

POLICY CONCEPT FORM

Name and UO Title/Affiliation:	Charles Williams, Associate Vice President for Innovation
Policy Title/# (if applicable):	University Venture Development Funds
Submitted on Behalf Of:	Senior Associate Vice President for Research and Innovation
Responsible Executive Officer:	Vice President for Research and Innovation

SELECT ONE: **New Policy** **Revision** **Repeal**
Click the box to select

HAS THE OFFICE OF GENERAL COUNSEL REVIEWED THIS CONCEPT: **Yes** **No**
If yes, which attorney(s): Doug Park

GENERAL SUBJECT MATTER

Include the policy name and number of any existing policies associated with this concept.
University Venture Development Funds

RELATED STATUTES, REGULATIONS, POLICIES, ETC.

List known statutes, regulations, policies (including unit level policies), or similar related to or impacted by the concept. Include hyperlinks where possible, excerpts when practical (e.g. a short statute), or attachments if necessary. Examples: statute that negates the need for or requires updates to an existing policy; unit level policy(ies) proposed for University-wide enactment; or existing policies used in a new, merged and updated policy.

Venture Grant Program outlined in ORS 350.540-550; Oregon Laws 2016 Chapter 31 (HB 4072)

STATEMENT OF NEED

What does this concept accomplish and why is it necessary?

This is an update of the current University Venture Funds Policy to be consistent with the 2016 state amendments (HB 4072), ORS 350.540-550, and to provide for the second round of UVDF programs now that we are 10 years into the program.

AFFECTED PARTIES

Who is impacted by this change, and how?

Office of the Vice President for Research and Innovation: Updates amount of tax credits available, provides clarity on programming and annual program review, provides opportunity to make grants to students in formal OVPRI programs;

Advancement: Provides greater clarity to support donor engagement;

Students: Provides clarity on programming to develop the skillsets necessary to make their research more impactful

CONSULTED STAKEHOLDERS

Which offices/departments have reviewed your concept and are they confirmed as supportive? (Please do not provide a list of every individual consulted. Remain focused on stakeholders (e.g. ASUO, Office of the Provost, Registrar, Title IX Coordinator, etc.).)

Name	Office	Date
Matt Hutter	Advancement	Ongoing
Cassandra Moseley	OVPRI	Ongoing

Reason for Policy

This policy outlines matters pertaining to the University Venture Development Fund, consistent with the Venture Grant Program outlined in state law.

Entities Affected by this Policy

University of Oregon Research & Innovation (and related departments); Finance & Administration; University Advancement; other university employees working within the matters described above

Web Site Address for this Policy

[to be entered when posted]

Responsible Office

For questions about this policy, please contact the Office of the Vice President for Research and Innovation at 541-346-2090 or University Advancement at 541-346-3016.

Enactment & Revision History

9/3/15: Technical revisions enacted by the University Secretary

7/1/14: Became a University of Oregon Policy by operation of law

Former Oregon Administrative Rule Chapter 580 Division 43, Sections 0060-100.

Policy

A. Purpose; Definitions

(1) Purpose. This policy authorizes the University of Oregon (“University”) to establish ~~one a~~ Venture Development Fund ~~for the purpose of to provide moneys to~~ facilitating the commercialization of the University’s research and development. ~~The purpose of the University’s Fund shall be to provide qualified grant applicants with moneys to facilitate the commercialization of the University’s research and development.~~ Within the scope of this purpose and subject to these policies, the University may use moneys in its Fund to provide:

(a) Capital for ~~u~~University innovation and entrepreneurial programs;

(b) Opportunities for University students to gain experience in applying research to commercial activities;

(c) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services; ~~and~~

~~(d) Entrepreneurial opportunities for persons interested in transforming research into viable commercial ventures that create jobs in this state. Contributors to the University's Fund are eligible for Oregon income tax credits to the extent set forth in the Act and this policy.~~

(2) Definitions:

(a) Act: Oregon Laws 2005, ch. 592, as amended by Senate Bill 582 (2007) (currently ORS 352.540-550) and House Bill 4072 (2016).

(b) Entity: any governmental body or agency, association, partnership, corporation, limited liability company, or other organization, however described or named and regardless of legal status, other than a Person.

