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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3] (Division 3 added by Stats. 1945, Ch. 111.)

PART 4.7. BUSINESS AND TOURISM [13995 - 13998.12] (Part 4.7 added by Stats. 2003, Ch. 229, Sec. 1.5.)

CHAPTER 4. Technology Programs [13998 - 13998.12] (Chapter 4 added by Stats. 2003, Ch. 627, Sec. 1.)

13998. Unless the context otherwise requires, the definitions in this section govern the construction of this chapter.

(a) "Agency" means the Business, Transportation and Housing Agency.

(b) "California-based foundation" means an organization defined in the Internal Revenue Code as a private foundation, which is incorporated in, and primarily conducts its activities within, the state and receives funding in whole or in substantial part from California-based companies.

(c) "Collaborative research" means technological or scientific research that accelerates existing research toward the commercialization of products, processes, and services, and is conducted jointly or funded jointly by some or all of the following:

- (1) The private sector, including intraindustry groups, California-based private foundations, industry associations, and nonprofit cooperative associations.
- (2) The federal government.
- (3) The state.
- (4) Public or private universities, colleges, and laboratories.

(d) "Consortia" means jointly funded or jointly operated nonprofit independent research and development organizations. "Consortia development" means the establishment of consortia to manage and fund a variety of technology transfer projects within a specific technology or industry priority.

(e) "Industry association" is a nonprofit organization with a substantial presence in California whose membership consists in whole or in part of California-based companies, and whose funding is derived in whole or in part from California-based companies.

(f) "Information technology" includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications that include voice, video, and data communications, requisite system controls, simulation, electronic commerce, and all related interactions between people and machines.

(g) "Nonprofit cooperative association" means an association, organized and operating pursuant to either Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code or Part 2 (commencing with Section 12200) of Division 3 of Title 1 of the Corporations Code.

(h) "Technology" includes, but is not limited to, the application of science and engineering to research and development, especially for industrial or commercial objectives, in sectors that include telecommunications, information technologies, electronics, biochemistry, medicine, agriculture, transportation, space, and aerospace.

(i) "Technology transfer" means the movement of the results of basic or applied technological or scientific research to the design, development, and production of new or improved products, services, or processes.

(Added by renumbering Section 13994 by Stats. 2015, Ch. 303, Sec. 196. (AB 731) Effective January 1, 2016.)

13998.1. (a) (1) There is within the agency the Regional Technology Alliance Program. The intent of the regional technology alliances is to decentralize the delivery of services and resources, programs and activities for technology development,

commercialization, application, and competitiveness at a regional level.

(2) The agency may designate new regional technology alliances upon application to carry out activities described in this section.

(3) The agency may establish criteria for designation that includes, but need not be limited to, criteria previously established by the Defense Conversion Council pursuant to Article 3.7 (commencing with Section 15346) of Chapter 1, as it read on December 31, 1998.

(b) Each alliance shall perform the following activities:

(1) Raise and leverage funds from multiple public and private sources to support technology development, commercialization, and application and industry competitiveness particularly in response to defense industry conversion and diversification.

(2) Assist in the formation of new businesses.

(3) Maintain an electronic network and access to databases that encourages business ventures.

(4) Coordinate with activities and efforts of industry, academia, federal laboratories, and governments.

(5) Recommend administrative actions or programs that could assist California's defense-dependent industries to successfully convert to commercial markets.

(6) Provide information about state and federal defense conversion programs, including, but not limited to, job training, economic development, industrial modernization, dual-use technology, new management techniques, and technology development and transfer.

(7) Identify emerging industries that may include commercial space applications, transportation, environment, high performance computing and communications, biotechnology and advanced materials, and processing and critical existing industries.

(c) Each alliance may also perform, but need not be limited to, the following activities:

(1) Assist in identifying businesses that could benefit from defense conversion programs and defense-dislocated workers who require employment and training opportunities.

(2) Assist and provide coordination in determining job opportunities within and outside of the defense industry for which displaced workers could be retrained and placed.

(3) Serve as a forum for industrywide networking linking producers, suppliers, and consumers.

(4) Assist individual businesses and industry consortia in applying for state and federal defense conversion program funds.

(5) Provide information and assistance in upgrading individual businesses and industrywide production and management processes.

(6) Provide information on available state and federal resources to aid businesses and workers affected by defense spending reductions, base closures, plant closures, and layoffs, to foster long-term economic vitality, industrial growth, and job opportunities.

