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CHAPTER 17.

SOUTH CAROLINA RESEARCH AUTHORITY

**SECTION 13‑17‑10.** Establishment of South Carolina Research Authority.

There is created a body corporate and politic to be known as the South Carolina Research Authority or as the SCRA.

**SECTION 13‑17‑20.** South Carolina Research Authority; divisions; objectives.

The SCRA (authority) is organized to enhance the research capabilities of the state’s public and private universities, to establish a continuing forum to foster greater dialogue throughout the research community within the State, and to promote the development of high technology industries and research facilities in South Carolina. The SCRA shall contain at least two divisions: the South Carolina Research Division (SCRD) and the South Carolina Research Innovation Centers (SCRIC). The SCRD shall perform those duties as outlined in this chapter that relate to the core mission of the SCRA. The SCRIC shall perform those duties as outlined in this chapter that establish innovation centers in South Carolina. The objectives of the authority include but are not limited by the following to:

(1) advance the general welfare of the people;

(2) increase the opportunities for employment of citizens of South Carolina;

(3) develop the human, economic, and productive resources of South Carolina;

(4) promote and encourage expansion of the research and development sector, with emphasis on capital formation and investments in research and development within South Carolina;

(5) create and maintain a dialogue between the public and private research communities;

(6) enhance the potential for private support for South Carolina colleges and universities, to promote cooperative research efforts between the private sector and South Carolina universities and colleges, and to strengthen the partnership among state government, higher education, and business and industry;

(7) assist South Carolina colleges and universities in attracting nationally prominent academic researchers and professors and to serve as an initial linkage between the state’s outstanding existing research and the business and industrial sector;

(8) maximize the research capabilities of the public and private universities and colleges in South Carolina; and

(9) foster the perception of South Carolina as an international leader in the idea generation and the development, testing, and implementation of new advances in science and technology.

**SECTION 13‑17‑30.** Reserved by 2005 Act No. 133, Section 1, eff June 7, 2005.

**SECTION 13‑17‑40.** Members of board; terms; vacancies; compensation; annual reports; meetings.

(A)(1) The SCRA shall consist of a board of twenty‑ four trustees that includes the following ex officio members: President of the Council of Private Colleges of South Carolina, Chairman of the South Carolina Commission on Higher Education, President of Clemson University, President of the Medical University of South Carolina, President of South Carolina State College, President of the University of South Carolina, Director of Savannah River National Laboratory, President of Francis Marion University, Chairman of the State Board for Technical and Comprehensive Education, Governor of South Carolina or his designee, Chairman of the House Ways and Means Committee’s designee, Chairman of the Senate Finance Committee’ s designee, and the Secretary of Commerce or his designee.

(2) The Governor shall name the chairman who must not be a public official and who serves at the pleasure of the Governor. The remaining ten trustees must be elected by the board of trustees from a list of nominees submitted by an ad hoc committee named by the chairman and composed of the members serving as elected trustees. The original elected trustees must be the same members serving as elected trustees on the board on January 1, 2005. Each of the Congressional Districts of South Carolina has at least one of the ten trustees.

(3) Terms of elected trustees are for four years, and half expire every two years. An elected trustee may not serve more than two consecutive four‑year elected terms. Vacancies must be filled for the unexpired term in the manner of original appointment. A vacancy occurs upon the expiration of the term of service, death, resignation, disqualification, or removal of a trustee.

(B)(1) The President of Clemson University, President of the Medical University of South Carolina, President of the University of South Carolina at Columbia, the Governor or his designee, the Chairman of the House Ways and Means Committee’s designee, the Chairman of the Senate Finance Committee’s designee, and the chairman of the board of trustees shall serve as the executive committee of the board of trustees. The executive committee has all powers and authority of the board of trustees. The board shall have an advisory role only and shall advise the executive committee of the actions recommended by the board.

(2) The executive committee shall appoint a business and science advisory board to include representatives from each research university, the venture capital industry, relevant industry leaders, and the Department of Commerce. The purpose of the advisory board is to advise the board of trustees when requested by it. The advisory board shall ensure that the authority has the input of the research and business communities in implementing its programs and services.

(C) A trustee may not receive a salary for his services as a trustee; however, a trustee must be reimbursed for actual expenses incurred in service to the authority.

(D) The board annually shall submit a report to the General Assembly including information on all acts of the board of trustees together with a financial statement and full information as to the work of the authority.

