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Referred: Health, Education and
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1 IN THE SENATE BY FAHRENKAMP AND FANNING

2 SENATE BILL NO. 469

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 the state 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 shall 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 AS 37.07 (Executive Budget Act) and shall be paid from the income of
11 the endowment.

12 (d) The board of directors shall distribute the income of the
13 endowment through competitive grants under this chapter. The board
14 may disburse money that is received by the foundation for special or
15 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 princi-
18 pal under this subsection may not later be withdrawn by the board of
19 directors.

20 Sec. 37.17.040. BOARD OF DIRECTORS. (a) The foundation is
21 governed and administered under this chapter by a board of directors
22 appointed by the governor to serve staggered terms of four years. A
23 member serves on the board until a successor qualifies and is appoint-
24 ed. A member of the board of directors may be removed from the board
25 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 the state who are recognized contributors in the science or

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

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

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

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

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

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

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

23 Sec. 37.17.080. STAFF. The board of directors shall employ and
24 determine the salary of an executive director, subject to the Execu-
25 tive Budget Act. The executive director serves at the pleasure of the
26 board. The executive director may, with approval of the board, select
27 and employ additional staff as necessary. An employee of the founda-
28 tion, including the executive director, may not be a member of the
29 board. The executive director and the other employees of the

1 foundation are in the exempt service under AS 39.25.

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

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

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

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

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

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

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

1 the information so requests and it is considered necessary by the
2 board.

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

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

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

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

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

1 (b) The board of directors shall adopt a written policy in addi-
2 tion to the requirements of AS 39.52, to address potential conflicts
3 of interest of its members and members of a peer review 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 (25) 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 appoint-
11 ed 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 COMMISSION. Members of the
7 commission, other than the senior science advisor and the executive
8 director of the Alaska Science and Technology Foundation, serve stag-
9 gered 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).