appropriate
23 representation from the scientific and academic community,
24 business and industry, agriculture, and the general public.

25 (2) Advisory council members are entitled to receive

1 reimbursement for travel expenses, as provided in 2-15-122.

2 Section 12. Initial board appointments. The terms of
3 office of the initial appointments to the board are as
4 follows:

5 (1) seven members must be appointed to terms ending
6 January 1, 1987, subject to the appointment and confirmation
7 of their successors; and

8 (2) eight members must be appointed to terms ending
9 January 1, 1989, subject to the appointment and
10 confirmation of their successors.

11 Section 13. Appropriation. (1) There is appropriated
12 to the Department of Commerce for the use of the Montana
13 Science and Technology Development Board ~~\$1,500,000~~
14 ~~\$1,000,000~~ \$2,000,000 from the alternative energy AND ENERGY
15 CONSERVATION research development and demonstration account
16 of the state special revenue fund for ~~each-fiscal-year-of~~
17 the biennium ending June 30, 1987.

18 (2) No more than ~~\$400,000~~ \$300,000 of the
19 appropriation may be used over the biennium for the
20 administrative expenses of the Board and staff expenses
21 incurred by the Department. The balance of the appropriation
22 must be used for technology investments. The Board is also
23 given spending authority for all grants, donations, and
24 income it receives.

25 SECTION 14. COORDINATION INSTRUCTION. THE BRACKETED

1 SENTENCES IN SECTIONS 8(1) AND 9(2) ARE EFFECTIVE ONLY IF
2 HOUSE BILL NO. 12 OF THE 49TH LEGISLATURE IS PASSED AND
3 APPROVED. IN ADDITION, IF HOUSE BILL NO. 12 IS PASSED AND
4 APPROVED, REFERENCES TO SECTIONS 8 AND 9 ARE INCLUDED IN THE
5 SUBSECTION OF HOUSE BILL NO. 12 LISTING ALL SECTIONS
6 CONTAINING STATUTORY APPROPRIATIONS.

7 Section 15. Effective date. This act is effective on
8 passage and approval and applies to coal mined on or after
9 April 1, 1985.

-End-