(c) Person: a natural person or sole proprietorship.

(d) Venture Development Fund or Fund: A fund authorized by the Act.

(e) Venture Grant Program or Program: A grant program authorized by the Act.

(f) University: University of Oregon.

(g) Department of Revenue: the Oregon Department of Revenue.

(h) General Fund: the general fund of the State of Oregon.

(i) Remain in Oregon: maintaining the Entity headquarters in Oregon; or employing a majority of employees (on a full-time equivalent, head-count, or payroll basis) in Oregon.

(j) Board: the Board of Trustees of the University of Oregon, created by ORS 352.054.

(k) Tax Credit Certificate: a certificate authorized by the Act and in a form designated by the ~~Board~~ University that evidences a contribution to a Venture Development Fund.

~~(l)~~ Donor: a person or entity that makes a contribution to a Fund authorized by the Act and this policy.

(m) Taxpayer: a person or entity that makes a contribution to a Fund authorized by the Act and this policy and that applies for a tax credit certificate authorized by the Act and this policy.

(n) Gross Royalty Income: cash realized by the University from royalties, milestone and license fee payments and from the sale of equity as a result of grants made under the Program.

B. Establishment of a Venture Development Fund by the University

(1) The University may establish a Fund in accordance with the Act and this policy.

(2) If the University establishes a Fund, it shall:

(a) Notify the Board and the Department of Revenue of the establishment of the Fund;

(b) Either directly or through its affiliated foundation solicit contributions to the Fund and receive, manage, and disburse any such contributions and the earnings thereon;

(c) Subject to the Act and this policy, issue tax credit certificates to contributors to the Fund; Taxpayers making a contribution to the University's fund and wishing to receive a tax credit certificate evidencing that contribution must submit the contribution, together with an application for tax credit certificate, in a form designated by the University, to the University or, if directed by the University, to its affiliated foundation. A tax credit certificate will be issued to the Taxpayer unless the contribution exceeds the University's then current tax credit certificate issuance authority, the Taxpayer's application is incomplete, or the University cannot verify receipt of the Taxpayer's contribution;

(d) Establish a grant program that meets the requirements for a Venture Grant Program under the Act and this policy;

(e) Subject to available moneys from the Fund, provide qualified grant applicants with moneys for the purpose of facilitating the commercialization of university research and development and related University student experiential education; and

(f) Report to the Department of Revenue the amounts of tax credit certificates issued by the University and maintain records of licensing and royalty revenue received by the University as the result of grants made from the Fund and records of amounts paid to the General Fund under the Act.

~~(3) An Institution may deposit moneys received for its Fund in the Higher Education Donation Fund established under ORS 351.130. Interest earned by such moneys shall be credited to the Fund. The State Treasurer, as payment for expenses, may deduct a fee pursuant to ORS 293.718 from a Fund administered by an Institution.~~

(43) The use of moneys donated under this policy may not be directed by a Donor. Rather, all moneys shall be available for the purposes set forth in the Act and this policy without regard to specific Donor instructions, except that the University or its affiliated foundation may charge its customary administrative assessment to manage the Fund as permitted by the Act. Except as authorized by law, no other fees or indirect costs may be charged against the Fund or any associated grants or other disbursements from the Fund.

(54) At the election of the University, moneys in a Fund may be held in the form of an endowment. The University may discontinue endowment treatment at any time.

C. Allocation of Authority to ~~Institutions~~University to Raise Funds and Issue Tax Credits

(1) The ~~University Board will not allocate fundraising or tax credit certificate issuance authority to an Institution until the Institution~~ has established a Venture Development Fund in accordance with the Act and these rules. ~~The program is managed by the Office of the Vice President for Research and Innovation (OVPRI). The Vice President for Research and Innovation shall annually designate and announce the Program tracks available for donor support on or before August 1 of each year.~~

(2) ~~The University has authority for fundraising, and commensurate tax credit certificate issuance authority, as established by the Oregon State Legislature. Oregon State University, Portland State University, and University of Oregon: The Board allocates fundraising authority and commensurate authority to issue tax credit certificates among Oregon State University, Portland State University, and the University of Oregon as follows:~~
~~(a) Portland State University: \$.88 million;~~
~~(b) Oregon State University: \$5.35 million;~~
~~(c) University of Oregon: \$3.27 million.~~ Such authority shall be contingent on the establishment of a Fund in accordance with the Act and these rules and subject to the rule on redistribution of authority to raise funds and issue tax credits.