(d) Each alliance is encouraged to develop activities that achieve the following results:

(1) Creation and retention of jobs.

(2) Creation of new businesses.

(3) Development of new commercial or dual-use products.

(4) Establishment of industry partnerships and consortia.

(5) Demonstration of productivity enhancement such as return on investment, reduced cost, employee training, and upgrades.

(6) Establishment of public and private partnerships.

(7) Commitment of industry support, participation, and capital.

(8) Leverage of state funds.

(9) Loan repayment ratio.

(10) Participation of small businesses and minority-, women-, and disabled veteran-owned businesses.

(11) Workforce training.

(e) The agency shall be authorized to enter into a contract for services with any alliance to provide services to the office. These contracts shall be sole source contracts, and exempt from the competitive bid process.

(f) During the first two years following selection of an alliance, the alliance shall monitor the performance of any application funded pursuant to Section 13998.2, and each invoice for payment shall be reviewed and approved by the alliance, but the contract for services shall be directly between the agency and the entity receiving grant funding. Commencing with the third year of designation, any alliance with procedures and processes approved by the agency shall be authorized to directly contract with grant recipients. The agency shall audit these grants on a regular basis.

(Added by renumbering Section 13994.1 by Stats. 2015, Ch. 303, Sec. 197. (AB 731) Effective January 1, 2016.)

13998.2. (a) There is within the agency the Challenge Grant Program, consisting of technology transfer grants and defense industry conversion and diversification grants. Challenge grant projects funded shall include, but not be limited to, the following: defense industry conversion and diversification, access to ongoing research and research findings, exchange or transfer of personnel and research support services, including capital outlay, consortia development, and collaborative research.

(b) All funds appropriated or received by the Challenge Grant Program shall administratively be divided into either the Technology Transfer Grant Program or the Defense Industry Conversion and Diversification Program. Funding awards for the Technology Transfer Grant Program shall be made pursuant to the requirements set forth in Sections 13998.3 and 13998.6.

(c) The agency shall award grants based upon a competitive application process addressing the project's eligibility and ability to fulfill the goals of the program.

(d) The agency shall report on this program to the Governor and the Legislature.

(Added by renumbering Section 13994.2 by Stats. 2015, Ch. 303, Sec. 198. (AB 731) Effective January 1, 2016.)

13998.3. (a) An eligible technology transfer or defense industry conversion and diversification project shall, at least, do all of the following:

- (1) Identify the sources of funding for the entire project.
- (2) Not supplant other funding.
- (3) Demonstrate that a significant portion of the project will be undertaken in California.

(b) In addition to the requirements contained in subdivision (a), a defense industry conversion and diversification project shall not receive more than 25 percent of the total project costs requested in the proposal.

(c) In addition to the requirements contained in subdivision (a), a technology transfer project shall:

- (1) Represent a technology or industry, or both, targeted in the application.
- (2) Include a significant amount of matching contributions from either of the following:
 - (A) A private sector company or companies.
 - (B) A California-based foundation or foundations, an industry association or associations, or a nonprofit cooperative association or associations.
- (3) Include either of the following:
 - (A) A private sector company or companies that have significant operations in the state.
 - (B) A California-based foundation or foundations, an industry association or associations, or a nonprofit cooperative association or associations.

(Added by renumbering Section 13994.3 by Stats. 2015, Ch. 303, Sec. 199. (AB 731) Effective January 1, 2016.)

13998.4. The technology transfer grantee shall not incur expenses to be paid with grant funds without evidence of a workable agreement between the parties participating in the project that includes at least both of the following:

- (a) A resolution of the intellectual property rights relative to the project.
- (b) A direct and ongoing involvement of the public and private sectors, when applicable in the project.

(Added by renumbering Section 13994.4 by Stats. 2015, Ch. 303, Sec. 200. (AB 731) Effective January 1, 2016.)

13998.5. (a) In awarding technology transfer grants, the agency shall consider the following:

- (1) The likelihood of commercialization of a product, service, or process.
- (2) The potential impact on the state's economy.
- (3) The cost-effectiveness of the project.
- (4) The importance of state funding for the viability of the project.
- (5) Cost sharing by other participants.
- (6) The involvement of small businesses and minority-, disabled veteran-, and women-owned businesses.
- (7) Projects that will result in a prototype by the end of the grant period.
- (8) Other criteria that the agency determines are consistent with the purposes of the program.

