

BILL ANALYSIS

Senate Research Center

C.S.S.B. 73
By: Nelson
Finance
3/29/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2007, voters authorized the state to issue \$3 billion in general obligation bonds to fund the Cancer Prevention and Research Institute of Texas (CPRIT), with a limit of \$300 million per year for the next 10 years.

The Texas Public Finance Authority (TPFA) statute gives its other client agencies legal assurance to begin a project as soon as the issuance of bonds is approved, allowing them to take advantage of short-term, low-interest debt instruments by issuing debt incrementally. This bill extends this authority to CPRIT.

Specifically, this bill removes the statutory requirement that CPRIT escrow multi-year grant awards and extends TPFA's standard authority to stagger debt issuance to include CPRIT.

C.S.S.B. 73 amends current law relating to debt issuance authority of and funding for the Cancer Prevention and Research Institute of Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 1232, Government Code, by adding Section 1232.1221, as follows:

Sec. 1232.1221. COMMENCEMENT OF CERTAIN MULTIYEAR CANCER-RELATED PROJECTS. (a) Authorizes funds to be distributed to a grant recipient for a multiyear project for which an award is granted by the Cancer Prevention and Research Institute of Texas Oversight Committee (oversight committee) as authorized by Section 102.257, Health and Safety Code, after the Texas Public Finance Authority (TPFA) has certified that obligations in an amount sufficient to pay the money needed to fund the project have been authorized for issuance by TPFA and approved by the Texas Bond Review Board (BRB).

(b) Requires BRB, after issuing the obligations, to:

- (1) pay the costs of the issuance and any related bond administrative costs of TPFA;
- (2) certify to the Cancer Prevention and Research Institute of Texas (CPRIT) and to the comptroller of public accounts (comptroller) that the proceeds from the issuance are available; and
- (3) deposit the proceeds into the state treasury to be credited to the account of CPRIT.

SECTION 2. Amends Sections 102.201(b) and (c), Health and Safety Code, as follows:

(b) Provides that the cancer prevention and research fund consists of:

- (1) patent, royalty, and license fees and other income received under a contract entered into as provided by Section 102.255 (Contract Terms);
- (2) appropriations of money to the fund by the legislature, except that the appropriated money may not include the proceeds from the issuance of bonds authorized by Section 67 (Cancer Prevention and Research Institute of Texas), Article III, Texas Constitution;
- (3) gifts, grants, including grants from the federal government, and other donations received for the fund; and
- (4) interest earned on the investment of money in the fund.

(c) Authorizes the fund to be used only to pay for:

- (1) grants for cancer research and for cancer research facilities in this state to realize therapies, protocols, and medical procedures for the cure or substantial mitigation of all types of cancer in humans;
- (2) the purchase, subject to approval by CPRIT, of laboratory facilities by or on behalf of a state agency or grant recipient;
- (3) grants to public or private persons to implement the Texas Cancer Plan;
- (4) the operation of CPRIT;
- (5) grants for cancer prevention and control programs in this state to mitigate the incidence of all types of cancer in humans; and
- (6) debt service on bonds issued as authorizes by Section 67, Article III, Texas Constitution.

SECTION 3. Amends Section 102.257, Health and Safety Code, as follows:

Sec. 102.257 MULTIYEAR PROJECTS. Requires the oversight committee to specify the total amount of money approved to fund the multiyear project, rather than requiring that all the money needed to fund a multiyear project be awarded in the state fiscal year that the project is approved by the research and prevention programs committee. Provides that the total amount specified is considered for purposes of Section 102.253 (Maximum Amount of Annual Awards) to have been awarded in the state fiscal year that the project is approved by the research and prevention programs committee. Requires CPRIT to distribute only the money that will be expended during that fiscal year. Authorizes CPRIT to maintain the remaining money needed in each subsequent fiscal year in an escrow account to be distributed by CPRIT as the money is needed, rather than requires that the remaining money be maintained in an escrow account to be distributed by CPRIT in subsequent years of the project.

SECTION 4. Makes application of this Act prospective to June 1, 2011.

SECTION 5. Effective date: upon passage or September 1, 2011.