~~(3) Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon University: The Board by order or resolution shall allocate \$500,000 in fundraising authority and commensurate authority to issue tax credit certificates among Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, and Western Oregon University. An allocation of authority shall be contingent on the establishment of a Fund in accordance with the Act and these rules and subject to the rule on redistribution of authority to raise funds and issue tax credits.~~

(43) Notwithstanding sections (2) ~~and (3)~~ of this ~~rule policy~~, immediately upon deposit into the General Fund of amounts transferred by ~~the University an Institution~~ in repayment of tax credits previously issued, the ~~Institution~~University may issue new tax credits in an amount not to exceed the transferred amount.

(54) The amount owed to the General Fund by the University Institutions, collectively, may not exceed a threshold established by the Oregon State Legislature ~~-\$6 million~~ at any one time.

D. Redistribution of Authority to Raise Funds and Issue Tax Credits

The presidents of any two or more universities that have established a university venture development fund under Oregon Law may reach an annual agreement for the reallocation of amounts within their respective limits under the UVDF. ~~No earlier than two years from the effective date of this rule, the Board, by order or resolution, may, to further the purposes of the Act, reallocate unused fundraising authority and commensurate authority to issue tax credit certificates from one Institution to another. An Institution may receive additional authority only if it has exhausted its existing authority or can demonstrate that it would likely do so. Reallocation of authority shall not require amendment of section 0070.~~

E. Eligibility to Receive Grants

(1) Subject to compliance with this policy, the University may make grants to itself for use by a constituent part of the University or to Entities but not to Persons other than University students participating in a formal University program supporting by the VPRI. The University VPRI shall establish criteria for the receipt of grants under the Program. Each prospective recipient shall submit an application to the University. Each grant shall be documented and implemented through an appropriate grant agreement and each grant agreement shall provide that the recipient, if other than a public agency, remain in Oregon for at least five years following the final disbursement of funds under the agreement or repay the grant plus compound interest at 8 percent per annum. Other criteria shall be as determined by the University except for the following:

(a) All grants must be used to facilitate the commercialization of the University's research and development, which includes OVPRI programs that support related experiential education for University students (including postdocs);

(b) Priority should be given to applicants who can demonstrate with specificity that their efforts will result in technology with high commercial potential and societal impact, ~~that they are close to realizing economic development potential, and that proof of concept funding will assist them in transforming research and development concepts into commercially viable products or services.~~

(2) To at least some degree, a Program as a whole, but not each individual grant, must provide:

(a) Capital for university entrepreneurial programs;

(b) Opportunities for students to gain experience in applying research to commercial activities;

(c) Entrepreneurial opportunities for persons interested in transforming research into viable commercial ventures that create jobs in this state; and

(d) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services.

(3) The University shall screen potential awards for conflicts of interest. No award shall be made if an identified conflict of interest cannot be eliminated or managed.

F. Insurance Issuance of Tax Credit Certificates

~~(1) Taxpayers making a contribution to the University's Fund fund and wishing to receive a tax credit certificate evidencing that contribution must submit the contribution, together with an application for tax credit certificate, in a form designated by the University, to the University or, if directed by the University, to its affiliated foundation.~~

~~(2) The University or its affiliated foundation may begin accepting contributions and applications after the University's Fund has been established in accordance with the Act and this policy.~~

~~(3) The University shall consider applications for tax credit certificates in the chronological order in which the applications were received.~~

~~(4) The University shall act on an application for a tax credit certificate within 60 days of its receipt unless unanticipated or extraordinary circumstances reasonably prevent the University from acting within that timeframe, in which case the University shall act on the application as soon as reasonably possible thereafter.~~

~~(5) Subject to section F6 of this policy, the University shall approve an application for a tax credit certificate if the application is complete and the University has verified receipt of the contribution. Within 45 days of application approval, the University shall issue to the Taxpayer a tax credit certificate that specifies the amount of the contribution.~~

