



Governor's Office of
Economic Development
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DRAFT RULE

Sept. 22, 2014

R357-11 Technology Commercialization & Innovation Program (TCIP).

R357-11-1 Purpose

- (1) The purpose of TCIP is to accelerate the commercialization of promising Utah based technologies that have strategic and actual value for the state.

R357-11-2 Authority

- (1) UCA 63M-1-704(2)(b) requires the office to make rules to regulate the TCIP grant structure and awards.

R357-11-3 Definitions

- (1) This rule adopts the definitions set for in 63M-1-704(2)(b)
- (2) Qualified Pre-screening entity “means”

R357-11-4 Eligible Applicants

- (1) University Teams
 - a. The technology must be organized by a faculty-led university team,
 - b. The technology must have completed the developmental research phase,
 - c. The technology must be ready for the commercialization phase.
- (2) Small Business In order to apply for a grant or loan under the TCIP program, a small business must satisfy the following initial criteria
 - a. The applicant must be a “Small Business” as defined by Small Business Administration’s definition and meet the criteria set forth in UCA 63M-1-703(5).
 - b. Small business using university-licensed technology or independently owned intellectual property may also be eligible for application if it meets the definition of (a) above.
- (3) Licensees: In order to apply for a grant or loan under the TCIP program, a licensee must satisfy the criteria enumerated for University Teams above.
- (4) Limitations for all applicants:
 - a. All TCIP applicants are subject to the following limitations:
 - i. An applicant must have received less than one round of funding for the proposed technology from the TCIP, including the former Centers of Excellence Program (COE)

1. Applicants may be eligible to receive two (or can they receive it multiple times as long as the total is under \$200K) consecutive or non-consecutive awards from TCIP totaling no more than \$100,000 per award and \$200,000 total per proposed technology;
 2. Criteria for the award shall be outlined in the application
 3. Applicants who receive a second award must bill 100% of their first award before receiving any monies from their second award
- ii. An applicant that has generated more than \$500,000 in revenue (i.e. from product sales) from the proposed technology is not eligible for the TCIP grant.
 - iii. An applicant that has raised more than \$3 million in total prior funding (e.g. venture capital, loans, etc.) for the proposed technology is not eligible for the TCIP grant.
 - iv. An applicant may apply for a TCIP grant up to three times for the same proposed use of a technology. However if an applicant is not awarded a TCIP grant after their third application, they may not reapply for a fourth time for the same proposed use of a technology.
 - v. An applicant may submit multiple applications for different technologies during one solicitation cycle, however, only one application will be accepted from any proposing team in any one solicitation cycle.
- All applicants who are able to provide matching funds shall have the matching funds be a consideration along with the source and relevance of those matching funds.

R357-11-5 Pre-screening Process

(1) University Teams

- a. All University Teams must undergo pre-screening and be recommended by a TCIP qualified pre-screening entity before submitting an application to the TCIP.
- b. Applicant must send their application to the TCIP offices directly.
- c. Pre-screening entity must inform the TCIP in writing that the applicant is being recommended before applicant is eligible to participate in the Review Process.
- d. List of qualified pre-screening entities

University Team Applicants must meet with one of the qualified pre-screening entities listed below, prior to their application being accepted by the TCI program. Applicants must contact the entity directly and request an interview and review of their proposal. Each of these entities have their own process for evaluating and making recommendations to the TCI program. Please allow sufficient time for this process to be completed before the TCIP application deadline.

Please note that applicants which are partnered with any of Utah's regional

colleges and universities (non- PhD granting), must be pre-screened by the USTAR TOIP program. Applicants affiliated with PhD granting institutions ideally should work with their institution's TCO office.

Brigham Young University - Technology Transfer Office
3760 HBLL, Brigham Young University, Provo, UT 84602-6844
(801) 422-6266 (office)
(801) 422-0463 (fax)
<http://techtransfer.byu.edu/>
techtransfer@byu.edu

University of Utah – Technology Venture Commercialization
615 Arapeen #310, SLC, UT 84108
801.581.7792 (office)
<http://www.tco.utah.edu>
info@tco.utah.edu

Utah State University - Technology Commercialization Office
570 Research Park Way, Suite 101, North Logan, UT 84341-9730
(435)797-9607 (office)
(435)797-9612 (fax)
<http://tco.usu.edu>
tco@usu.edu

USTAR TOIP
(801) 538-8622 (office)
<http://www.innovationutah.com/contact.html>
ustarinfo@utah.gov

(2) Small Business

Pre-screening for small businesses: TCIP Administrators and affiliates are responsible for recommending grant applications to the TCIP Review Process.

