

By: Menéndez

S.B. No. 264

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of the Texas Research Consortium to Cure Infectious Diseases (TRANSCEND); authorizing the issuance of bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle D, Title 2, Health and Safety Code, is amended by adding Chapter 90 to read as follows:

CHAPTER 90. TEXAS RESEARCH CONSORTIUM TO CURE INFECTIOUS DISEASES

(TRANSCEND)

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 90.001. DEFINITIONS. In this chapter:

(1) "Consortium" means the Texas Research Consortium to Cure Infectious Diseases (TRANSCEND).

(2) "Disease" means a disorder of structure or function in a human that produces specific signs or symptoms or affects a specific location in the human body and that has the potential of being prevented by a vaccine or otherwise treated or cured.

(3) "Oversight committee" means the Texas Research Consortium to Cure Infectious Diseases (TRANSCEND) Oversight Committee.

(4) "Scientific committee" means the Texas Research Consortium to Cure Infectious Diseases (TRANSCEND) Scientific Committee.

1 Sec. 90.002. PURPOSE. The Texas Research Consortium to
2 Cure Infectious Diseases (TRANSCEND) is established to:

3 (1) accelerate advancements in infectious disease
4 diagnosis, treatment, prevention, and cures;

5 (2) facilitate innovative research and development to
6 prepare for and address public health crises caused by infectious
7 diseases;

8 (3) recruit, retain, and invest in leading infectious
9 disease experts to research and develop diagnostics, therapies, and
10 vaccines for infectious diseases;

11 (4) establish a centralized research location through
12 which the consortium will operate and facilitate collaborative
13 research on infectious diseases and related disorders and the
14 development of treatments and cures for infectious diseases; and

15 (5) communicate the consortium's mission to the
16 public.

17 Sec. 90.003. SUNSET PROVISION. The Texas Research
18 Consortium to Cure Infectious Diseases (TRANSCEND) is subject to
19 Chapter 325, Government Code (Texas Sunset Act), but is not
20 abolished under that chapter. The consortium shall be reviewed
21 during the period in which state agencies scheduled to be abolished
22 in 2035, and every 12 years after that year, are reviewed.

23 SUBCHAPTER B. POWERS AND DUTIES OF CONSORTIUM

24 Sec. 90.051. POWERS AND DUTIES. The consortium:

25 (1) may award grants to persons for the purpose of:

26 (A) conducting collaborative research on
27 infectious diseases and associated conditions and innovative

1 methods to prepare for infectious disease outbreaks;

2 (B) developing treatments and cures, including
3 vaccines, for diseases and associated conditions;

4 (C) developing education initiatives and
5 conducting outreach to engage and inform the public on infectious
6 diseases and associated conditions; and

7 (D) developing initiatives to prepare for and
8 rapidly respond to infectious disease outbreaks and public health
9 crises;

10 (2) shall establish a centralized research location
11 through which the consortium will operate and facilitate
12 collaborative research on infectious diseases and related
13 disorders and the development of treatments and cures for
14 infectious diseases;

15 (3) shall establish appropriate standards and
16 oversight bodies to ensure money authorized under this chapter is
17 properly used for infectious disease research and preparation and
18 development of infectious disease treatments and cures;

19 (4) shall develop collaborative research
20 opportunities in accordance with Subchapter F;

21 (5) may employ necessary staff to provide
22 administrative support;

23 (6) shall continuously monitor contracts or
24 agreements entered into under this chapter to ensure that each
25 grant recipient or person conducting research under Subchapter F
26 complies with the terms and conditions of the contract or
27 agreement;

1 (7) shall ensure that all grant applications comply
2 with this chapter and rules adopted under this chapter before the
3 applications are submitted to the scientific committee for
4 consideration and approval; and

5 (8) shall establish procedures to document that the
6 consortium, the consortium's employees, and other consortium
7 members appointed or hired under this chapter comply with any laws
8 and rules governing conflicts of interest.

9 Sec. 90.052. CHIEF EXECUTIVE OFFICER; CHIEF COMPLIANCE
10 OFFICER; ADDITIONAL OFFICERS. (a) The oversight committee shall
11 hire a chief executive officer. The chief executive officer shall
12 perform the duties required under this chapter or designated by the
13 oversight committee. The chief executive officer must have a
14 demonstrated ability to lead and develop academic, commercial, and
15 public or private partnerships and coalitions.

