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FISCAL IMPACT STATEMENT

LS 6805

BILL NUMBER: HB 1179

NOTE PREPARED: Mar 7, 2024

BILL AMENDED: Mar 4, 2024

SUBJECT: State Educational Institutions.

FIRST AUTHOR: Rep. King

FIRST SPONSOR: Sen. Raatz

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Foreign Gifts and Contracts:* The bill requires a state educational institution (SEI) to disclose certain foreign gifts and contracts received or entered into after December 31, 2020. It requires the Commission for Higher Education (CHE) to establish and maintain a website for accessing information about disclosed gifts and contracts. It authorizes the CHE to provide for an audit of an SEI's use of a disclosed gift, or the proceeds of a disclosed contract, received or entered into after June 30, 2021, and before July 1, 2024.

Civil Actions by the Attorney General: The bill authorizes the Attorney General to bring a cause of action to enforce the disclosure statute.

Intellectual Property: The bill requires the board of trustees of an SEI to adopt a policy prohibiting the transfer, licensing, or sublicensing of intellectual property developed using the SEI's resources to:

- (1) a business entity organized under the laws of a foreign adversary;
- (2) a business entity headquartered in a foreign adversary; or
- (3) a business entity or other entity, including a governmental entity, that is owned or controlled by citizens of, or is directly controlled by the government of, a foreign adversary.

The bill requires the board of trustees of each SEI to adopt a policy prohibiting an employee or contractor of the SEI from making a public statement in the employee's or contractor's official capacity unless the statement:

- (1) relates to the operation of the SEI, or to an SEI sponsored event; or
- (2) has been approved by the board of trustees.

The bill prohibits an SEI from using state funds or resources to:

- (1) engage or contract with an individual associated with a foreign terrorist organization or a state sponsor of terror; or
- (2) support the activities of a foreign terrorist organization or a state sponsor of terror.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Intellectual Property:* This bill requires SEI boards to adopt a specified policy regarding intellectual property transfer or licensing to entities affiliated with foreign adversaries. Adopting the policy constitutes a minor workload increase for the board, but enforcing it will require additional scrutiny in partnerships, cooperative agreements, academic exchanges and other joint efforts. These requirements should be met within existing resources. *[SEIs receive state funding through General Fund appropriations.]*

Foreign Gifts and Contracts: The bill requires SEIs to disclose gifts received from and contracts entered into with certain foreign entities. It requires CHE to establish and maintain a website for accessing information about disclosed gifts and contracts and to send copies of disclosure documents to the Attorney General. These requirements will increase the workload of SEIs and CHE but should be met within existing resources. The bill also authorizes CHE to audit certain foreign gifts and contracts. The costs of such an audit would depend on a number of factors, including whether the audit is conducted by CHE or by an outside contractor, the source and nature of the gift or contract in question, and the complexity of the circumstances surrounding the gift or contract. Costs associated with this provision will depend on administrative decisions made by CHE.

Civil Actions by the Attorney General: The bill authorizes the Attorney General to bring a civil action against an SEI that fails to comply with the disclosure provisions of this bill. The bill also repeals similar language already in statute that applies to SEIs and private postsecondary institutions. Additional civil actions brought as a result of these changes are expected to be minimal.

Explanation of State Revenues: *Civil Actions by the Attorney General:* Any additional revenue to the state General Fund will likely be minimal. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Explanation of Local Expenditures:

Explanation of Local Revenues: *Civil Actions by the Attorney General:* Any additional revenue collected by certain local units will likely be minimal. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

State Agencies Affected: State educational institutions, Commission for Higher Education, Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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