

**BILL ANALYSIS**

Senate Research Center  
80R4944 MCK-D

S.B. 1292  
By: Nelson et al.  
Health & Human Services  
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As Filed

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, there is no cancer institute in Texas that provides grant money for cancer research. The Texas Cancer Council focuses on cancer prevention programs, but operates on a much smaller scale and does not grant funding for research projects.

As proposed, S.B. 1292 redesignates the Texas Cancer Council as the Cancer Research Institute of Texas. This bill authorizes the institute to issue general obligation bonds for grants to create and expedite innovation in the area of cancer research and prevention to enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Cancer Research Institute of Texas Oversight Committee in SECTION 2 (Section 102.106, Health and Safety Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 86.003(b), Health and Safety Code, to redesignate the Texas Cancer Council (council) as the Cancer Research Institute of Texas (institute).

SECTION 2. Amends Chapter 102, Health and Safety Code, as follows:

CHAPTER 102. New heading: CANCER RESEARCH INSTITUTE OF TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 102.001. New heading: DEFINITIONS. Defines "institute," "oversight committee," and "research committee." Deletes existing definition of "council."

Sec. 102.002. New heading: PURPOSES. Establishes the Cancer Research Institute of Texas, rather than the Texas Cancer Council, to perform certain tasks.

Sec. 102.003. SUNSET PROVISION. Provides that the institute is abolished and this chapter expires September 1, 2021, rather than September 1, 2009, unless continued in existence as provided by that chapter. Makes conforming changes.

SUBCHAPTER B. POWERS AND DUTIES OF INSTITUTE

Sec. 102.051. POWERS AND DUTIES. (a) Authorizes the institute to take certain actions and perform certain tasks.

(b) Requires the institute to work to implement the Texas Cancer Plan and continually monitor and revise the Texas Cancer Plan as necessary.

Sec. 102.052. ANNUAL PUBLIC REPORT. (a) Requires the institute to issue an annual public report outlining the institute's activities, grants awarded, grants in progress, research accomplishments, and future program directions. Requires the report to include certain information.

(b) Requires the institute to submit the annual public report to the governor and the legislature.

Sec. 102.053. INDEPENDENT FINANCIAL AUDIT FOR REVIEW BY COMPTROLLER. (a) Requires the institute to annually commission an independent financial audit of its activities from a certified public accounting firm and to provide the audit to the comptroller of public accounts (comptroller). Requires the comptroller to review and evaluate the audit and annually issue a public report of that review and to make recommendations concerning the institute's financial practices and performance.

(b) Requires the oversight committee to review the annual financial audit, the comptroller's report and evaluation of that audit, and the financial practices of the institute.

Sec. 102.054. GIFTS AND GRANTS. Authorizes the institute to solicit and accept gifts and grants from any source for the purposes of this chapter.

Sec. 102.055. QUARTERLY MEETINGS. Requires the oversight committee to hold a public meeting at least once in each quarter of the calendar year, with appropriate notice and with a formal public comment period.

#### SUBCHAPTER C. OVERSIGHT COMMITTEE

Sec. 102.101. New heading: COMPOSITION OF OVERSIGHT COMMITTEE. (a) Provides that the Cancer Research Institute of Texas Oversight Committee is the governing body of the institute. Redesignates Section 102.004 as Section 102.101.

(b) Sets forth the composition of the 11 member oversight committee.

(c) Requires the members of the oversight committee to represent the geographic and cultural diversity of the state.

(d) Makes conforming changes. Deletes existing text regarding qualifications and preferred qualifications for council members.

Sec. 102.102. REMOVAL. Makes conforming changes.

Sec. 102.103. TERMS; VACANCY. (a) Provides that oversight committee members appointed by the governor serve staggered two-year terms, rather than six-year terms, with the terms of four or five members expiring February 1 of each year. Deletes existing text providing that council members serve for staggered six-year terms, with the terms of five members expiring February 1 of each even-numbered year, except for the ex officio member of the council.

(b) Prohibits an oversight committee member from serving more than two terms.

(c) Requires the governor to appoint a replacement not later than the 30th day after the date an oversight committee member's term expires.

(d) Requires the governor to appoint a successor, in the same manner as the original appointment, to serve for the remainder of the unexpired term if a vacancy occurs on the oversight committee. Requires the governor to appoint the successor not later than the 30th day after the date the vacancy occurs. Deletes existing text requiring the appropriate appointing authority to appoint, in the same manner as the original appointment, a person to serve for the remainder of the unexpired term if a vacancy occurs.

