

1 IN THE HOUSE BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 390

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Science and Technolo-
7 gy Foundation; relating to the membership of the
8 science and engineering advisory commission; and
9 providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 37 is amended by adding a new chapter to read:

12 CHAPTER 17. ALASKA SCIENCE AND TECHNOLOGY FOUNDATION.

13 Sec. 37.17.010. FOUNDATION ESTABLISHED. (a) The Alaska Science
14 and Technology Foundation is established as a public corporation in
15 the Department of Revenue.

16 (b) The purpose of the foundation is to promote and enhance
17 economic development, technological innovation and capability, and
18 public health in Alaska through basic and applied research.

19 Sec. 37.17.020. ENDOWMENT ESTABLISHED; INVESTMENT. (a) In
20 order to support the foundation, the Alaska science and technology
21 endowment is established, consisting of money appropriated to the
22 Alaska Permanent Fund Corporation for the benefit of the foundation.

23 (b) For the purposes of investment of the endowment, the Alaska
24 Permanent Fund Corporation is subject to AS 37.13.120, except that
25 amounts appropriated for purposes of the endowment do not become a
26 part of the principal of the Alaska permanent fund, and the endowment
27 income must be distributed in accordance with this chapter.

28 Sec. 37.17.030. ENDOWMENT INCOME; EXPENSES; GRANTS. (a) Upon
29 application of the foundation's board of directors or its authorized

1 representative, the Alaska Permanent Fund Corporation shall pay to the
2 foundation a portion or all of the income then accrued from the endow-
3 ment. The net annual capital gains of the endowment shall be equally
4 divided between the income and the principal of the endowment.

5 (b) In addition to endowment income, the foundation may receive
6 gifts, grants, and other aid. The foundation may accumulate income,
7 gifts, grants, and other aid from any one year and distribute them in
8 a later year.

9 (c) The administrative expenses of the foundation are subject to
10 the Executive Budget Act and must be paid from the income of the
11 endowment.

12 (d) The board of directors shall distribute the income of the
13 endowment through competitive grants in accordance with this chapter.
14 The board may disburse money that is received by the foundation for
15 special or general purposes.

16 (e) The board of directors may pay into the principal of the
17 endowment any part of the endowment income. Money paid to the
18 principal under this subsection may not later be withdrawn by the
19 board of directors.

20 Sec. 37.17.040. BOARD OF DIRECTORS. (a) The foundation is
21 governed and administered in accordance with this chapter by a board
22 of directors appointed by the governor to serve staggered terms of
23 four years. A member serves on the board until a successor qualifies
24 and is appointed. A member of the board of directors may be removed
25 from the board by the governor for cause.

26 (b) The board of directors is composed of nine members, as fol-
27 lows:

28 (1) two members must be scientists or engineers residing in
29 Alaska who are recognized contributors in the science or engineering

1 fields, one of whom is employed by the University of Alaska;

2 (2) two members must be scientists or engineers residing
3 outside Alaska who are recognized contributors in the science or
4 engineering fields;

5 (3) four members of the public, at least two of whom have
6 recognized expertise or experience in resource development, man-
7 ufacturing, finance, or public health;

8 (4) one member who is employed by a department or agency of
9 the state, except for the University of Alaska.

10 Sec. 37.17.050. ELECTION OF OFFICERS. The board of directors
11 shall elect a chairperson and a secretary from its members, each to
12 serve for a term not to exceed two years.

13 Sec. 37.17.060. QUORUM. A majority of the board constitutes a
14 quorum for the transaction of business.

15 Sec. 37.17.070. MEETINGS AND REIMBURSEMENT FOR EXPENSES. The
16 board shall meet at least twice a year. Additional meetings may be
17 called at the discretion of the chairperson. Board members are enti-
18 tled to per diem and travel expenses authorized for boards and com-
19 missions under AS 39.20.180 and must receive an honorarium of \$400 for
20 each day spent at a meeting of the board or at a meeting of a sub-
21 committee of the board.

22 Sec. 37.17.080. STAFF. The board of directors shall employ and
23 determine the salary of an executive director, subject to the Execu-
24 tive Budget Act. The executive director serves at the pleasure of the
25 board. The executive director may, with approval of the board, select
26 and employ additional staff as necessary. No employee of the founda-
27 tion, including the executive director, may be a member of the board.
28 The executive director and the other employees of the foundation are
29 in the exempt service under AS 39.25.

1 Sec. 37.17.090. GRANT PROCEDURES, LIMITATION, AND REQUIREMENTS.

2 (a) The board of directors shall provide adequate and appropriate
3 notice of all solicitations for grant proposals at least once a year.
4 The board may actively solicit persons, organizations, or institutions
5 to apply for general or specific grants.