~~(6) The University shall deny an application for a tax credit certificate and may not issue a tax credit certificate to the Taxpayer if:~~

~~(a) The Taxpayer's contribution to the Fund, together with the amounts specified on all tax credit certificates previously issued by the University less amounts transferred into the General Fund, exceeds the University's then then current tax credit certificate issuance authority;~~

~~(b) The Taxpayer's application is incomplete; or~~

~~(c) The University cannot verify receipt of the Taxpayer's contribution.~~

~~(7) If the University denies a Taxpayer's application for a tax credit certificate, the University shall notify the Taxpayer in writing within 45 days of the denial.~~

~~(8) A Taxpayer who receives a notice of denial of an application for a tax credit certificate may request, in writing and within 90 days after the receipt of the denial, a refund of its contribution to the extent the contribution was actually received. The University shall ensure that the refund is issued within 60 days after its receipt of the request for the refund.~~

~~(9) Eligibility for a tax credit (as distinguished from the receipt of a tax credit certificate from the University) shall be subject to the Act, the rules of the Department of Revenue, and other applicable law.~~

G. Tax Credit Certificate and Grant Record-Keeping and Reporting

(1) The University shall retain copies of all tax credit certificates that it issues. Upon every issuance of a tax credit certificate by the University, and promptly after Board adoption of an order or resolution establishing or modifying the University's allocation of tax credit certificate issuance authority, the University shall calculate and record in its records the amount, if any, of its fundraising and tax credit certificate issuance authority then remaining unused.

(2) As requested by the Board from time to time but no less often than annually, the University shall submit a written report to the Board summarizing its fundraising activity, amounts transferred to the General Fund, and issuance of tax credit certificates since its most recent report to the Board under this section and specifying its fundraising tax credit certificate issuance authority and the amount of that authority remaining unused as of the date of the report. The report shall include the number of tax credit certificates issued, the amount of funds raised by the University, and the amounts transferred to the General Fund since its most recent prior report to the Board under this section.

(3) As requested by the Board from time to time but no less often than annually, the University shall submit a written report to the Board summarizing the grants made by the University under its Program and how they serve the goals of the Act and this policy.

H. Recoupment of Tax Credits

~~An Institution that has established a Fund and has made grants under a Program~~ The University shall monitor the use of ~~such Program~~ grants and identify sources of Gross Royalty Income received by the University as the result of the use of the grants. ~~Gross Royalty Income results from the use of a grant when it is traceable to the grant.~~ The Institution-University shall cause the transfer of 20 percent of such Gross Royalty Income to the General Fund but not to exceed the amount of the tax credit certificates issued by the Institution-University as a result of contributions to the Fund. This does not preclude transfers from other sources. Immediately upon deposit of the transferred amount into the General Fund, the Institution-University may

issue new tax credit [certificates](#) in an amount not to exceed the transferred amount. The ~~Institution~~ University shall maintain records of all transfers to the General Fund.

I. Reports to the Legislative Assembly

~~An Institution that has established a Fund~~ The University shall report annually to the Legislative Assembly or, if the Legislative Assembly is not in session, to the interim legislative committees on revenue. The report shall be at the end of the fiscal year of the University or of its affiliated foundation and provide information for that fiscal year. The University shall include in the report all information required by the Act. ~~the following information pertaining to its Fund:~~

- ~~(1) The amount of donations received for the Fund;~~
- ~~(2) The amount of income received from the Fund;~~
- ~~(3) The amount of disbursements and grants paid from the Fund;~~
- ~~(4) The amount of income and royalties received from disbursements from the Fund; and~~
- ~~(5) The amount of moneys transferred from the Fund to the General Fund.~~

Related Resources

N/A

Reason for Policy

This policy outlines matters pertaining to the University Venture Development Fund, consistent with the Venture Grant Program outlined in state law.

Entities Affected by this Policy

University of Oregon Research & Innovation (and related departments); Finance & Administration; University Advancement; other university employees working within the matters described above

Web Site Address for this Policy

[to be entered when posted]

Responsible Office

For questions about this policy, please contact the Office of the Vice President for Research and Innovation at 541-346-2090 or University Advancement at 541-346-3016.

