

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 1158

(Senators McFadden and Conway)

Education, Health, and Environmental Affairs

Appropriations

Higher Education - Morgan State University - Office of Technology Transfer

This bill requires the Board of Regents of Morgan State University (MSU) to develop and implement a plan to enhance the Office of Technology Transfer (OTT) at MSU. At the request of the Board of Regents, the Maryland Technology Development Corporation (TEDCO) must provide technical assistance to OTT. For each of fiscal 2018 through 2020, the Governor must include in the annual budget bill an appropriation of \$1.0 million to MSU to (1) enhance OTT and (2) increase the capacity of OTT to move technology into the marketplace. The Board of Regents must annually report on its implementation of enhancements to OTT and the capacity of OTT to move technology into the marketplace.

The bill takes effect July 1, 2016, and terminates June 30, 2020.

Fiscal Summary

State Effect: General fund expenditures for MSU increase by \$1.0 million annually in FY 2018 through 2020 for MSU to enhance its OTT and increase the capacity of OTT to move technology into the marketplace. Higher education revenues may increase as early as FY 2017 from federal or private grants, due to the OTT enhancement plan, and annually thereafter from grants or licensing and patent revenues, due to the impact of enhancement funds for OTT. **This bill establishes a mandated appropriation in FY 2018 through 2020.**

(\$ in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Higher Ed Rev.	-	-	-	-	-
GF Expenditure	\$0	\$1.0	\$1.0	\$1.0	\$0
Net Effect	\$0.0	(\$1.0)	(\$1.0)	(\$1.0)	\$0.0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: OTT at MSU assists faculty and staff members, administrators, and students with intellectual property issues resulting from their research discoveries and other scholarly and creative activities. It exists to foster the creation of innovative technologies and to manage those technologies and other intellectual property for the benefit of MSU and the public.

According to MSU's [website](#), OTT provides assistance to MSU faculty on such issues as patent applications, registering trademarks, and copyrights. The goal is to make the processes of invention disclosure, patent application, marketing, and eventual commercialization as seamless as possible. MSU received its first full patent in January 2016 for a protein crystallization technique that could advance the treatment of Alzheimer's disease, as reported in the *Daily Record*.

TEDCO was launched in 1998 to help commercialize the results of scientific research and development conducted by higher education institutions, federal laboratories, and private-sector organizations. TEDCO also aims to promote new research activity and investments that lead to business development in Maryland.

The Maryland Innovation Initiative (MII), created by Chapter 450 of 2012, is designed to combine the technology transfer expertise of TEDCO and the research expertise of the State's research universities to speed commercialization opportunities. To qualify for participation in the initiative, each university must provide funds annually. Funds may be used to (1) provide grant funding to a qualifying university-based entrepreneur or other start-up entity to promote the commercialization of technology developed in whole or in part by a qualifying university; (2) pursue grant funding for the initiative or its qualifying universities; (3) develop and implement guidelines for technology transfer; and (4) identify projects at qualifying universities that may be viable for commercialization. TEDCO began making MII awards in fiscal 2013.

As reported in the [FY 2017 TEDCO operating budget analysis](#), as of January 2016, over 164 MII awards have been made. According to data submitted through the managing for results process, awards have resulted in 28 start-up companies with 10 additional start-ups expected in both fiscal 2016 and 2017. Total awards have been disbursed to the participating institutions as follows:

- the Johns Hopkins University (JHU) – 75;
- MSU – 5;
- University of Maryland, College Park (UMCP) – 30;
- University of Maryland, Baltimore (UMB) – 36; and
- University of Maryland Baltimore County (UMBC) – 18.

The top three institutions garner 88.7% of program funding. To receive an award, JHU, UMCP, and UMB must contribute \$200,000 per year, while MSU and UMBC must contribute \$100,000 per year.

State Fiscal Effect: General fund expenditures for MSU increase by \$1.0 million annually in fiscal 2018 through 2020 for MSU to enhance its OTT and increase the capacity of OTT to move technology into the marketplace. MSU can handle the bill’s reporting requirements with existing resources. TEDCO can provide any requested technical assistance with existing resources.

Higher education revenues from federal or private grants may increase as early as fiscal 2017, due to the OTT enhancement plan, and annually thereafter as a result of leveraging the State enhancement funds to increase technology transfer and licensing and patent revenues.

Additional Information

Prior Introductions: None.

Cross File: HB 1642 (Delegate Oaks) – Appropriations.

Information Source(s): Maryland Technology Development Corporation, Morgan State University, Department of Budget and Management, *Daily Record*, Department of Legislative Services

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