16 (b) The consortium shall employ a chief compliance officer
17 to monitor compliance with this chapter and rules adopted under
18 this chapter and report incidents of noncompliance to the oversight
19 committee. The chief compliance officer shall:

20 (1) ensure that all grant applications comply with
21 this chapter and rules adopted under this chapter before the
22 applications are submitted to the scientific committee for
23 consideration and approval;

24 (2) attend and observe meetings of the scientific
25 committee to ensure compliance with this chapter and rules adopted
26 under this chapter; and

27 (3) perform other duties assigned under this chapter

1 or by the oversight committee.

2 (c) The chief executive officer may propose and the
3 oversight committee may approve the hiring of additional officers.
4 An officer hired under this subsection shall report directly to the
5 chief executive officer.

6 Sec. 90.053. CONSORTIUM PRINCIPAL OFFICE. (a) The
7 consortium shall establish its principal office at a facility in
8 this state that:

9 (1) is a world-recognized leader in infectious disease
10 research and vaccine development;

11 (2) is central to all parts of this state, including
12 areas with high-risk populations most vulnerable to infectious
13 diseases;

14 (3) has exclusive jurisdiction over a laboratory
15 facility with a federal biosafety level of BSL-4, as designated by
16 the Centers for Disease Control and Prevention; and

17 (4) has access to a sufficient number of suitable
18 specimens for vaccine testing efficacy and safety.

19 (b) The consortium's principal office is the consortium's
20 central research location through which the consortium operates and
21 facilitates collaborative research under this chapter.

22 (c) The consortium shall adopt appropriate procedures and
23 safeguards to ensure:

24 (1) the consortium and the facility described by
25 Subsection (a) are governed and operated independently of each
26 other; and

27 (2) the facility described by Subsection (a) receives

1 no unfair advantage in grants awarded under this chapter.

2 Sec. 90.054. ANNUAL REPORT; INTERNET POSTING. Not later
3 than January 31 of each year, the consortium shall prepare and
4 submit to the governor, the lieutenant governor, and each member of
5 the legislature and post on the consortium's Internet website a
6 written report that includes:

7 (1) the number of grants awarded during the preceding
8 state fiscal year;

9 (2) a list of grant recipients for the preceding state
10 fiscal year, including the dollar amount of the grant awarded to
11 each recipient;

12 (3) the consortium's administrative expenses for the
13 preceding state fiscal year;

14 (4) an assessment on the availability of money for
15 conducting research authorized under this chapter from sources
16 other than the consortium;

17 (5) a summary of findings during the preceding state
18 fiscal year from research projects funded by the consortium,
19 including any promising new research areas;

20 (6) an assessment of the relationship between the
21 research projects funded by the consortium during the preceding
22 state fiscal year and the overall strategy of the consortium's
23 research goals;

24 (7) a statement of the consortium's strategic research
25 and financial plans for the next state fiscal year;

26 (8) an estimate of the amount of money the state spent
27 during the preceding state fiscal year to treat individuals with

1 infectious diseases, including the amount spent to treat
2 individuals with diseases through the child health plan program,
3 Medicaid, the Teacher Retirement System of Texas, and the Employees
4 Retirement System of Texas; and

5 (9) a statement of the consortium's compliance program
6 activities during the preceding state fiscal year, including any
7 proposed legislative or other recommendations identified through
8 those activities.

9 Sec. 90.055. INDEPENDENT FINANCIAL AUDIT FOR REVIEW BY
10 COMPTROLLER. (a) The consortium shall annually commission an
11 independent financial audit of the consortium's activities from a
12 certified public accounting firm.

13 (b) The consortium shall provide the audit to the
14 comptroller and, as soon as practicable after receiving the audit,
15 the comptroller shall:

16 (1) review and evaluate the audit and issue a public
17 report of that review and evaluation; and

18 (2) make recommendations to the consortium regarding
19 the financial practices of the consortium.

20 (c) The oversight committee shall review the audit and the
21 comptroller's report and recommendations. As applicable, the
22 oversight committee shall seek to modify the consortium's financial
23 practices based on the audit, report, and recommendations.

24 Sec. 90.056. GRANT RECORDS. (a) The consortium shall
25 maintain complete records of:

26 (1) the review of each grant application submitted to
27 the consortium, including the score assigned to each grant

1 application reviewed, regardless of whether the grant application
2 is approved by the scientific committee or withdrawn after
3 submission to the scientific committee;

4 (2) each grant recipient's financial reports,
5 including dedicated matching money provided by the recipient for
6 the specified research project;

7 (3) progress reports for each research project awarded
8 money under this chapter;

9 (4) the consortium's policies and procedures for
10 determining any conflicts of interest and identifying each
11 principal investor and owner of each grant recipient as provided by
12 consortium rules; and

13 (5) the consortium's review of the grant recipient's
14 financial and progress reports.

