

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 21, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB149 by Nelson (Relating to the Cancer Prevention and Research Institute of Texas.),
As Passed 2nd House

No significant fiscal implication to the State is anticipated.
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The bill would amend the Health and Safety Code to require the Cancer Prevention and Research Institute of Texas (CPRIT) to employ a compliance officer to ensure all grants and employees comply with applicable laws, rules and policies. The bill would also identify a number of other changes to strengthen conflict of interest policies and create a process to investigate unreported conflicts of interest. The bill would also direct the oversight committee to adopt a code of conduct. The bill would require Oversight Committee members to disclose all political contributions greater than \$1,000 and require CPRIT to post this report on the agency's website. The bill would establish a Program Integration Committee to review all grants after initial review by the various peer review committees and prepare a slate of recommendations to the oversight committee.

The bill would require CPRIT to submit a list of all conflicts of interest, investigation into and actions taken regarding unreported conflicts of interest, and waivers, to the Lt. Governor, Speaker, Governor, and standing committees, as well as post this information on the institute's website

The bill would amend the title of executive director to chief executive officer. The bill would require the chief executive officer to submit an affidavit with each recommended grant application that includes peer review information and scoring, due diligence reviews, and intellectual property reviews. The bill would require grant recipients to disclose principal investors in order to avoid potential conflicts of interest. The bill would require CPRIT to adopt rules specifying how a grant recipient must certify that they have sufficient matching funds and to establish and implement reporting requirements to ensure recipients comply with the terms of their contract. The bill would also require the grant recipient to repay the award if the recipient did not comply with the terms of the contract and refuses to comply with any remediation plans. The bill would also expand current duties of existing staff to formally require CPRIT to establish a compliance program that would perform annual reviews of all awarded grants for compliance with contracts.

The bill would designate all records of a nonprofit organization, established to support CPRIT, as public information and would require CPRIT to post the records on the agency website. The bill would also amend the purpose of the cancer prevention and research fund to no longer allow the patent, royalty, license fees, and any bond proceeds to be deposited in the fund, but would allow the fund to hold debt service for CPRIT bonds. The bill would establish a cancer prevention and research institute sinking fund as a new general revenue dedicated account to hold

the patent, royalty, license fees received by the agency. The fund's sole purpose would be for debt service payments on CPRIT bonds.

This legislation 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

It is anticipated that any additional costs associated with implementing the bill could be absorbed within existing resources. The bill would take effect immediately upon receiving two-thirds majority vote in each house, otherwise, the bill would take effect September 1, 2013.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 542 Cancer Prevention and Research Institute of Texas

LBB Staff: UP, EMO, CL, EP