

**From: Reps. Murphy and Berceau
Sens. Feyen and Risser**

Date: November 16, 2017

Re: Co-sponsorship of LRB-4627/1 relating to University of Wisconsin research contracts

DEADLINE: November 27, 2017 at 3:00 P.M.

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."

If you would like to co-sponsor LRB-4627/1, please respond to this email or call Rep. Murphy's office at 266-7500 by 3:00 p.m. on Monday November 27.

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. Under the bill, the prohibition does not apply if any interest that a system employee or officer has in the 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 regardless of the date that a contract is entered into. The bill also changes the definition of "research company" to refer to an entity engaged in research or development, instead of commercial activity, that is related to either research conducted by a system employee or officer or to a product of such research.