

HCS HB 688 -- LIFE SCIENCES RESEARCH TRUST FUND

SPONSOR: Holand (Hanaway)

COMMITTEE ACTION: Voted "do pass" by the Committee on Health Care Policy by a vote of 12 to 0.

This substitute establishes the Life Sciences Research Trust Fund in the state treasury. In its main provisions, the substitute:

(1) Requires moneys in the fund to be held separate from all public moneys, including the Tobacco Securitization Trust Fund moneys;

(2) Requires the State Treasurer to deposit 25% of moneys received from the Tobacco Master Settlement Agreement into the fund each fiscal year, beginning in Fiscal Year 2006;

(3) Requires that moneys in the fund will not be subject to appropriations for purposes inconsistent with the substitute without a two-thirds vote in each house of the General Assembly;

(4) Requires moneys in the fund to be used strategically and in cooperation with other governmental entities and nonprofit entities. The moneys will be used for the purposes of enhancing the capacity of the State of Missouri to perform life sciences research, build upon existing research institutions, and commercialize life sciences technologies;

(5) Establishes a seven-member Life Sciences Research Board within the Office of Administration as a Type-III division. The substitute contains the terms and qualifications of board members;

(6) Requires the board to manage and control moneys allocated from the fund;

(7) Establishes centers for excellence for life sciences research in the Kansas City area, the St. Louis area, and the Springfield area. A statewide center will be established which consists of the campuses of the University of Missouri system;

(8) Requires the board to approve any composition and organizational structure of a center for excellence before its operation;

(9) Specifies the organizational composition of a center for excellence. Each center is required to establish a screening committee which will review and prioritize funding proposals before submitting the proposals to the board;

- (10) Requires moneys appropriated by the General Assembly from the fund to be appropriated to the board for stated purposes;
- (11) Requires that any funds received by the board will be subject to the provisions of the substitute. In any fiscal year, up to 10% of the moneys can be appropriated for the construction of physical facilities and at least 20% of the moneys will be appropriated for life science technology transfers and commercialization;
- (12) Requires the board to consider proposals endorsed by a center for excellence. The substitute contains requirements for dispersing funds to institutions and organizations approved to conduct life sciences research;
- (13) Requires that moneys which are not distributed by the board to be held in reserve or be awarded based on a peer-review panel recommendation;
- (14) Requires the board to secure the State Auditor or an external certified public accounting firm to conduct an annual audit of the administration of the fund. The board is required to make copies of the audit available to the public;
- (15) Requires the board, with assistance from its staff or independent contractors, to prepare a comprehensive report assessing the work and progress of the life sciences research program every three years;
- (16) Requires grant and contract awards utilizing moneys from the fund to be used for the reimbursement of costs. Reimbursement of costs will be determined by a four-part balancing process;
- (17) Requires grants and contract recipients to preserve research freedoms and to ensure the timely disclosure of research findings. Recipients of research funds will retain intellectual property rights;
- (18) Contains a conflict-of-interest provision;
- (19) Prohibits public moneys appropriated to the board from being used to finance existing or proposed research projects that involve abortion services, human cloning, or prohibited human research. A research project that receives an award of public funds cannot share costs with another research project, person, or entity that is ineligible to receive public funds;
- (20) Requires all applicants for and recipients of public funds to comply with cost accounting principles contained in Part 9905,

Title 48, of the Code of Federal Regulations or successor regulations;

(21) Requires all moneys for research purposes to be expended by checks, drafts, or electronic transfers and to use a separate accounting process;

(22) Prohibits moneys from any award from being diverted through other research projects unless it is included in the original application for an award or stated in subsequent amendments or a request is made to use separate contractors;

(23) Requires award recipients to maintain separate financial records that demonstrate strict compliance with the substitute as revealed by a financial audit; and

(24) Provides taxpayers of Missouri standing to bring suit against the state or a recipient of public funds if violations of the substitute occur.

The substitute contains a non-severability clause.

FISCAL NOTE: Estimated Net Loss to General Revenue of \$0 in FY 2004, \$0 in FY 2005, and \$36,500,000 in FY 2006. Estimated Net Effect on Life Sciences Research Trust Fund of \$0 in FY 2004, \$0 in FY 2005, and \$0 or Unknown in FY 2006.

PROPOSERS: Supporters say that it is vitally important to finance life sciences research in Missouri. Advancing life sciences research will result in various benefits in the areas of job creation, public health, agriculture, and technology transfers. Establishing a funding source for life sciences research in Missouri will lead to effective partnerships with the public and private sectors in order to conduct and apply life sciences research in Missouri.

Testifying for the bill were Speaker Hanaway; William Romjue, President, Missouri Biotechnology Association; Citizens for a Healthy Missouri; Campaign Life of Missouri; and Missouri Catholic Conference.

OPPOSERS: There was no opposition voiced to the committee.

Joseph Deering, Legislative Analyst