Enactment & Revision History

9/3/15: Technical revisions enacted by the University Secretary

7/1/14: Became a University of Oregon Policy by operation of law

Former Oregon Administrative Rule Chapter 580 Division 43, Sections 0060-100.

Policy

A. Purpose; Definitions

(1) Purpose. This policy authorizes the University of Oregon (“University”) to establish a Venture Development Fund to provide moneys to facilitate the commercialization of the University’s research and development. Within the scope of this purpose and subject to these policies, the University may use moneys in its Fund to provide:

(a) Capital for University innovation and entrepreneurial programs;

(b) Opportunities for University students to gain experience in applying research to commercial activities;

(c) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services;

(2) Definitions:

(a) Act: Oregon Laws 2005, ch. 592, as amended by Senate Bill 582 (2007) (currently ORS 352.540-550) and House Bill 4072 (2016).

(b) Entity: any governmental body or agency, association, partnership, corporation, limited liability company, or other organization, however described or named and regardless of legal status, other than a Person.

(c) Person: a natural person or sole proprietorship.

(d) Venture Development Fund or Fund: A fund authorized by the Act.

(e) Venture Grant Program or Program: A grant program authorized by the Act.

(f) University: University of Oregon.

(g) Department of Revenue: the Oregon Department of Revenue.

(h) General Fund: the general fund of the State of Oregon.

(i) Remain in Oregon: maintaining the Entity headquarters in Oregon; or employing a majority of employees (on a full-time equivalent, head-count, or payroll basis) in Oregon.

(j) Board: the Board of Trustees of the University of Oregon.

(k) Tax Credit Certificate: a certificate authorized by the Act and in a form designated by the University that evidences a contribution to a Venture Development Fund.

(l) Donor: a person or entity that makes a contribution to a Fund authorized by the Act and this policy.

(m) Taxpayer: a person or entity that makes a contribution to a Fund authorized by the Act and this policy and that applies for a tax credit certificate authorized by the Act and this policy.

(n) Gross Royalty Income: cash realized by the University from royalties, milestone and license fee payments and from the sale of equity as a result of grants made under the Program.

B. Establishment of a Venture Development Fund by the University

(1) The University may establish a Fund in accordance with the Act and this policy.

(2) If the University establishes a Fund, it shall:

(a) Notify the Board and the Department of Revenue of the establishment of the Fund;

(b) Either directly or through its affiliated foundation solicit contributions to the Fund and receive, manage, and disburse any such contributions and the earnings thereon;

(c) Subject to the Act and this policy, issue tax credit certificates to contributors to the Fund. Taxpayers making a contribution to the University's fund and wishing to receive a tax credit certificate evidencing that contribution must submit the contribution, together with an application for tax credit certificate, in a form designated by the University, to the University or, if directed by the University, to its affiliated foundation. A tax credit certificate will be issued to the Taxpayer unless the contribution exceeds the University's then current tax credit certificate issuance authority, the Taxpayer's application is incomplete, or the University cannot verify receipt of the Taxpayer's contribution;

(d) Establish a grant program that meets the requirements for a Venture Grant Program under the Act and this policy;

(e) Subject to available moneys from the Fund, provide qualified grant applicants with moneys for the purpose of facilitating the commercialization of university research and development and related University student experiential education; and

(f) Report to the Department of Revenue the amounts of tax credit certificates issued by the University and maintain records of licensing and royalty revenue received by the University as the result of grants made from the Fund and records of amounts paid to the General Fund under the Act.

(3) The use of moneys donated under this policy may not be directed by a Donor. Rather, all moneys shall be available for the purposes set forth in the Act and this policy without regard to specific Donor instructions, except that the University or its affiliated foundation may charge its customary administrative assessment to manage the Fund as permitted by the Act. Except as authorized by law, no other fees or indirect costs may be charged against the Fund or any associated grants or other disbursements from the Fund.

(4) At the election of the University, moneys in a Fund may be held in the form of an endowment. The University may discontinue endowment treatment at any time.

C. Allocation of Authority to University to Raise Funds and Issue Tax Credits

(1) The University has established a Venture Development Fund in accordance with the Act and these rules. The program is managed by the Office of the Vice President for Research and Innovation (OVPRI). The Vice President for Research and Innovation shall annually designate and announce the Program tracks available for donor support on or before August 1 of each year.

