

BILL ANALYSIS

H.B. 3321
By: Eiland
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Authorizes the U.T. Board of Regents to issue up to \$57M in tuition revenue bonds to be used as the local match for federal funding to build a National Bio-containment Laboratory on the campus of The University of Texas Medical Branch at Galveston. These bonds would only be used if UTMB were awarded the National Biocontainment Laboratory grant.

The National Biocontainment Laboratory will bring \$110 million in Federal Funds to Texas for construction of the facility alone. A conservative estimate of the economic impact from the research activities performed at National Biocontainment Laboratory is \$45 - \$75 million dollars per year. This facility would be the only Texas based "National Laboratory".

After the September 11 terrorist attack, President Bush, in his State of the Union Address, announced Project Bioshield – a comprehensive effort to develop and make available modern, effective drugs and vaccines to protect against attack by biological weapons. As part of this effort, the National Institutes of Health (NIH) received a significant funding increase of \$1.5 billion dollars (\$6B over next 10 years) for research in biological pathogens that could be used as bioterror agents with an objective of establishing the scientific basis for new medical countermeasures, including vaccines, diagnostics and therapeutics.

NIH has called for the construction of one or two National Biocontainment Laboratories, which will include Biosafety Level 2, 3, and 4 laboratories to be dedicated to the biodefense effort. In response to this, UTMB has submitted a proposal to build a National Biocontainment Laboratory on its campus in Galveston. The project will be designed to incorporate the most advanced technologies in biomedical research targeted to diagnostics, therapeutics and vaccine development, including novel robotic technologies that will be developed through partnerships with Johnson Space Center and local aerospace engineering companies. Academic researchers and biotechnology and pharmaceutical companies within the region as well as nationally will have access to the most advanced facilities in the world.

Texas and the Southwest Region are well positioned to provide scientific and translational research leadership and to support newly formed biotechnology companies that will emerge to commercialize promising discoveries. Some of the region highlights are noted below:

1. Breadth and depth of senior researchers with international leadership in emerging infectious diseases and select bioterrorist agents
2. World Health Organization (WHO) Collaboration Center for Tropical Diseases centered at UTMB
3. Research infrastructure, including the only Biosafety Level 4 (BSL-4) research laboratory at a university in the U.S. (UTMB-Galveston, Summer 2003), providing immediate access to the research environment necessary for studying many of the bioterrorist threat organisms.
4. Demonstrated ability to effectively adopt multidisciplinary approaches within and between institutions
5. UTMB organized a consortium of 25 institutions in Texas, New Mexico, Oklahoma, Arkansas, and Louisiana, in response to a request from the NIH for applications for Regional Centers of Excellence for Biodefense and Emerging Infectious Disease Research, expected to bring \$50M in research projects to the region in the next 5 years

This is one of those rare opportunities, similar to the Manhattan Project in the 1940s or the launch of the Space Program in the 1960s, where a national security priority provides an imperative to respond quickly and significantly. The Gulf Coast area, the State of Texas and the surrounding Southwest Region states are well positioned to respond to this imperative.

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

HB 3321 amends Subchapter B, Chapter 55, Education Code, by adding Section 55.17421 to provide that the board of regents of The University of Texas System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, or other facilities, including roads and related infrastructure, for The University of Texas Medical Branch at Galveston, to be used primarily to conduct biomedical research including research related to national bio-defense and to be financed by the issuance of bonds in accordance with this subchapter, including bonds issued in accordance with a systemwide revenue financing program and secured as provided by that program in an aggregate principal amount not to exceed \$57 million.

HB 3321 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. 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.

HB 3321 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 duties and purposes.

HB 3321 amends Section 61.0572(e), Education Code, to provide that approval of the board is not required to acquire real property that is financed by bonds issued under Section 55.17421,

HB 3321 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.