

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2768**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Michael Graham
 Reviewed by: Julie Neburka
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Measure Description:

Directs Department of Education to establish program to assist student inventors in development of intellectual property and assist education service districts in acquisition of interests in intellectual property developed by student inventors.

Government Unit(s) Affected:

Department of Education, School Districts, Education Service Districts

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Education		
General Fund		
Special Payments	\$353,503	\$312,981
Total General Fund	\$353,503	\$312,981
Other Funds*		
Personal Services	\$236,167	\$259,306
Services and Supplies	\$117,336	\$53,675
Total Other Funds	\$353,503	\$312,981
<i>Total Funds</i>	<i>\$707,006</i>	<i>\$625,962</i>
<i>Positions</i>	<i>1</i>	<i>1</i>
<i>FTE</i>	<i>0.75</i>	<i>1.00</i>
Total General Fund	\$353,503	\$312,981
Total Other Funds	\$353,503	\$312,981
Total Fiscal Impact	\$707,006	\$625,962
<i>Total Positions</i>	<i>1</i>	<i>1</i>
<i>Total FTE</i>	<i>0.75</i>	<i>1.00</i>
<i>*Represents General Fund expended as Other Funds</i>		

Analysis:

House Bill 2768 directs the Department of Education (ODE) to establish a program to assist student inventors with the development of intellectual property and assist education service districts to acquire ownership interests in intellectual property developed by student inventors. The measure establishes the Oregon Invents Partnership Fund, which is continuously appropriated to ODE to carry out the program. ODE must deposit moneys received as a result of the ownership, management, use or disposition of intellectual property developed by student inventors in the Oregon Invents Partnership Fund. ODE may enter into an agreement with any person for the deposit of moneys into the fund in exchange for a pro rata share of moneys received by ODE pursuant to the agreement. A person that enters into an agreement with ODE must agree to deposit moneys into the fund for a term of 20 years and agree that the return of any funds after the expiration of the 20-year term is contingent

on the continued sustainability of the fund. The measure takes effect on January 1, 2024.

Department of Education

The measure directs ODE to create a program to assist student inventors in developing potentially patentable intellectual property and assist education service districts in the acquisition of interests in intellectual property developed by student inventors. ODE may enter into an agreement with a person to deposit funds into the Oregon Invents Partnership Fund, and the moneys deposited into the fund may be used to support ODE in managing the program. The measure also directs ODE to convene an advisory committee to provide guidance on program implementation.

To create this program, ODE would need one permanent, full time Education Specialist 2 position (0.75 FTE in 2023-25) to coordinate with a consultant who has experience and expertise with innovation, patents and trademarks, entrepreneurship, and business practices. This position would also be working with education service districts and school districts to support learner-inventors. The estimated cost of this position, including related services and supplies, is \$236,167 General Fund in 2023-25 and \$312,981 General Fund in 2025-27.

The measure directs ODE to create an advisory board. This fiscal impact statement assumes that the board would have nine members representing various professions and industries across Oregon. Meetings are anticipated to be virtual and held quarterly in 2023-25 and then semi-annually thereafter. Substitute teacher pay is anticipated for about 3 educator members. The total cost of the advisory board is \$27,336 General Fund in 2023-25.

This fiscal impact further assumes that professional services would be needed to assist in the program development, for which the program would consult an expert in business formation. The estimated cost of a part-time consultant in Oregon is \$60,000 per year. Assuming the consultant is retained for an 18-month contract, the estimated cost is \$90,000 General Fund in 2023-25.

In total, the estimated fiscal impact to ODE is \$707,006 total funds in 2023-25 and \$625,962 total funds in 2025-27. It should also be noted that because the program costs would be transferred from the General Fund to the Oregon Invents Partnership Fund, ODE would expend the General Fund appropriation as special payments to the Oregon Invents Partnership Fund. Therefore, ODE would need an increase in Other Funds expenditure limitation to cover its program costs.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the State's General Fund and ODE's biennial budget.

School Districts and Education Service Districts

The measure is anticipated to have a minimal fiscal impact on school districts and education service districts.