Sec. 102.104. OFFICERS. Requires the governor to designate a member of the oversight committee, rather than council or other than the ex officio member, as the presiding officer of the oversight committee to serve in that capacity at the pleasure of the governor. Makes a conforming change.

Sec. 102.105. New heading: EXPENSES. Provides that a member of the oversight committee is not entitled to compensation but is entitled to reimbursement for actual and necessary expenses incurred in attending meetings of the committee or performing other official, rather than council, duties authorized by the presiding officer. Makes a conforming change.

(b) Deletes existing subsection relating to reimbursements.

Sec. 102.106. CONFLICT OF INTEREST. Requires the oversight committee to adopt conflict-of-interest rules, based on standards applicable to members of scientific review committees of the National Institutes of Health, to govern members of the oversight committee.

#### SUBCHAPTER D. RESEARCH COMMITTEE

Sec. 102.151. SCIENTIFIC RESEARCH COMMITTEE. (a) Sets forth the composition of the Cancer Research Institute of Texas Scientific Research Committee.

(b) Authorizes individuals appointed to the research committee to be residents of another state.

(c) Requires voting members of the research committee appointed by the governor to include at least one person representing each of certain categories.

Sec. 102.152. TERMS OF RESEARCH COMMITTEE MEMBERS. (a) Provides that members of the research committee serve staggered two-year terms, with the terms of four or five voting members and one nonvoting member expiring on February 1 of each year.

(b) Authorizes a member of the research committee to be reappointed to one additional consecutive term and one additional term following a minimum of two years in which the person did not serve on the research committee.

Sec. 102.153. EXPENSES. Provides that members of the research committee serve without compensation but entitles members to reimbursement for actual and necessary expenses in attending meetings of the committee or performing other official duties authorized by the presiding officer.

#### SUBCHAPTER E. CANCER RESEARCH FUND

Sec. 102.201. CANCER RESEARCH FUND. (a) Provides that the cancer research fund is a dedicated account in the general revenue fund.

(b) Sets forth certain money the cancer research fund consists of.

(c) Provides that the fund may be used only for certain purposes.

Sec. 102.202. ISSUANCE OF GENERAL OBLIGATION BONDS FOR CANCER RESEARCH FUND. (a) Authorizes the Texas Public Finance Authority (authority) to issue and sell general obligation bonds of the state as authorized by the Texas Constitution for the purpose of providing money to establish the cancer research fund. Authorizes the authority to issue the bonds in several installments.

(b) Prohibits the authority from issuing and selling general obligation bonds authorized by this section before September 1, 2009.

(c) Prohibits the authority from issuing and selling more than \$300 million in general obligation bonds authorized by this section in a state fiscal year.

(d) Requires proceeds of the bonds issued under this section to be deposited in the cancer research fund.

Sec. 102.203. AUTHORIZED EXPENSES. (a) Authorizes a person awarded money from the cancer research fund under this subchapter to use the money for research consistent with the purpose of this chapter and in accordance with a contract between the person and the institute.

(b) Authorizes money awarded under this subchapter to be used for certain authorized expenses, except as otherwise provided by this section.

(c) Prohibits a person receiving money under this subchapter from spending more than five percent of the money for administrative purposes.

(d) Prohibits a person receiving money under this subchapter from spending more than 10 percent of the money for facility construction purposes. Prohibits money from being used for facility construction five years after the date the money is awarded.

Sec. 102.204. ADMINISTRATION OF FUND. Provides that the administration of the cancer research fund is considered to be a trustee program within the office of the governor.

#### SUBCHAPTER F. PROCEDURE FOR MAKING AWARDS

Sec. 102.251. DUTIES OF SCIENTIFIC RESEARCH COMMITTEE. (a) Requires the research committee to review grant and loan applications and make recommendations to the oversight committee regarding the award of research, therapy development, and clinical trial grants and loans.

(b) Authorizes the ex officio members of the research committee to participate in the review and discussion of grant and loan applications. Prohibits ex officio members from voting on recommendations to the oversight committee. Requires the research committee to give priority to certain proposals in making recommendations to the oversight committee.

(c) Prohibits a member of the research committee from attempting to use the committee member's official position to influence a decision to approve or award a grant, loan, or contract to the committee member's employer.

