

July 27, 2018

Dr. Walter G. Copan
National Institute of Standards and Technology (NIST)
Under Secretary of Commerce for Standards and Technology
100 Bureau Drive
Gaithersburg, Maryland 20899

Dear Dr. Copan:

On behalf of the Association of University Research Parks (AURP), we would like to offer the following comments on the Federal Technology Transfer Authorities and Processes Return on Investment (ROI) Initiative (*Federal Register*, May 1, 2018).

AURP represents over 700 university and community based research parks and innovation zones around the world, fostering innovation, commercialization and economic growth in a global economy through university, industry and government partnerships.

Federal laboratories are partners in many U.S. research parks and university startup firms developed from federally funded research frequently choose to locate in university research parks. AURP shares NIST's interest in developing procedures and policies to increase the economic impact of federal research. Accordingly, AURP has monitored federal research policy initiatives and established a government relations committee. These comments represent the committee's input:

AURP greatly appreciates NIST's leadership in examining ways to improve federal laws, regulations and practices to increase the economic impact of federally sponsored research. A few years ago, AURP issued *The Power of Place 2.0: The Power of Innovation*, which includes many of the suggestions we offer here.

See, <https://www.aurp.net/assets/documents/AURPPowerofPlace2.pdf>

1. **Support research park infrastructure and the development of Communities of Innovation.** The recently enacted federal Opportunity Zones designated in the Tax Cuts and Jobs Act of 2017 are important tools to help finance infrastructure at existing and planned university research parks. Additional ways the federal government can target centers of innovation in the US, such as research universities and federal laboratories, should be explored.
2. **Keep more corporate R&D in the United States by eliminating the link to university intellectual-property licensing in "private use" IRS restrictions in university facilities.** IRS regulations on research sponsored by the private sector performed in university facilities built with tax exempt bonds unnecessarily prohibits a negotiated 'arms-length' discussion on ownership of resulting intellectual property that link university technology transfer practices (IRS Revenue Procedure 97-14). Negotiations between corporations and universities on intellectual-property licensing should be a business decision, and not one linked to the tax status of the facility; otherwise, corporations will continue to ship R&D to countries whose governments, in many

cases, provide financial support for the facilities where the corporate R&D is conducted and do not intervene in the negotiations on intellectual-property licensing.

The reform would provide an exception to the private business limits on tax-exempt bonds for research arrangements relating to basic research at tax-exempt bond-financed research facilities that meet the following requirements: (1) A qualified user (a State and local government or section 501(c)(3) nonprofit entity) would be required to own the research facilities. (2) A qualified user would be permitted to enter into any bona fide, arm's-length contractual arrangement with a private business sponsor of basic research regarding the terms for sharing the economic benefits of any products resulting from the research, including arrangements in which those economic terms (such as exclusive or non-exclusive licenses of intellectual property, and licensing fees or royalty rates) are determined in advance at the time the parties enter into the contractual arrangement. Groups such as the Council on Competitiveness have been asking for reforms in this area for many years.

3. **Improve university technology transfer.** Reforming the Office of Management and Budget federal grant and contract funding model to encourage commercialization efforts by principal investigators and universities. For example, under current A-21 OMB Guidance, costs to develop a patent or other commercialization initiatives are unallowable as a direct charge to a research program, and the administrative cap on general and administrative expenses. Being able to use part of a grant to file for patents ought to be encouraged - not discouraged - in the federal grant system.
4. **Support proof-of-concept and applied research funding.** Some federal agencies have applied research programs but they are inconsistently funded. For example, new research shows that projects funded by ARPA-E are five times more likely to produce a patent and scientific publication than projects funded by other R&D programs at the Department of Energy. These programs should be expanded across the federal government research enterprise. Source: *Anna P. Goldstein and Venkatesh Narayanamurti, "Simultaneous Pursuit of Discovery and Invention in the US Department of Energy," November 2017.*
5. **Improve technology commercialization from federal laboratories by creating a Congressionally chartered technology intermediary organization.** This could be based on the models used by research universities or states to form quasi-independent entities to take on the business aspects or technology commercialization working with the private sector. This would eliminate many of the structural and legal impediments inhibiting efficient tech transfer from federal laboratories.
6. **Connect federal researchers with private companies through expanded use of Entrepreneurs in Residence and other programs.**
7. **Create more private sector involvement near federal lab and regional research clusters.** AURP recommends the expansion of Enhanced Use Lease (EUL) authority, which allows leasing of federal land and equipment, to all federal agencies, not just the Department of Defense agencies (see 10 USC 2667). We recommend as well that an Executive Order be issued to encourage federal leasing of research assets near existing innovation assets, such as universities, research parks, and technology incubators to create innovation cluster.
8. **Expand the corporate R&D tax credit.**

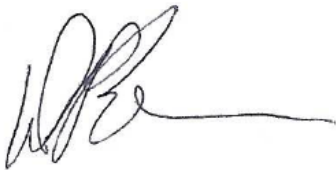
9. **Reform export controls** Reforming export controls and removing troublesome clauses from research projects not affecting the fundamental security of our country will encourage more partnerships between academia and industry. Uncertainty and the too strict application of the current export-control system have proved barriers in developing research relationships with industry and universities.
10. **Encourage entrepreneurship as a national goal and include entrepreneurship in STEM initiatives.** Job creation in the United States will largely depend on start-up companies and individual entrepreneurs. The U.S. needs to embed the concept of entrepreneurship in all of our STEM (Science, Technology, Engineering, and Math) activities and policies, including under-represented minorities and women. The new paradigm should be ESTEEM (Encouraging Science, Technology, Engineering, Entrepreneurship, and Math).

Dr. Copan, as you may know AURP is hosting its 2018 International Conference at the Hotel at the University of Maryland College Park and we are hoping you will be able to participate as a speaker at the 5:30PM on October 25, 2018 at the event to provide the audience an update on the ROI initiative.

Sincerely yours,



Brian Darmody
Vice-chair, AURP Government Relations Committee



David Baker,
Vice-chair, AURP Government Relations Committee



UNIVERSITY OF ILLINOIS RESEARCH PARK | DISCOVERY DISTRICT OF UMD | SANDIA SCIENCE & TECHNOLOGY PARK | STANFORD RESEARCH PARK

APPENDIX A

AURP SUSTAINING RESEARCH PARK MEMBERS



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CUMMINGSRESEARCHPARK



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King Abdullah University of Science and Technology Research & Technology Park

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Knowledge Park @ Penn State

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Lehigh University

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LSU Innovation Park

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Research Park at the University of Illinois Urbana-Champaign
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Research Triangle Park, North Carolina
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Sandia Science & Technology Park
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Texas State University - STAR Park
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**Texas Tech University
Innovation Hub at Research Park**
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The University City Science Center
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The University Financing Foundation Inc. (TUFF)
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Website: www.tuff.org

Tech Parks Arizona
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University of Houston Energy Research Park
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University of Maryland BioPark
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University of North Texas - Discovery Park
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