

45

North Dakota University System
SB 2390 – Senate Finance and Taxation Committee
February 3, 2009

Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, NDUS

Good morning, Mr. Chairman and members of the Committee.

On behalf of the North Dakota University System, I appreciate this opportunity to offer testimony regarding SB 2390. At this time, the University System has taken a neutral position on this bill. We strongly support the concept of our universities working in tandem with private sector business in high tech-based research parks. Collaboration between our universities and business is essential for our state's continued economic growth and vitality – the kind of cooperative ventures and innovative research that characterize the Red River Valley Research Corridor.

The NDSU Research and Technology Park is an excellent example of existing partnerships. It is currently home to technology-related companies such as Phoenix International (which designs and manufactures custom, integrated electronic components), Pedigree (a software and services company), Alien Technologies (known for its work with RFID), and Bobcat, among others.

A number of cutting-edge research centers also exist at the University of North Dakota, including the Center of Excellence in Life Sciences and Advanced Technologies. Firms like Avianax and NovaDigm Therapeutics are connected with this center.

With strong existing partnerships like these, why remain neutral on this bill? Technology collaborations are complex endeavors. As the bill indicates, they require negotiation to clearly specify roles and responsibilities and address a number of critical issues such as liability and access to space and equipment. This is a substantial bill and we are still analyzing it. Based on an initial reading, some of the questions we are looking at include:

- Are the provisions of this bill consistent with federal laws and IRS regulations as well as with regulations of the state of North Dakota and our local communities?
- Specifically, do the provisions of the bill enable the University to remain in compliance with federal research regulations?
- What happens if a university is working with one park and another park in an adjacent subdivision wishes to be certified? Could possible conflicts of interest arise?
- What does the phrase (page 4, line 26) "Grants of preferences for access to and commercialization of intellectual property" mean? How would this work in practice?

- What are the impacts on a research project sponsor having first option to negotiate a license to intellectual property? Would preference be given to a tenant of the certified technology park rather than to the sponsor funding the R&D?
- What are the implications of a higher education institution providing the certified technology park tenants with preferential access to equipment and other resources? Does this conflict with the federal requirement that federally-funded equipment and resources must be used first on federal R&D projects?
- Are there potential liabilities to the institution if a private firm has access to university laboratory space or equipment?
- Regarding the hearing for designation of an allocation area (page 9, line 12), how will the governing body reach a conclusion? What guidelines will be used?
- What is the impact on municipalities?
- You also may wish to clarify the definitions to ensure that that they are consistent with legislative intent. For example, could the definition of biotechnology as currently stated (line 2, p. 10; "any technology that uses living organisms. . .to make or modify a product") include breweries?

Mr. Chairman, we want you to know that the University System stands ready to work with you and the bill's sponsor to clarify these and other questions if that is the desire of the committee.

Thank you very much for your consideration. I will be pleased to answer any questions.