15 (b) The consortium shall have periodic audits conducted of
16 any electronic grant management system used to maintain records
17 under this section of grant applications and grants awarded. The
18 consortium shall address in a timely manner each issue identified
19 in an audit of the system.

20 Sec. 90.057. GIFTS AND GRANTS. The consortium may solicit
21 and accept gifts and grants from any source to carry out the
22 purposes of this chapter.

23 SUBCHAPTER C. OVERSIGHT COMMITTEE

24 Sec. 90.101. COMPOSITION OF OVERSIGHT COMMITTEE;
25 ELIGIBILITY OF MEMBERS. (a) The oversight committee is the
26 governing body of the consortium.

27 (b) The oversight committee is composed of:

1 (1) the following nine voting members:

2 (A) three members appointed by the governor;

3 (B) three members appointed by the lieutenant
4 governor; and

5 (C) three members appointed by the governor from
6 a list provided to the governor by the speaker of the house of
7 representatives; and

8 (2) an ex officio nonvoting member, the chief
9 executive officer of the facility described by Section 90.053(a).

10 (c) The voting members of the oversight committee must
11 represent the geographic and cultural diversity of this state.

12 (d) In making appointments or recommendations for
13 appointments to the oversight committee, the governor, lieutenant
14 governor, and speaker of the house of representatives must each
15 appoint or recommend, as applicable, at least one person who is a
16 physician or a scientist with extensive experience in epidemiology,
17 vaccines, or public health.

18 (e) A person may not be a voting member of the oversight
19 committee if the person or the person's spouse:

20 (1) is employed by or participates in the management
21 of a business entity or other organization receiving money from the
22 consortium;

23 (2) owns or controls, directly or indirectly, an
24 interest in a business entity or other organization receiving money
25 from the consortium; or

26 (3) uses or receives a substantial amount of tangible
27 goods, services, or money from the consortium, other than

1 reimbursement authorized by this chapter for oversight committee
2 membership, attendance, or expenses.

3 Sec. 90.102. TERMS; VACANCY; REMOVAL. (a) Oversight
4 committee members serve at the pleasure of the appointing authority
5 for staggered four-year terms, with the terms of four or five voting
6 members expiring January 31 of each even-numbered year.

7 (b) Not later than the 30th day after the date an oversight
8 committee member's term expires, the appropriate appointing
9 authority shall appoint a replacement in the same manner as the
10 original appointment.

11 (c) If a vacancy occurs on the oversight committee, the
12 appropriate appointing authority shall appoint a successor in the
13 same manner as the original appointment to serve for the remainder
14 of the unexpired term. The appropriate appointing authority shall
15 appoint the successor not later than the 30th day after the date the
16 vacancy occurs.

17 (d) It is a ground for removal from the oversight committee
18 that a member:

19 (1) is ineligible for membership under Section 90.101;
20 (2) cannot, because of illness or disability,
21 discharge the member's duties for a substantial part of the member's
22 term; or

23 (3) is absent from more than half of the regularly
24 scheduled oversight committee meetings that the member is eligible
25 to attend during a calendar year without an excuse approved by a
26 majority vote of the oversight committee.

27 Sec. 90.103. OFFICERS. (a) The oversight committee shall

1 elect a presiding officer and assistant presiding officer from
2 among its voting members every two years. The oversight committee
3 may elect additional officers from among its voting members.

4 (b) The presiding officer and assistant presiding officer
5 may not serve in the position to which the officer was elected for
6 two consecutive terms.

7 (c) The oversight committee shall:

8 (1) establish and approve duties and responsibilities
9 for officers of the committee; and

10 (2) develop and implement policies that distinguish
11 the responsibilities of the oversight committee and the committee's
12 officers from the responsibilities of the chief executive officer
13 and the employees of the consortium.

14 Sec. 90.104. EXPENSES. A member of the oversight committee
15 is not entitled to compensation but is entitled to reimbursement
16 for actual and necessary expenses incurred in attending meetings of
17 the committee or performing other official duties authorized by the
18 presiding officer.

19 Sec. 90.105. CONFLICT OF INTEREST; DISCLOSURE AND RECUSAL.

20 (a) The oversight committee shall adopt conflict-of-interest
21 rules, based on standards adopted by the National Institutes of
22 Health, to govern members of the oversight committee, members of
23 the scientific committee, and consortium employees.

24 (b) Nothing in this chapter limits the authority of the
25 oversight committee to adopt additional conflict-of-interest rules
26 and standards.