(3) The Executive Director of GOED may make the final selection of the TCIP grant recipients.

(4) Applicants who successfully complete the pre-screening process may qualify to submit their application for the TCIP grant through the online registration portal.

R357-11-6 Application Selection Criteria

(1) They may use the following criteria for selecting applicants for the TCIP grant

- a. Quality, diversity, and number of jobs in Utah (i.e. average salary, benefits, etc.)
- b. Quality of management and leadership, including experience in startups or commercialization
- c. Strength of the applicants technology and potential for commercialization
- d. Size and growth of the market for the proposed technology
- e. Applicants ability to sell and market the technology and credibility of their “go-to-market” strategy
- f. Strength of the applicants overall value proposition and competitive advantage
- g. Any other criteria the review panel may deem necessary or valuable to the selection process
- h. Availability of matching funds and the source and relevance of those funds as outlined below in 11-8.

R357-11-7 TCIP Grant Awards and Disbursement of Funds Regulations

(1) Contract

- a. An applicant who is awarded a TCIP grant must sign a contract with the State of Utah prior to receiving any funds

(2) Sub-Contracts

- a. Grant Recipients are prohibited from subcontracting the funds to any other entity except for the purchase of commercially available goods or services needed for the commercialization of the technology.

(3) Return of grant provision

- a. Grant Awardees should be aware that their agreement with the State will include a return of grant provision and can be triggered in the event that a grant recipient or grant awardee breaches the terms and conditions of the agreement.

(4) Time in State

- a. Grant recipients will be expected to retain their company, and supported technology, and exploit the technology in the State of Utah for a minimum period of five years from the date of their agreement with the State.
- b. Failure to do so will activate the return of grant provision.

(5) Authorization to disclose tax information

- a. Licensee grant recipients will be required to sign an authorization to disclose tax records for up to five years from the date of their agreement with the State.

(6) Mentoring Program

- a. Grant awardees may be required to participate in the TCIP Mentoring Program in order to secure funding.
 - i. The mentoring program provides access to specialized resources and expertise.
- b. GOED may choose to distribute a portion of funds contingent upon engagement of a mentoring program.

R357-11-8 Matching Funds Consideration

- (1) A grant recipient may be required to show proof of matching funds.
 - a. Matching funds may be raised and spent at any time prior to submitting an invoice to the TCIP
 - i. Grant recipient must submit bank statements (for Licensees and Small Business) or financial statements (for Universities) demonstrating that the matching funds were available during the match period.
 - ii. Matching funds do not have to be in place at the time of the application, but must be in place before TCIP funds are disbursed within the contract period of one year.

R357-11-9 Funding

- (1) TCIP funding is for developing existing research to the point of commercialization, bridging the “funding gap” between research dollars and manufacturing dollars.
- (2) TCIP funding may be used to:
 - a. Purchase equipment;
 - b. Purchase supplies;
 - c. Fund graduate/undergraduate students for time directly applicable to center commercialization activities;
 - d. Fund faculty salaries directly applicable to center commercialization;
 - e. Fund product development activities (prototypes, models, simulations);
 - f. Fund technology transfer activities (trade shows, brochures, etc.);
 - g. Fund market analysis;
 - h. Pay for consulting fees directly applicable to center commercialization;
 - i. Pay for business manager or marketing manager salaries directly applicable to center commercialization activities; or
 - j. Other purposes as GOED deems necessary.
- (3) Carryover Funds
 - a. The budget described in the contract is designated for the particular fiscal year and is an integral part of the contract. Upon the expiration of the contract, residual funds under the contract can only be accessed by amending the contract as described above.
- (4) Invoicing Requirement
 - a. Funds are disbursed on a reimbursement basis. To receive funds from the program, an invoice of actual expenses of the funded center should be submitted by the awardee at least quarterly.
 - b. Every invoice must include:
 - i. Contract Number;
 - ii. Name of Center and P.I.;
 - iii. Billing Period; and

iv. Current and Cumulative Amounts.

R357-11-10 Reporting Requirements

(1) Reporting & Monitoring

- a. Grant awardees will be required to submit a quarterly report of activities, achievements and expenses, etc. through an on-line portal for the first year of their contract and annually thereafter for two additional years.
- b. Grant awardees will be required to comply with the State's request for information pertaining to the economic impact to the State, at least annually for up to five years from date of the agreement.
- c. Grant awardees will also be required to respond to additional periodic reporting to the TCIP Director, Governor's Office of Economic Development and GOED Board, and the Legislature, at any time during the agreement period and thereafter for two additional years.
- d. Center directors should also expect periodic site visits from TCIP Director or Advisory Council members. Such visits will be scheduled at mutually convenient times.