

2019 DRAFTING REQUEST

Bill

For: David Murphy (608) 266-7500 Drafter: mkunkel  
 By: Michael Secondary Drafters:  
 Date: 2/11/2019 May Contact:  
 Same as LRB: -0301

Submit via email: YES  
 Requester's email: Rep.Murphy@legis.wisconsin.gov  
 Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

University of Wisconsin research contracts

Instructions:

Redraft 2017 LRB-5814/P1

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	mkunkel 2/11/2019	wjackson 2/11/2019	lparisi 2/11/2019	lparisi 2/11/2019	State

FE Sent For: <END>

At Intro

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By: **Michael**

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<END>

*PI 2/11/19  
jacket*

## Kunkel, Mark

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**From:** Rep.Murphy  
**Sent:** Monday, February 11, 2019 11:55 AM  
**To:** Kunkel, Mark  
**Subject:** FW: Co-sponsorship of LRB-0301/1 relating to University of Wisconsin research contracts  
**Attachments:** 19-0301\_1.pdf

Hi Mark,  
Could we get an Assembly version of this jacketed?  
Thanks,

### **Michael Moscicke**

*Legislative Assistant*

*Office of State Representative Dave Murphy*

*Wisconsin State Assembly*

Room 318 North State Capitol

Madison, WI 53708-8953

**Phone:** +1 608-266-7500

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**From:** Sen.Feyen <Sen.Feyen@legis.wisconsin.gov>

**Sent:** Tuesday, January 29, 2019 12:18 PM

**To:** \*Legislative All Assembly <ALLASM@legis.wisconsin.gov>; \*Legislative All Senate <ALLSEN@legis.wisconsin.gov>

**Subject:** Co-sponsorship of LRB-0301/1 relating to University of Wisconsin research contracts

**From:** Sen. Feyen

Sen. Risser

Rep. Murphy

Rep. Stubbs

**Date:** January 29<sup>th</sup>, 2019

**Re:** Co-sponsorship of LRB-0301/1 relating to University of Wisconsin research contracts

**DEADLINE:** Friday, February 8<sup>th</sup>, 2019 at 5 pm

Antiquated language in current state law unnecessarily delays our public universities from entering into contracts with commercial businesses or non-profit organizations in which a University of Wisconsin System employee has a financial interest, even when potential conflicts of interest are disclosed and appropriately managed. This barrier to economic growth does not provide any public good or additional oversight.

The Wisconsin economy is losing ground in research and development (R&D) business-creation. This is due to unnecessary delays and red tape preventing entrepreneurs from starting up businesses with patents and spin-off opportunities produced by our public universities' research. In fact, Wisconsin delays and roadblocks to R&D business-creation frequently drive researchers and companies to other states where the environment is much friendlier.

In 2015, the University of Wisconsin–Madison received \$42.8 million less in R&D funding from private businesses than the average of the other the top-five research institutions and \$55.5 million less than the average from non-profit organizations. \*\*

Under this bill, Wisconsin’s conflict of interest regulations for university employees will still be consistent with those of other public universities, while removing the impediments currently in place that suppress Wisconsin small business creation.

The bill will also open the door for campuses to participate in contracts with non-profit research corporations, which are not allowed due to current law defining a “research company” exclusively as one engaged in “commercial activity.”

\*\*Data needed to update this statistic to a more recent year was previously unavailable due to the government shutdown. We will provide updated data ASAP.

If you would like to co-sponsor LRB-0301/1, please contact Marie in Sen. Feyen’s office at [Marie.Jolly@legis.wi.gov](mailto:Marie.Jolly@legis.wi.gov) or (608) 266-5300.

#### **Analysis by the Legislative Reference Bureau**

This bill changes the requirements that apply to research contracts involving the University of Wisconsin System (system) or a two-year or four-year UW school. Current law generally prohibits a public officer or employee from participating in a contract in which he or she has a private pecuniary interest if the contract involves the officer's or employee's exercise of discretion as an officer or employee. Current law exempts from that prohibition contracts between the system or a UW school and a “research company,” which is defined as an entity engaged in commercial activity that is related either to research conducted by a system employee or officer or to the product of such research. The exemption applies if the system employee or officer responsible for evaluating and managing potential conflicts of interest approves the contract. In addition, if the contract and all other contracts between the parties requires \$250,000 or more in payments over a 24-month period, the exemption applies only if the system submits the contract to the Board of Regents of the system and, within 45 days, the Board of Regents does not notify the system that entering into the contract would violate the prohibition.

This bill eliminates the exemption described above and creates a different exemption. The bill changes the definition of “research company” to include entities engaged in nonprofit activity in addition to those engaged in commercial activity. Under the bill, the prohibition does not apply if any interest that a system employee or officer has in a research company has been evaluated and addressed in a management plan. In addition, the management plan must be issued by the individual or body responsible for evaluating and managing potential conflicts of interest. The bill's exemption applies to research contracts entered into, or extended, modified, or renewed, on the bill's effective date.



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-0301/1  
MDK:klm

2019 BILL

-1953/1

Companion bill  
okay to retain  
ref. to LRB-0301

1 AN ACT *to repeal* 36.11 (55), 946.13 (12) (b) 2. and 946.13 (12) (c); *to renumber*  
2 *and amend* 946.13 (12) (a); *to consolidate, renumber and amend* 946.13  
3 (12) (b) (intro.) and 1.; and *to create* 946.13 (12) (a) 2. of the statutes; **relating**  
4 **to:** University of Wisconsin research contracts.

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***Analysis by the Legislative Reference Bureau***

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**BILL**

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 36.11 (55) of the statutes is repealed.

2           **SECTION 2.** 946.13 (12) (a) of the statutes is renumbered 946.13 (12) (a) (intro.)  
3 and amended to read:

4           946.13 (12) (a) (intro.) In this subsection, ~~“research:~~

5           1. “Research company” means an entity engaged in commercial or nonprofit  
6 activity that is related to research conducted by an employee or officer of the  
7 ~~University of Wisconsin System~~ system or to a product of such research.

8           **SECTION 3.** 946.13 (12) (a) 2. of the statutes is created to read:

9           946.13 (12) (a) 2. “System” means the University of Wisconsin System.

10          **SECTION 4.** 946.13 (12) (b) (intro.) and 1. of the statutes are consolidated,  
11 renumbered 946.13 (12) (b) and amended to read:

12          946.13 (12) (b) Subsection (1) does not apply to a contract between a research  
13 company and the ~~University of Wisconsin System~~ system or any institution or college  
14 campus within the system for purchase of goods or services, including research, if the  
15 following apply: 1. ~~The contract is approved by a University of Wisconsin System~~  
16 interest that a system employee or officer has in the research company has been

**BILL**

1 evaluated and addressed in a management plan issued by the individual or body  
2 responsible for evaluating and managing potential conflicts of interest.

3 **SECTION 5.** 946.13 (12) (b) 2. of the statutes is repealed.

4 **SECTION 6.** 946.13 (12) (c) of the statutes is repealed.

5 **SECTION 7. Initial applicability.**

6 (1) This act first applies to contracts entered into, or extended, modified, or  
7 renewed, on the effective date of this subsection.

8 (END)