

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 542 (Senator Blount)

Economic & Environmental Affairs

Referred to Commerce & Government Matters

Higher Education - Research and Development Activities

This enrolled bill broadens the exemptions from conflict of interest standards under the State Ethics law for public senior higher education institutions personnel engaged in research and development activities. It provides that exemptions can occur only if: (1) the educational institution has adopted specified conflict of interest policies and procedures; and (2) the employee has complied with those policies and procedures. Each governing board of an educational institution must report quarterly to the Governor, the Legislative Policy Committee of the General Assembly, and the Ethics Commission on the number of exemptions granted and how its conflict of interest policies and procedures have been implemented in the preceding year.

An exemption may not be granted for a chancellor, vice-chancellor, president, vice-president, or individual who holds a similar position without the approval of the institution's governing board. If the Ethics Commission disagrees with an exemption, it must notify the governing board of the reason for its concern. The governing board must then re-examine the matter.

The bill takes effect July 1, 1996.

Fiscal Summary

State Effect: The bill's requirements would not have a direct effect on State finances. However, to the extent this legislation spurs employment and economic development, tax revenues could increase and expenditures on certain assistance programs could decrease.

Local Effect: To the extent this bill spurs employment and economic development, local tax revenues could increase.

Fiscal Analysis

State Effect: The bill addresses two provisions of current law that are seen as obstacles to commercialization of academic research activities:

- An educational institution cannot allow exemptions for faculty with management responsibilities.
- Exemptions are specifically provided for “sponsored research contracts.” This narrow definition may not cover all the types of research potentially commercialized. The bill changes “sponsored research” to “research.”

Both of these issues could become factors in the implementation of the proposed Institute of Human Virology (IHV) project, due to Dr. Gallo’s position as the director of the project, and the wide range of funded research possibilities. The Governor has made a commitment of \$9 million to the IHV over a three-year period from fiscal 1996 through fiscal 1998, with \$3 million to be included in the University of Maryland Biotechnology Institute each fiscal year.

Information Source(s): University of Maryland System, Maryland Higher Education Commission, State Ethics Commission

Fiscal Note History: First Reader - February 26, 1996
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