Sec. 102.252. OVERRIDING RESEARCH COMMITTEE RECOMMENDATIONS. Requires the oversight committee to follow the funding recommendations of the research committee unless two-thirds of the members of the oversight committee vote to disregard a recommendation.

Sec. 102.253. MAXIMUM AMOUNT OF ANNUAL AWARDS. Prohibits the oversight committee from awarding more than \$300 million in grants or loans under Subchapter E in a fiscal year.

Sec. 102.254. PERIOD FOR AWARDS. Prohibits the oversight committee from awarding money under Subchapter E before September 1, 2009, or after August 31, 2020.

Sec. 102.255. CONTRACT TERMS. (a) Authorizes the oversight committee to negotiate on behalf of the state regarding awarding, by grant, money appropriated from the cancer research fund. Authorizes the negotiation to include consideration of the grant recipient's financial contribution, if any, to the proposal.

(b) Requires the committee to enter into a written contract with the grant recipient before awarding a grant under Subchapter E. Authorizes the contract to contain certain specifications.

(c) Requires the contract to include terms relating to intellectual property rights consistent with the standards developed by the oversight committee under Section 102.256.

Sec. 102.256. PATENT ROYALTIES AND LICENSE REVENUES PAID TO STATE.

(a) Requires the oversight committee to establish standards that require all grants and loan awards to be subject to an intellectual property agreement that allows the state to collect royalties, income, and other benefits realized as a result of projects undertaken with money awarded under Subchapter E.

(b) Requires the oversight committee, in determining the state's interest in any intellectual property rights, to balance the opportunity of the state to benefit from the patents, royalties, licenses, and other benefits that result from basic research, therapy development, and clinical trials with the need to ensure that essential medical research is not unreasonably hindered by the intellectual property agreement and that the agreement does not unreasonably remove the incentive on the part of the individual researcher, research team, or institution.

Sec. 102.257. MULTIYEAR PROJECTS. Authorizes the oversight committee to grant funds for a multiyear project. Requires all the money needed to fund a multiyear project to be awarded in the state fiscal year that the project is approved by the research committee. Requires the institute to distribute only the money that will be expended during that fiscal year. Requires the remaining money to be maintained in an escrow account to be distributed by the institute in subsequent years of the project.

Sec. 102.258. PREFERENCE FOR TEXAS SUPPLIERS. Requires the oversight committee to establish standards to ensure that grant recipients purchase goods and services from suppliers in this state to the extent reasonably possible, in a good faith effort to achieve a goal of more than 50 percent of such purchases from suppliers in this state.

Sec. 102.259. PEER REVIEW. Requires the research committee to require a peer review progress oversight review of each grant recipient to ensure compliance with the terms of the award and to ensure the scientific merit of the research. Requires the research committee to report to the oversight committee any recommendations for subsequent actions.

Sec. 102.260. MEDICAL ETHICS. Requires any research project that receives money under Subchapter E to be conducted with full consideration for the ethical and medical implications of the research, and to comply with all federal and state laws regarding the conduct of research.

Deletes existing Section 102.008 (MEETINGS).

Deletes existing Section 102.009 (POWERS AND DUTIES OF COUNCIL).

Deletes existing Section 102.010 (GRANT PROGRAM).

Deletes existing Section 102.011 (STANDARDS OF CONDUCT).

Deletes existing Section 102.012 (CANCER RESOURCE FUND).

Deletes existing Section 102.013 (TRAINING).

Deletes existing Section 102.014 (SEPARATION OF RESPONSIBILITIES).

Deletes existing Section 102.015 (COMPLAINTS).

Deletes existing Section 102.016 (EQUAL EMPLOYMENT OPPORTUNITY).

Deletes existing Section 102.017 (TEXANS CONQUER CANCER ACCOUNT).

Deletes existing Section 102.018 (TEXANS CONQUER CANCER ADVISORY COMMITTEE).

SECTION 3. Amends Section 504.017, Labor Code, as follows:

Sec. 504.017. FEDERAL AND STATE FUNDED TRANSPORTATION ENTITIES. Provides that an entity is eligible to participate under Section 504.016 or Chapter 791 or 2259, Government Code, if the entity provides transportation subsidized in whole or in part by and provided to clients of certain agencies.

SECTION 4. Amends Section 504.620, Transportation Code, as follows:

Sec. 504.620. TEXANS CONQUER CANCER LICENSE PLATES. (a) Requires the Texas Department of Transportation (TxDOT) to issue specialty license plates that include the words "Texans Conquer Cancer." Makes a conforming change.