(E) The board shall hire an executive director of the SCRA who has administrative responsibility for the SCRA. The executive director shall maintain, through a designated agent, accurate and complete books and records of account, custody, and responsibility for the property and funds of the authority and control over the authority bank account. The executive director, with the approval of the board, has the power to appoint officers and employees, to prescribe their duties, and to fix their compensation. The board of trustees shall select a reputable certified public accountant to audit the books of account at least once each year.

(F) Regular meetings of the board of trustees must be held at a time and place the chairman may determine. Special meetings of the board of trustees may be called by the chairman when reasonable notice is given.

**SECTIONS 13‑17‑50, 13‑17‑60.** Reserved by 2005 Act No. 133, Section 1, eff June 7, 2005.

**SECTIONS 13‑17‑50, 13‑17‑60.** Reserved by 2005 Act No. 133, Section 1, eff June 7, 2005.

**SECTION 13‑17‑70.** Powers of board of trustees.

The board of trustees has full power and authority to manage the business and affairs of the authority and to take action as it considers advisable, necessary, or convenient in carrying out its powers granted by this chapter and any other law including the following powers:

(1) to have perpetual succession as a corporation;

(2) to sue and be sued;

(3) to adopt, use, and alter a corporate seal;

(4) to make and amend bylaws for its management consistent with the provisions of this chapter;

(5) to acquire, purchase, hold, use, improve, lease, mortgage, sell, transfer, and dispose of any property, real, personal, or mixed, or any interest therein;

(6) to receive contributions, donations, and payments and invest and disperse the authority’s funds;

(7) to construct, operate, and maintain research parks, related facilities, and infrastructure;

(8) from time to time to borrow money, make and issue negotiable notes, bonds, and other evidences of indebtedness, including refunding and advanced refunding notes, bonds, and other evidences of indebtedness of the authority; to secure the payment of the obligations or any part by mortgage, lien, pledge, or deed of trust, on all or any of its property, contracts, franchises, or revenues, including the proceeds of any refunding and advanced refunding notes, bonds, and other evidences of indebtedness and the investments in which proceeds are invested and the earning on and income therefrom; to invest its monies, including without limitation its revenues and proceeds of the notes, bonds, or other evidences of indebtedness, in obligations of, or obligations the principal of and interest on which are guaranteed by or are fully secured by contracts with the United States of America, in obligations of any agency, instrumentality, or corporation which has been or may hereafter be created by or pursuant to an act of Congress of the United States as an agency, instrumentality, or corporation thereof, in direct and general obligations of the State of South Carolina, and in certificates of deposit issued by any bank, trust company, or national banking association; provided, that the authority, when investing in certificates of deposit, shall invest in certificates of deposit issued by institutions authorized to do business in South Carolina if such institutions offer terms which, in the opinion of the authority, are equal to or better than those offered by other institutions; to make agreements with the purchasers or holders of such notes, bonds, or other evidences of indebtedness or with others in connection with any such notes, bonds, or other evidences of indebtedness, whether issued or to be issued, as the authority shall deem advisable; and in general to provide for the security for the notes, bonds, or other evidences of indebtedness and the rights of the holders thereof; provided, that in the exercise of the powers herein granted to issue advanced refunding notes, bonds, or other evidences of indebtedness the authority may, but shall not be required to, avail itself of or comply with any of the provisions of Sections 11‑21‑10 to 11‑21‑80 (Advanced Refunding Act);

(9) to make bylaws for the management and regulation of its affairs;

(10) to make contracts and to execute all instruments necessary or convenient for the carrying out of business;

(11) to delegate authority to any agent or establish any committee in order to accomplish the purposes of the authority;

(12) to mortgage, pledge, hypothecate, or otherwise encumber the property, real, personal, or mixed, or facilities, or revenues of the authority as security for notes, bonds, evidences of indebtedness, or other obligations of the authority; provided, the authority shall have no authority to pledge the credit and the taxing power of the State or any of its political subdivisions;

(13) to maintain an inventory of research efforts in South Carolina;

(14) to attract investments in research and development and high technology industries by focusing attention on various educational, cultural, scientific, and economic activities in South Carolina and by assisting potential investors with information requested to determine whether to invest in South Carolina.

**SECTION 13‑17‑80.** Board of trustees to exercise power of authority; exceptions; quorum.

The board of trustees shall exercise the powers of the authority except where a power has been given to the executive committee by law or by delegation of authority by the board of trustees. A majority of the aggregate number of the members of the executive committee plus the elected members of the board who are not then serving on the executive committee shall constitute a quorum for the purpose of conducting business. All actions may be taken by a vote of a majority of trustees present unless the bylaws require a larger number.