27 (c) If an oversight committee member or scientific

1 committee member has a conflict of interest based on standards
2 adopted under this section regarding a grant application that comes
3 before the member for review or other action, the member shall:

4 (1) provide to the chief executive officer and the
5 presiding officer of the oversight committee, or if the presiding
6 officer has the conflict, the next ranking member of the oversight
7 committee, written notice of the conflict of interest;

8 (2) disclose the conflict of interest in an open
9 meeting of the oversight committee; and

10 (3) recuse himself or herself from participating in
11 the review, discussion, deliberation, and vote on the grant
12 application and from accessing information regarding the matter to
13 be decided.

14 Sec. 90.106. RULEMAKING AUTHORITY. The oversight committee
15 may adopt rules necessary to administer this chapter.

16 Sec. 90.107. CODE OF CONDUCT. The oversight committee
17 shall adopt a code of conduct applicable to each member of the
18 oversight committee, member of the scientific committee, and
19 consortium employee.

20 Sec. 90.108. FINANCIAL STATEMENT REQUIRED. Each member of
21 the oversight committee shall file with the chief compliance
22 officer a verified financial statement complying with Sections
23 572.022 through 572.0252, Government Code, as required of a state
24 officer by Section 572.021, Government Code.

25 SUBCHAPTER D. FUNDING

26 Sec. 90.151. INFECTIOUS DISEASE RESEARCH FUND. (a) The
27 infectious disease research fund is a dedicated account in the

1 general revenue fund.

2 (b) The fund consists of:

3 (1) the proceeds from the issuance of bonds authorized
4 by Section 69, Article III, Texas Constitution, and any additional
5 appropriations of money to the fund by the legislature;

6 (2) gifts and grants, including grants from the
7 federal government, received for the fund; and

8 (3) interest, dividends, and other income earned on
9 the investment of money in the fund.

10 (c) Money in the fund may only be used for:

11 (1) awarding grants authorized under this chapter;

12 (2) purchasing, subject to approval by the oversight
13 committee, research and laboratory facilities by or on behalf of a
14 grant recipient;

15 (3) operating the consortium; and

16 (4) debt service on bonds issued as authorized by
17 Section 69, Article III, Texas Constitution.

18 Sec. 90.152. ISSUANCE OF GENERAL OBLIGATION BONDS. (a) The
19 consortium may request the Texas Public Finance Authority to issue
20 and sell general obligation bonds of the state as authorized by
21 Section 69, Article III, Texas Constitution.

22 (b) The Texas Public Finance Authority may not issue and
23 sell more than \$300 million in general obligation bonds authorized
24 by this section in a state fiscal year.

25 (b-1) The Texas Public Finance Authority may not issue and
26 sell more than \$300 million in general obligation bonds authorized
27 by this section before January 1, 2023. This subsection expires

1 September 1, 2023.

2 (c) The consortium shall determine, and include in its
3 request for issuing bonds, the amount, exclusive of costs of
4 issuance, of the bonds to be issued and the preferred time for
5 issuing the bonds.

6 (d) The Texas Public Finance Authority shall issue the bonds
7 in accordance with and subject to Chapter 1232, Government Code,
8 and Texas Public Finance Authority rules. The bonds may be issued
9 in installments.

10 (e) Proceeds of the bonds issued under this section shall be
11 deposited in separate funds or accounts in the state treasury, as
12 prescribed by the proceedings authorizing the bonds.

13 (f) The proceeds of the bonds may be used only to:

14 (1) make grants authorized by Section 69, Article III,
15 Texas Constitution;

16 (2) purchase research facilities approved by the
17 consortium;

18 (3) pay costs of operating the consortium; or

19 (4) pay costs of issuing the bonds and related bond
20 administration costs of the Texas Public Finance Authority.

21 Sec. 90.153. AUTHORIZED USE OF FUNDS. (a) A grant
22 recipient awarded money from the infectious disease research fund
23 established under Section 90.151 may use the money for research
24 consistent with the purposes of this chapter and in accordance with
25 a contract between the grant recipient and the consortium.

26 (b) Money awarded under this chapter may be used for
27 authorized expenses, including honoraria, salaries and benefits,

1 travel, conference fees and expenses, consumable supplies, other
2 operating expenses, contracted research and development, capital
3 equipment, and construction or renovation of state or private
4 facilities.