(b) Requires the remainder of the fee for issuance of the license plates, after deduction of TxDOT's administrative costs, to be deposited to the credit of the cancer research fund, rather than the Texans Conquer Cancer account, established by Section 102.201, rather than Section 102.017, Health and Safety Code.

SECTION 5. Repealer: Section 86.011(c) (relating to coordination with the Office of Rural Community Affairs), Health and Safety Code.

SECTION 6. (a) Requires the governor, not later than December 1, 2007, to appoint the members to the Cancer Research Institute of Texas Oversight Committee as required by Section 102.101, Health and Safety Code, as added by this Act. Requires the governor to designate four members for terms expiring February 1, 2008, and five members for terms expiring February 1, 2009, in making the initial appointments to the oversight committee. Prohibits the oversight committee from taking action until a majority of the appointed members have taken office.

(b) Requires the governor and the other appointing authorities specified by Section 102.151, Health and Safety Code, as added by this Act, not later than December 1, 2007, to appoint the members to the Cancer Research Institute of Texas Scientific Research Committee as required by that section. Requires the governor, in making the initial appointments to the research committee, to designate four voting members and one nonvoting member for terms expiring February 1, 2008, and five voting members and one nonvoting member for terms expiring February 1, 2009. Prohibits the research committee from taking action until a majority of the appointed members have taken office.

SECTION 7. (a) Abolishes the Texas Cancer Council and transfers all powers, duties, obligations, rights, contracts, leases, records, property, and unspent and unobligated appropriations and other funds of the Texas Cancer Council to the Cancer Research Institute of Texas on the date on which a majority of the initial appointed members of the Cancer Research Institute of Texas Oversight Committee have taken office.

(b) Provides that the abolishment of the Texas Cancer Council does not affect certain actions taken by or in connection with the Texas Cancer Council.

(c) Provides that all rules, policies, procedures, and decisions of the Texas Cancer Council are continued in effect as rules, policies, procedures, and decisions of the Cancer Research Institute of Texas until superseded by a rule or other appropriate action of the Cancer Research Institute of Texas.

(d) Provides that any action or proceeding before the Texas Cancer Council is transferred without change in status to the Cancer Research Institute of Texas, and the Cancer Research Institute of Texas assumes, without a change in status, the position of the Texas Cancer Council in any action or proceeding to which the Texas Cancer Council is a party.

(e) Authorizes the Cancer Research Institute of Texas to employ the same number of full-time equivalent employees as the Texas Cancer Council to exercise the powers and perform the duties transferred under this section. Provides that the executive director of the Texas Cancer Council serving on the effective date of this Act does not automatically become the executive director of the Cancer Research Institute of Texas. Requires a person to apply for the position and requires the person's employment in that capacity to be approved by the oversight committee for the person to become the executive director of the Cancer Research Institute of Texas.

(f) Provides that an employee of the Texas Cancer Council employed on the effective date of this Act does not automatically become an employee of the Cancer Research Institute of Texas. Requires a person to apply for a position at the Cancer Research Institute of Texas and requires the person's employment in that capacity to be approved by the executive director of the institute for the person to become an employee of the Cancer Research Institute of Texas.

(g) Provides that a fund, foundation, or account administered by the Texas Cancer Council is not considered to be abolished and re-created by this Act but is considered to be transferred to the Cancer Research Institute of Texas.

(h) Requires the Texas Cancer Council to continue to exercise the powers and perform the duties assigned to the Texas Cancer Council under the law as it existed immediately before the effective date of this Act or as modified by another Act of the 80th Legislature, Regular Session, 2007, that becomes law, and provides that the former law is continued in effect for that purpose, until the date the Texas Cancer Council is abolished as provided by Subsection (a) of this section.

SECTION 8. Requires any amount remaining in or payable to the credit of the cancer resource fund under Section 102.012, Health and Safety Code, and the Texans Conquer Cancer account under Section 102.017, Health and Safety Code, as those sections existed before repeal by this Act, to be transferred to the credit of the cancer research fund established under Section 102.201, Health and Safety Code, as added by this Act on or after the effective date of this Act.

SECTION 9. Provides that this Act takes effect on the date on which the constitutional amendment proposed by the 80th Legislature, Regular Session, 2007, establishing the Cancer Research Institute of Texas is approved by the voters. Provides that if that amendment is not approved by the voters, this Act has no effect.