**SECTION 13‑17‑81.** “Research park” defined.

As used in this chapter, “research park” is defined as the Clemson Research Park located in Anderson County, the Carolina Research Park in Columbia, any park developed at Line Street and Hagood Avenue in downtown Charleston, and any park mutually designated by the SCRA and the participating research university.

**SECTION 13‑17‑83.** South Carolina Research Division to operate research parks in cooperation with other entities.

The South Carolina Research Division (SCRD) may operate existing research parks in cooperation with Clemson University, the Medical University of South Carolina, and the University of South Carolina at Columbia. The authority may establish and operate additional research parks and research, computer and technology‑related projects, and facilities as determined by the board of trustees. The authority is responsible for the decisions and operations of a research park, project, or facility established pursuant to this chapter.

**SECTION 13‑17‑85.** Confidentiality.

Negotiations with a prospective industry or business concern considering a research park or South Carolina as a facility site are confidential information and must not be disclosed without the permission of the industry or business concern. Information relating to pending or incomplete research projects is confidential as determined by the board.

**SECTION 13‑17‑87.** Establishment of Research Innovation Centers; purposes; operation; locations; funding.

(A) The SCRIC shall establish three Research Innovation Centers (innovation centers) in South Carolina. The innovation centers shall:

(1) enhance the research and technology transition capabilities of the state’s three research universities;

(2) establish a continuing forum to foster greater dialogue between the state’s three research universities and industry;

(3) promote the development of high technology industries and applied research facilities in South Carolina;

(4) focus their efforts on the development, testing, and implementation of new advances in the life sciences, pharmaceuticals, biotechnology, hydrogen and fuel cells, military and defense technology, chemical products, high tech fibers, advanced materials, automotive, aerospace, and information technology; and

(5) maximize the use of the funds and activities of the innovation centers for partnerships among the research universities and between the public and private sectors for the purpose of generating professional research and development jobs in South Carolina.

(B) The SCRIC shall operate in conjunction with the three research universities in South Carolina. One innovation center must be located in each of the following areas; except that an innovation center and its activities are not otherwise required to be at a particular location:

(1) Charleston, to be associated with the Medical University of South Carolina;

(2) Columbia, to be associated with the University of South Carolina; and

(3) the Upstate, to be associated with Clemson University.

(C) Each of the three innovation centers may have a center director appointed or removed with the advice and consent of the president of the research university associated with the respective center. Staff for innovation centers should encompass a variety of specialty areas, which may include market research, intellectual property protection, finance, management and business practices, relevant science and technology, industry research partner recruitment, and other specific skills as required to advise and assist start‑up companies, pre‑company initiatives, or launch new products. Consulting services may be obtained for specialized needs not otherwise met by existing staff personnel.

(D)(1) The SCRIC must be funded by a direct payment of funds by the SCRA for at least the first three years of the centers’ existence. The payments must be at least three million dollars for the first year and at least four million dollars for the second year. After the second year, the board of trustees shall determine the method and payment of funds. By the end of the third year, total funding dedicated to the SCRIC for startup must be twelve million dollars; however, the board of trustees may provide a portion of the twelve million dollars with funds generated by other means as determined by the board. Additionally, all remaining vacant land, excluding those parcels mutually agreed upon by the SCRA and the university to which the land is geographically associated, not currently in use by the SCRA for its core mission in the Clemson Research Park in Anderson County and in the Carolina Research Park in Columbia as well as the authority’s land located at the intersection of Line Street and Hagood Avenue in downtown Charleston may be dedicated to the benefit of the innovation centers or sold to account for part of the twelve million dollar payment. If the land is not sold, the board of trustees shall determine how best to use this land for the benefit of the innovation centers consistent with the plans of the university to which the land is geographically associated. Any revenue, net of expenses generated from this land, including but not limited to the sale of this land, must be used for the benefit of the innovation centers. If land is offered for sale by the SCRA, it must be offered first to the university associated with the innovation center before it is offered to the public or to another potential buyer.

(2) After the initial three‑year period, the State shall explore methods to provide additional funding until the innovation centers have a reasonable opportunity to become self‑sustaining. These methods may include direct appropriation from the general fund, private donations, or other funds as necessary.