6 (b) Grant proposals must be submitted for impartial and compet-
7 itive peer review for scientific and technical validity by a panel of
8 recognized experts appointed by the board of directors. The identity
9 of members of a peer review panel is confidential until final action
10 is taken by the board on the grant proposal. The board shall consider
11 the recommendations of the panel in deciding whether to award a grant.
12 The board may exempt grants of \$5,000 or less from peer review.

13 (c) In making its grant awards, the board shall take into con-
14 sideration the policy and research priorities identified by the Alaska
15 Science and Engineering Advisory Commission.

16 (d) Not less than 50 percent of the endowment income that is
17 distributed as grants by the foundation in a fiscal year must be for
18 grants of \$100,000 or less, exclusive of other funding.

19 (e) The board of directors shall, as a condition of a grant, and
20 as necessary, set the maximum percentage of a grant award that may be
21 expended by a grantee to pay for overhead costs of the grantee's proj-
22 ect.

23 (f) The board shall require from each grant recipient periodic
24 reports and a final report. The board shall disseminate to the
25 scientific community and to the public, on a regular basis, the re-
26 sults of research sponsored by the foundation. Proprietary reports
27 and other information voluntarily filed with the board or critical to
28 patent applications may be kept confidential if the person providing
29 the information so requests and it is considered necessary by the

1 board.

2 (g) As a condition of all grants awarded under this chapter, the
3 board of directors shall require that a fair and reasonable percentage
4 of all income from royalties, licenses, and patents produced as a re-
5 sult of the grant be paid into the principal of the endowment.

6 (h) In awarding a grant under this chapter, the board of direc-
7 tors shall give preference to an applicant who is an Alaska resident,
8 association, organization, or institution. If the board determines
9 that an Alaskan applicant does not have the expertise or capability to
10 satisfactorily perform the grant research without assistance from an
11 out-of-state person or institution, the board may award a grant,
12 jointly, to the Alaskan applicant and an approved out-of-state person
13 or institution. If a grant is awarded to an out-of-state person or
14 institution, the board may require that the out-of-state grantee
15 associate with an Alaska scientific or technical organization while
16 performing the grant research. In all cases, a grant may be awarded
17 only if the board determines that the research to be performed will
18 further the purposes of the foundation under AS 37.17.010(b).

19 (i) A grant may include money to obtain equipment. Such equip-
20 ment is the property of the foundation. At the termination of the
21 grant, the equipment must be disposed of at the discretion of the
22 board.

23 (j) The board of directors shall provide a written report of its
24 activities and finances to the governor and the legislature no later
25 than January 30 each year.

26 Sec. 37.17.100. CONFLICT OF INTEREST. (a) Members of the board
27 of directors are subject to the Alaska Executive Branch Ethics Act,
28 AS 39.52.

29 (b) The board of directors shall adopt a written policy in

1 addition to the requirements of AS 39.52, to address potential
2 conflicts of interest of its members and members of a peer review
3 panel.

4 Sec. 37.17.110. REGULATIONS. The board of directors may adopt
5 regulations to implement this chapter.

6 * Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

7 (5) the executive director and staff of the Alaska Science
8 and Technology Foundation (AS 37.17.010).

9 * Sec. 3. AS 44.19.257(a) is amended to read:

10 (a) The commission is composed of eight [SEVEN] members ap-
11 pointed by the governor as follows:

12 (1) one member is to be appointed from individuals from the
13 academic institutions of the state with expertise in areas of research
14 relating to the state, including the physical, biological, health,
15 environmental, social, and behavioral sciences;

16 (2) one member is to be appointed from individuals who are
17 engaged in activities furthering the welfare of the human and physical
18 environment and who have expertise in areas of research relating to
19 the state, including the physical, biological, health, environmental,
20 social and behavioral sciences;

21 (3) one member is to be appointed from state departments
22 with research needs;

23 (4) one member is to be appointed from individuals familiar
24 with the state and representative of the needs and interests of pri-
25 vate industry;

26 (5) one member is to be appointed from individuals with
27 experience in national and international research programs;

28 (6) one member is to be appointed from the general public;

29 [AND]

1 (7) the executive director of the Alaska Science and Tech-
2 nology Foundation established under AS 37.17; and

3 (8) the senior science advisor in the governor's office,
4 who serves as chairperson [CHAIRMAN] and director of the commission.

5 * Sec. 4. AS 44.19.259 is amended to read:

6 Sec. 44.19.259. TERM OF MEMBERS OF THE COMMISSION. Members of
7 the commission, other than the senior science advisor and the execu-
8 tive director of the Alaska Science and Technology Foundation, serve
9 staggered terms of four years and until a successor qualifies and is
10 appointed.

11 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).