

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact; statement not issued

Action: Do pass with amendments to the A-engrossed bill and be printed engrossed.

Vote: 4-0-1

Yeas: G. George, Monroe, Starr, Deckert

Nays:

Exc.: Burdick

Prepared By: Paul Warner, Economist

Meeting Dates: 5/14

WHAT THE BILL DOES: Modifies management of donations to university development funds. Leaves 60% income tax credit unchanged from current law. Credit was originally established by 2005 legislature. Modifies General Fund recapture provision in 2005 law to allow university venture development funds to retain use of credits up to cap amount (\$8.4 million). Directs that university venture development fund be managed by university or affiliated foundation. Caps administrative assessment at 3% of fund's average annual balance. Establishes legislative reporting requirements for university venture development funds. Allows university venture development funds to deposit moneys into Higher Education Donation Fund rather than Treasury.

ISSUES DISCUSSED:

- Intent of original bill (SB 853 from 2005)
- Expected impact on university donations
- Difficulties in bringing innovations to market
- Technical problems with administering credit following 2005 legislation.

EFFECT OF COMMITTEE AMENDMENTS: Restores language removed in "A" version of bill that requires universities to transfer 20% (instead of 100%) of income from innovations until transfers' equal amount of tax credits.

BACKGROUND: SB 853 was approved by the 2005 Legislature. The intent of the legislation was to encourage donations to newly created university development funds through the use of an income tax credit. The funds are designed to provide capital for innovations to help transition them into marketable products.

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This summary has not been adopted or officially endorsed by action of the committee.