(3) Notwithstanding the provisions contained in Section 73.18(A) of Part IB of the General Appropriations Bill for fiscal year 2004‑2005, or any subsequent appropriations bills or other legislation, the land identified in Section 13‑17‑87(D)(1) and any additional real property owned or held by SCRA now or in the future must be titled in the name of, and under the control of, the SCRA.

(E) Costs associated with the physical space for the innovation centers including, but not limited to, the costs to acquire, lease, or build the physical space and to up‑fit the physical space, must be financed through the issuance of general obligation debt to the maximum extent allowed by Chapter 51 of Title 11, the South Carolina Research University Infrastructure Act, or by private match funding. Other costs associated with the innovation centers must be funded from the budget of the authority, as specified elsewhere in this chapter. The facilities and programs at each site may be tailored to the predominant research focuses of that area. Each may contain wet and dry laboratory space, office space, prototype production facilities, pilot operations, clean rooms, and other specialized facilities.

(F) The SCRIC may:

(1) admit qualified companies including, but not limited to, start‑up companies, new product initiatives, and pre‑company initiatives into a center and grant these companies up to two hundred thousand dollars each as well as physical and staff resources;

(2) solicit grants and other financial support from federal, local, and private sources and fees, royalties, and other resources from innovation center users, which ultimately should enable the innovation centers to become self‑sufficient;

(3) allow a company to remain in an innovation center for up to four years or until exceeding one million dollars in annual commercial revenue;

(4) allow rent and fees for services initially to be waived; and

(5) provide financing to qualified companies.

(G) The SCRIC shall use monetary grants for proof‑of‑concept studies, Small Business Innovation Research program matches, the protection of intellectual property, and other similar uses. Early support programs must support specialized equipment, facilities, staff assistance, and recruitment for consultants for specific projects. These support programs may be modified quarterly based on the progress of the company or new product.

**SECTION 13‑17‑88.** Target programs of excellence; Industry Partnership Fund.

(A) There is established within each of the three South Carolina Research Innovation Centers (SCRIC) established in Section 13‑17‑87 a target program of excellence reflecting the basic research currently undertaken at each center and serving as the focal point of the state’s applied research and development in each of the program areas of excellence:

(1) The Upstate Innovation Center associated with Clemson University: Automotive Center of Excellence, an automotive technology development program, in collaboration with the University and International Center for Automotive Research (ICAR);

(2) The Charleston Innovation Center associated with the Medical University of South Carolina: Health Sciences Center of Excellence, a health science technology development program;

(3) The Columbia Innovation Center associated with the University of South Carolina: Fuel Cell Center of Excellence, a fuel cell and hydrogen technology program, in collaboration with Savannah River National Lab (SRNL); and

(4) Other programs necessary or appropriate to fulfill the purposes of this section.

(B) The South Carolina Research Authority (SCRA), through the SCRIC, may implement and manage the specified programs and other programs as the SCRA determines in collaboration with the public and private sectors. Additional programs also shall focus on fields in which the State has demonstrated existing or emerging excellence. Program activities are not required to be performed at a particular location. Programs to be conducted pursuant to this section must be approved by the SCRA Executive Committee.

(C) Each target program must coordinate with basic researchers, both inside and outside this State, and with industry so as to focus on and effect applied research, product development, and commercialization efforts in this State in the targeted field of excellence.

(D) A target program of excellence as provided in Section (A) may undertake the following:

(1) incubation needs for start‑ups and spin‑offs in the program area;

(2) demonstration projects and related teams charged with conceptualizing, attracting, and executing technology in the program area;

(3) working with industry partners to develop collaborative relationships with national and international trade groups, government agencies, research labs, and other universities;

(4) financing for industry partners conducting activities in furtherance of the program area;

(5) financing for prototype development, clinical trials, and other program related preproduction projects;

(6) support for university researchers to work with industry partners on applied research and commercialization in the program area;

(7) marketing activities including, but not limited to:

(a) building national and international recognition of the program;

(b) recruiting industries and scientific and entrepreneurial talent to the program;

(c) building public awareness;

(d) supporting South Carolina based trade shows in South Carolina that attract national and international audiences;

(8) other activities necessary or appropriate in relation to the programs.

