164.6031 Authority of the science and technology organization to review applications, grant awards to qualifying companies, and certify qualified companies.

(1) The science and technology organization shall have the authority to review applications, grant awards to qualifying companies, and certify qualified companies. The science and technology organization shall develop application criteria and an application process subject to the following limitations. The proposed project shall be likely to:

(a) Produce a measurable result and be technically sound;

(b) Lead to innovative technology or new knowledge;

(c) Lead to commercially successful products, processes, or services within a reasonable period of time; or

(d) Show significant potential for stimulating economic growth and a reasonable probability to enhance employment opportunities within rural Kentucky.

(2) The applicant shall provide to the science and technology organization an application that shall include but not be limited to the following information:

(a) Verification that the applicant is an eligible company, a Kentucky-based company, and a small company, and is located in a rural area of the state;

(b) Written justification that the project application is consistent with the program purposes;

(c) A research, development, and entrepreneurial plan that is sufficient in scope for review;

(d) A financial analysis and resource support plan that includes sufficient commitments by the applicant and others, in addition to a Kentucky Rural Innovation award, providing a reasonable probability of the success of the project endeavor;

(e) Sufficient detail concerning proposed project partners, type and amount of work to be performed by each partner, and expected product or service with estimated costs to be reflected in the negotiated contract or agreement; and

(f) A statement of the economic development potential of the project.

(3) The science and technology organization shall conduct an independent review with the use of outside experts to evaluate each application. Following the application review, the council shall make a determination of the application and may determine that the applicant is a qualified company as defined in KRS 164.6011.

(4) Upon a qualified company's presentation of a legal agreement or contract meeting the conditions under subsection (5) of this section the science and technology organization shall present the qualified company and partnering entities with a certification authorizing award funding.

(5) Prior to receiving certification authorizing award funding the qualified company shall:

(a) Negotiate an agreement and funding contract with one (1) or more of Kentucky's postsecondary institutions, the Small Business Development

Center Network for approved project activities specified under KRS 154.1-750(4), or other entity engaged in the research and development work, that is satisfactory to the science and technology organization, to undertake the research and development and entrepreneurial work; and

(b) Provide assurance to the science and technology organization that the collaborating parties have adequately addressed the ownership and disposition of patents, royalties, and all other intellectual property rights, and equity or related position relating to the contract between the qualifying company and a partnering entity.

(6) The science and technology organization shall set forth guidelines as to when and how all areas of the state will be notified about the program availability and guidelines for making application to the program. The science and technology organization shall determine a deadline, from the date an award is granted, that certification shall be made. If certification is not made by that deadline the award is made void.

(7) Prior to certifying a qualified company, the science and technology organization may negotiate with the qualified company the ownership and disposition of patents, royalties, all other intellectual property rights, and an equity or related position on behalf of the Kentucky rural innovation fund for the sole purpose of reinvesting and sustaining a revolving fund to carry out the provisions of this section and KRS 164.6029 and 164.6033.

(8) The council shall, in effectuating the provisions of this section, contract with a science and technology organization to administer and manage the Kentucky Rural Innovation Program.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 230, sec. 34, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 522, sec. 11, effective July 14, 2000.