

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 4, 2007

TO: Honorable Dianne White Delisi, Chair, House Committee on Public Health

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB14 by Keffer, Jim (Relating to creating the Cancer Research Institute of Texas and abolishing the Texas Cancer Council; granting authority to issue bonds.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB14, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	(\$15,937,500)
2011	(\$46,143,622)
2012	(\$75,592,166)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain from <i>New General Revenue Dedicated Cancer Research Fund</i>	Probable (Cost) from <i>BOND PROCEED-GEN OBLIGAT 780</i>
2008	\$0	\$0	\$0
2009	\$0	\$0	\$0
2010	(\$15,937,500)	\$300,000,000	(\$300,000,000)
2011	(\$46,143,622)	\$300,000,000	(\$300,000,000)
2012	(\$75,592,166)	\$300,000,000	(\$300,000,000)

Fiscal Analysis

The bill establishes the Cancer Research Institute of Texas (institute), the Cancer Research Institute of Texas Oversight Committee (oversight committee) and the Cancer Research Institute of Texas Scientific Research Committee (research committee). The bill authorizes the institute to make grants and loans to institutions of learning and to advanced medical research facilities for the purpose of medical research in the prevention and cure of cancer and to expand research capabilities of institutions of higher education and other public or private entities that will promote an increase in cancer research and in the creation of high-quality new jobs. The bill requires the Governor to appoint the members of the oversight committee and research committee by December 1, 2007.

The bill authorizes the institute to employ an executive director and employ staff.

The bill creates the General Revenue-Dedicated Cancer Research Fund which may consist of bond proceeds, patent, royalty, and license fees, interest, and amounts appropriated by the legislature. Authorized uses of the fund are for grants and loans for cancer research and cancer research facilities, laboratory facilities, and operation costs of the institute. The bill authorizes the Texas Public Finance Authority (TPFA) to issue up to \$300 million in general obligation bonds per fiscal year for the purpose of providing funds to establish the Cancer Research Fund. The bill prohibits TPFA from issuing these general obligation bonds before fiscal year 2010. The bill specifies that administration of the Cancer Research Fund is a Trusteed Program within the Office of the Governor.

The bill prohibits the oversight committee from making more than \$300 million in grant awards per fiscal year and from making any grant awards before fiscal year 2010.

The bill abolishes the Texas Cancer Council and transfers all unspent and unobligated appropriations to the institute. The bill authorizes the institute to employ the same number of FTEs as the Texas Cancer Council.

Methodology

This analysis assumes the issuance of \$300 million in general obligation bond annually beginning in fiscal year 2010. General Revenue costs reflect amounts necessary for TPFA to pay debt service on a \$300 million general obligation bond issuance per fiscal year. No significant fiscal impact to the state in the 2008-09 biennium is anticipated, however there is a cost to General Revenue beginning in 2010 for debt service payments.

It is estimated that \$6,592,220 in All Funds and 7 FTEs appropriated in House Bill 1 as Introduced, or the remaining amount of this appropriation as of December 1, 2007, will be transferred from the Texas Cancer Council to the Trusteed Programs within the Office of the Governor to perform the duties associated with the institute for the 2008-09 biennium. Costs associated with the operation of the institute beginning 2010 will be covered by the annual \$300 million in bond proceed amounts deposited to the Cancer Research Fund. Therefore, no significant fiscal impact to the state in the 2008-09 biennium is anticipated.

The bill provides that patent, royalty, and license fees realized as a result of projects funded through the institute may be deposited to the Cancer Research Fund, however no grants can be made before fiscal year 2010. Therefore, no significant fiscal impact to the state in the 2008-09 biennium is anticipated.

Note: The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Therefore the fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 347 Public Finance Authority, 527 Cancer Council, 601 Department of Transportation

LBB Staff: JOB, CL, MS, SMi