(2) The University has authority for fundraising, and commensurate tax credit certificate issuance authority, as established by the Oregon State Legislature. Such authority shall be contingent on the establishment of a Fund in accordance with the Act and these rules and subject to the rule on redistribution of authority to raise funds and issue tax credits.

(3) Notwithstanding section (2) of this policy, immediately upon deposit into the General Fund of amounts transferred by the University in repayment of tax credits previously issued, the University may issue new tax credits in an amount not to exceed the transferred amount.

(4) The amount owed to the General Fund by the University may not exceed a threshold established by the Oregon State Legislature at any one time.

D. Redistribution of Authority to Raise Funds and Issue Tax Credits

The presidents of any two or more universities that have established a university venture development fund under Oregon Law may reach an annual agreement for the reallocation of amounts within their respective limits under the UVDF.

E. Eligibility to Receive Grants

(1) Subject to compliance with this policy, the University may make grants to itself for use by a constituent part of the University or to Entities but not to Persons other than University students participating in a formal University program supporting by the VPRI. The VPRI shall establish criteria for the receipt of grants under the Program. Each prospective recipient shall submit an application to the University. Each grant shall be documented and implemented through an appropriate grant agreement and each grant agreement shall provide that the recipient, if other than a public agency, remain in Oregon for at least five years following the final disbursement of funds under the agreement or repay the grant plus compound interest at 8 percent per annum. Other criteria shall be as determined by the University except for the following:

(a) All grants must be used to facilitate the commercialization of the University's research and development, which includes OVPRI programs that support related experiential education for University students (including postdocs);

(b) Priority should be given to applicants who can demonstrate with specificity that their efforts will result in technology with high commercial potential and societal impact.

(2) To at least some degree, a Program as a whole, but not each individual grant, must provide:

(a) Capital for university entrepreneurial programs;

(b) Opportunities for students to gain experience in applying research to commercial activities;

(c) Entrepreneurial opportunities for persons interested in transforming research into viable commercial ventures that create jobs in this state; and

(d) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services.

(3) The University shall screen potential awards for conflicts of interest. No award shall be made if an identified conflict of interest cannot be eliminated or managed.

G. Tax Credit Certificate and Grant Record-Keeping and Reporting

(1) The University shall retain copies of all tax credit certificates that it issues. Upon every issuance of a tax credit certificate by the University, and promptly after Board adoption of an order or resolution establishing or modifying the University's allocation of tax credit certificate issuance authority, the University shall calculate and record in its records the amount, if any, of its fundraising and tax credit certificate issuance authority then remaining unused.

(2) As requested by the Board from time to time but no less often than annually, the University shall submit a written report to the Board summarizing its fundraising activity, amounts transferred to the General Fund, and issuance of tax credit certificates since its most recent report to the Board under this section and specifying its fundraising tax credit certificate issuance authority and the amount of that authority remaining unused as of the date of the report. The report shall include the number of tax credit certificates issued, the amount of funds raised by the University, and the amounts transferred to the General Fund since its most recent prior report to the Board under this section.

(3) As requested by the Board from time to time but no less often than annually, the University shall submit a written report to the Board summarizing the grants made by the University under its Program and how they serve the goals of the Act and this policy.

H. Recoupment of Tax Credits

The University shall monitor the use of Program grants and identify sources of Gross Royalty Income received by the University as the result of the use of the grants. The University shall cause the transfer of 20 percent of such Gross Royalty Income to the General Fund but not to exceed the amount of the tax credit certificate issued by the University as a result of contributions to the Fund. This does not preclude transfers from other sources. Immediately upon deposit of the transferred amount into the General Fund, the University may issue new tax credit certificates in an amount not to exceed the transferred amount. The University shall maintain records of all transfers to the General Fund.

I. Reports to the Legislative Assembly

The University shall report annually to the Legislative Assembly or, if the Legislative Assembly is not in session, to the interim legislative committees on revenue. The report shall be at the end of the fiscal year of the University or of its affiliated foundation and provide information for that fiscal year. The University shall include in the report all information required by the Act.

Related Resources

N/A