

**BILL ANALYSIS**

C.S.H.B. 2759  
By: Wong  
Higher Education  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

The University of Texas-M. D. Anderson Cancer Center (UTMDACC) has led in the development of a coalition of universities, businesses and civic leaders in the greater Houston community to form BioHouston. This coalition wishes to create and establish an environment stimulating technology transfers and commercialization of research in the emerging field of Biotechnology.

Biotech research parks have proven to be powerful catalysts for economic development in their community. UTMDACC and The University of Texas Health Sciences Center at Houston (UTHSC) have joined to create a Research Park located on University of Texas land near the Texas Medical Center, which will be developed over a 20-year period in six phases.

Greater Houston academic institutions, with support stretching from College Station to Galveston, generate over \$1 billion per year in research funding for the life sciences; however only 5 companies are created per year from these research efforts. As a comparison, Boston academic institutions generate \$1.6 billion per year in biomedical research funding.

Among Texas cities, Houston has the largest number of PhD's granted per year in the biological sciences, leads in biotechnology patents and has the most research and development alliances with pharmaceutical companies. The Research Park is based on best practices of 29 existing biotech parks nationwide.

• Private Sector	\$568 million	90%
• Local Government	\$ 45 million	7%
• State Funding (proposed)	\$ 20 million	3%
• Total	\$633 million	100%

According Hammer Silber George Associates, the Research Park will expand the state economy by more than \$1.5 billion annually, create 23,000 new jobs and more than \$900 million in annual household income. During development, estimated state tax revenues exceed \$518 million, local revenues may generate \$440 million, and, upon completion, increase local tax revenues by more than \$40 million per year.

During the 78th Legislative Session, HB 3309 authorized state funding for infrastructure, but no money was appropriated.

**RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

**ANALYSIS**

CSHB 2759 amends Subchapter B, Chapter 55, Education Code, by adding Section 55.17421 to authorize the board of regents of The University of Texas System to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for The University of Texas M.D. Anderson Cancer Center for biotechnology research and development facilities, to be financed by the issuance of bonds in accordance with this subchapter,

including bonds issued in accordance with its system-wide revenue financing program and secured as provided by that program in aggregate principal amounts not to exceed \$20.0 million.

CSHB 2759 provides that the board may pledge irrevocably to the payment of the bonds authorized by Subsection (a) all or any part of the revenue funds of an institution, branch, or entity of The University of Texas System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of The University of Texas System. The bill provides that the amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

CSHB 2759 provides that if sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The University of Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its constitutional and statutory duties and purposes.

CSHB 2759 amends Section 61.0752(e), Education Code, to provide that approval of the board is not required to acquire real property that is financed with bonds issued under Section 55.17421.

CSHB 2759 amends Section 61.058(b), Education Code, to provide that this Section does not apply to construction, repair or rehabilitation financed by bonds issued under Section 55.17421.

#### **EFFECTIVE DATE**

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

CSHB 2759 modifies the original by reducing the aggregate principal amount in which the bonds may not exceed from \$48 million to \$20 million.