(E) There is established the “Industry Partnership Fund” at the SCRA or at an SCRA‑designated affiliate, or both, for the acceptance of contributions for funding the programs. Financing methods pursuant to this section and Section 13‑17‑87 include grants, loans, investments, and other incentives. The SCRA may, but is not required to, provide additional funding for the programs. Program funding is authorized for the purposes of this section and related administrative costs. A contributor is eligible for a tax credit against the state income or premium tax or license fee, as provided in Section 12‑6‑3585.

(F) The South Carolina Research Authority (SCRA) may implement the provisions of this section and Section 13‑17‑87, pursuant to Section 13‑17‑180.

(G) The SCRA must consult with Clemson University, The Medical University of South Carolina, or the University of South Carolina in the conduct of a program if the program is conducted by an innovation center associated with that research university.

(H) The SCRA shall submit an annual report to the General Assembly on the programs established pursuant to this section.

**SECTION 13‑17‑90.** Exemption from taxation.

It is found and declared that the project authorized by this chapter is in all respects for the benefit of all the people of the State, for the improvement of their welfare and material prosperity, and is a public purpose and a corporation owned completely by the people of the State. The authority shall pay no taxes or assessments including, but not limited to, income tax, sales and use tax, and property tax upon any of the property acquired by it or upon any of its activities; except that the authority is entitled to the above‑referenced sales and use tax exemption only in (1) transactions to obtain tangible personal property for the authority’s own use or consumption, (2) transactions related to authority contracts with governmental entities and nonprofit entities, and (3) transactions related to authority contracts with private, for‑profit entities doing business in South Carolina, where these contracts do not place these entities in competition with other private, for‑profit entities doing business in South Carolina. The securities and other obligations issued by the authority, their transfer, and the income is free from taxation. After payment of necessary operating expenses and all annual debt requirements, the authority shall reinvest net earnings furthering the purposes of this chapter.

**SECTION 13‑17‑100.** State not obligated, liable, or responsible.

Nothing contained in the provisions of this chapter, at any time or in any manner, shall involve the credit and taxing power of the State, or of any of its political subdivisions; nor shall any of the securities or other evidences of indebtedness authorized to be issued in and by this chapter ever be or constitute obligations of the State or any of its political subdivisions; nor shall the State or any of its political subdivisions ever be liable or responsible, in any way, for the payment of the principal or interest of or on a security or another evidence of indebtedness.

**SECTION 13‑17‑130.** Assistance to public and private universities.

The authority may assist public and private universities in South Carolina in their efforts to identify and attract nationally prominent academic researchers and professors to accept positions in our schools following established university procedures. This assistance includes coordination of corporate contributions or the provision for direct subsidies to establish professorships and salary supplements competitive in the national markets. The sole determination for hiring resides with the individual institutions.

**SECTION 13‑17‑140.** Identification of common interest areas; promotion of universities.

The authority shall identify subject areas of common interest to the public and private sectors and shall promote the use of South Carolina universities to perform research for private industries.

**SECTION 13‑17‑150.** Establishment of statewide professional research organization.

The authority may establish, in cooperation with the state’s colleges and universities, a statewide professional research organization to promote social, professional, and business relationships among researchers in the public and private sectors of the State. The organization established shall conduct regular, regional, and statewide meetings to provide a forum for research presentations and to bring researchers from various industries and universities together to discuss topics of common interest.

**SECTION 13‑17‑160.** Restrictions on authority.

The authority may not interfere in the relationships colleges and universities have established or may establish in the future with industry. The authority may not infringe upon or compete with the rights of faculty members to pursue their own research interests or to secure funding for them. The authority may not inhibit similar scientific activities in the research parks, but the authority may promote individual parks for differing activities of scientific excellence.

**SECTION 13‑17‑170.** Exemption of authority and its employees from certain Code provisions.

The authority and its employees are exempt from the application of Title 8 (Public Officers and Employees), except for Chapter 5 (Nepotism), and Chapter 13 (Ethics and Disclosure), and Title 9 (State Retirement Systems).

**SECTION 13‑17‑180.** Not‑for‑profit corporations; powers and limitations; annual audit.

The authority is authorized to establish not‑for‑profit corporations it considers necessary or appropriate to carry out the purposes of this chapter. These corporations have the powers provided to corporations under applicable corporate law including, but not limited to, the ability to establish one or more for‑profit or not‑for‑profit corporations, provided, however, that the for‑profit corporations are subject to applicable federal and state taxes, and provided that the for‑profit corporations may not compete with any for‑profit corporations incorporated in South Carolina. These corporations shall engage an independent accounting firm to conduct an annual audit of their books and records.