(b) The agency shall target industries and technologies with a potential for enhancing the California economy, and shall fund projects within those industries and utilizing those technologies.

(Added by renumbering Section 13994.5 by Stats. 2015, Ch. 303, Sec. 201. (AB 731) Effective January 1, 2016.)

13998.6. Technology transfer projects may include reasonable overhead costs incurred by a research institute and related to the project that shall not exceed the allowable federal overhead costs for research. All other projects may include any costs authorized by the principal funding agency, and not precluded by state requirements.

(Added by renumbering Section 13994.6 by Stats. 2015, Ch. 303, Sec. 202. (AB 731) Effective January 1, 2016.)

13998.7. Except for defense industry conversion and diversification projects, only a public agency or a not-for-profit or nonprofit organization shall receive funds under this chapter. Any person or entity is authorized to receive a defense industry conversion and diversification grant.

(Added by renumbering Section 13994.7 by Stats. 2015, Ch. 303, Sec. 203. (AB 731) Effective January 1, 2016.)

13998.8. (a) The agency may obtain scientific and technological expertise as needed to provide advice and input on the program, the establishment of targeted technologies and industries, the review of grant applications, and the review of project performance.

(b) The agency may award funds over a multiyear period to a grantee without requiring the grantee to reapply, so long as the funds in multiple years are utilized for the same project originally funded.

(Added by renumbering Section 13994.8 by Stats. 2015, Ch. 303, Sec. 204. (AB 731) Effective January 1, 2016.)

13998.9. (a) Notwithstanding Sections 13998.2, 13998.3, 13998.4, and 13998.5 and the regulations implementing this chapter, the secretary may award discretionary technology transfer grants totaling not more than 5 percent or one hundred thousand dollars (\$100,000), whichever is greater, of the funds appropriated each year for this program.

(b) Notwithstanding Sections 13998.2, 13998.3, 13998.4, 13998.5, and subdivision (a) of this section, the secretary may award up to 15 percent of the funds appropriated for a given fiscal year for consortia development projects that do not have private sector match but will have private sector match within six months from the date of the award of funding. For purposes of this subdivision, "private sector match" means a cash or in-kind contribution available for expenditure or use to a consortium development project. If, after six months, a private sector match is not available, funding under the program shall cease and all moneys previously received shall be returned to the state.

(Added by renumbering Section 13994.9 by Stats. 2015, Ch. 303, Sec. 205. (AB 731) Effective January 1, 2016.)

13998.10. (a) In order to carry out this chapter, there is hereby created in the State Treasury the California Competitive Technology Fund.

(b) The fund shall receive state funds appropriated to it, contributions from nonstate sources, reimbursements, federal funds, and interest that accrues to the moneys in the fund pursuant to subdivision (c).

(c) The Treasurer shall invest moneys contained in the fund not needed to meet current obligations in the same manner as other public funds are invested.

(d) Notwithstanding Section 13340, all moneys in the fund are continuously appropriated without regard to fiscal years to the agency for the purposes of this chapter, and for the purposes for which moneys were provided. Except for state funds appropriated to, or transferred into, the fund for local assistance, moneys in the fund, including all interest, may be spent for support.

(Added by renumbering Section 13994.10 by Stats. 2015, Ch. 303, Sec. 206. (AB 731) Effective January 1, 2016.)

13998.11. The agency shall report on this program to the Governor and the Legislature.

(Added by renumbering Section 13994.11 by Stats. 2015, Ch. 303, Sec. 207. (AB 731) Effective January 1, 2016.)

13998.12. There is hereby established within the agency the Technology Planning Program. The program shall provide grants and technical assistance to California nonprofit organizations and public entities working within specific industries to identify conversion or expansion projects. Grants may be awarded in the areas of strategic planning and strategic alliances. The program shall award grants based upon a competitive application process addressing the project's eligibility, a review of the proposal's scientific and technological aspects, and ability to fulfill goals of the program. Priority shall be given to those projects with the identified support of industry representatives, matching funding, projects likely to receive federal funds requiring matching funds, and any other criteria determined by the agency. A project example is a joint effort to develop and commercialize defense-related technologies by federal laboratories, universities, and companies in close geographical proximity.

(Added by renumbering Section 13994.12 by Stats. 2015, Ch. 303, Sec. 208. (AB 731) Effective January 1, 2016.)