

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 644 (Senator Teitelbaum, *et al.*)
Economic and Environmental Affairs

**Economic Development - Higher Educational Institutions -
State Licensed Technology**

This bill provides that each public senior higher educational institution that licenses technology to a private sector business must provide a 25% reduction in the royalty payments owed by the licensee for each year, for up to three years, that the licensee agrees to remain and manufacture related products in the State.

Fiscal Summary

State Effect: Indeterminate decrease in revenues; expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

State Effect: The bill could reduce the amount of royalties received by the higher educational institutions. However, the University of Maryland system advises that the amount of funds received through royalties each year by each campus is minimal. No overall university policy exists governing such contracts. The Department of Fiscal Services did not receive any data detailing the amount of such royalties received by public higher education institutions on which an estimate of the decrease in royalties could be based.

To the extent that this incentive encourages companies to remain in the State and manufacture licensed products, State tax revenues could increase.

Small Business Effect: Small businesses that receive technologies under licensing agreements through public senior higher educational institutions could benefit. These businesses could realize royalty payment decreases of 25% for up to three years. However, it is not known at this time how many businesses would be affected, and what percentage would be small businesses.

Information Source(s): University of Maryland System, Department of Business and Economic Development, Maryland Higher Education Commission, Department of Fiscal Services

Fiscal Note History: First Reader - March 5, 1997

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Analysis by: Kim E. Wells-McDonnell

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710