5 SUBCHAPTER E. SCIENTIFIC COMMITTEE AND GRANT AWARD PROCEDURES

6 Sec. 90.201. SCIENTIFIC COMMITTEE. (a) The consortium
7 shall establish a scientific committee. The committee is composed
8 of seven or nine members appointed by the oversight committee. The
9 members must:

10 (1) reside in this state; and

11 (2) have expertise in the field of infectious diseases
12 or another field considered appropriate by the oversight committee.

13 (b) The scientific committee shall elect a presiding
14 officer and assistant presiding officer from among its members
15 every two years. The scientific committee may elect additional
16 officers from among its members.

17 (c) Scientific committee members serve at the pleasure of
18 the oversight committee.

19 (d) The scientific committee may establish one or more
20 advisory committees to assist the scientific committee in
21 performing its duties under this chapter. A member of an advisory
22 committee established under this subsection:

23 (1) may reside in or outside of this state;

24 (2) must have appropriate expertise to carry out the
25 purposes for which the advisory committee was established; and

26 (3) serves at the pleasure of the scientific
27 committee.

1 Sec. 90.202. GRANT APPLICATION REVIEW AND SELECTION. (a)

2 The scientific committee shall receive, score, and select grant
3 applications to fund based on the procedures and criteria described
4 by this section. The oversight committee shall contract with and
5 award grants to each grant applicant selected by the scientific
6 committee.

7 (b) The scientific committee shall establish procedures and
8 criteria for reviewing grant applications and awarding grants under
9 this chapter. The procedures must require the scientific committee
10 to score and select grant applications to fund by developing a
11 prioritized list that:

12 (1) ranks the grant applications in the order the
13 scientific committee determines the research projects proposed by
14 the applications should be funded; and

15 (2) includes information explaining the reasons each
16 grant application on the list meets the scientific committee's
17 standards for funding.

18 (c) The scientific committee must consider the grant
19 applicant's capability in:

20 (1) conducting research on infectious diseases and
21 associated conditions;

22 (2) developing treatments and cures, including
23 vaccines, for infectious diseases and associated conditions that
24 are marketable to the public;

25 (3) conducting outreach to engage and inform the
26 public on the applicant's research results and best practices for
27 treatment of infectious diseases and associated conditions;

1 (4) developing innovative methods to prepare for
2 infectious disease outbreaks; and

3 (5) developing educational initiatives on the
4 prevention of and treatment for infectious diseases and associated
5 conditions.

6 (d) The chief compliance officer shall compare each grant
7 applicant to a list of donors from any nonprofit organization
8 established to provide support to the consortium before the
9 application is submitted to the scientific committee for review and
10 selection and again before any contract is executed or grant is
11 awarded to the applicant.

12 (e) The consortium may not award a grant to an applicant who
13 has made a gift or grant to the consortium or a nonprofit
14 organization established to provide support to the consortium.

15 Sec. 90.203. MAXIMUM AMOUNT OF ANNUAL AWARDS. The
16 consortium may not award more than \$300 million in grants under this
17 chapter in a state fiscal year.

18 Sec. 90.204. PERIOD FOR AWARDS. The consortium may not
19 award a grant under this chapter after August 31, 2034.

20 Sec. 90.205. CONTRACT TERMS. (a) The oversight committee
21 shall negotiate on behalf of the state regarding a grant awarded
22 under this chapter.

23 (b) Before awarding money to a grant recipient selected by
24 the scientific committee, the oversight committee shall enter into
25 a written contract with the grant recipient. The contract may
26 specify that:

27 (1) if all or any portion of the amount of the grant is

1 used to build a capital improvement:

2 (A) the state retains a lien or other interest in
3 the capital improvement in proportion to the percentage of the
4 grant amount used to pay for the capital improvement; and

5 (B) the grant recipient shall, if the capital
6 improvement is sold:

7 (i) repay to this state the grant money used
8 to pay for the capital improvement, with interest at the rate and
9 according to the other terms provided by the contract; and

10 (ii) share with this state a proportionate
11 amount of any profit realized from the sale;

12 (2) if the grant recipient has not used grant money
13 awarded under this chapter for the purposes for which the grant was
14 intended, the recipient shall repay that amount and any related
15 interest applicable under the contract to this state at the agreed
16 rate and on the agreed terms; and

17 (3) if the grant recipient fails to meet the terms and
18 conditions of the contract, the consortium may terminate the
19 contract using the written process prescribed in the contract and
20 require the recipient to repay the grant money awarded under this
21 chapter and any related interest applicable under the contract to
22 this state at the agreed rate and on the agreed terms.

23 (c) The contract must:

24 (1) require, in accordance with Subsection (d), the
25 grant recipient to dedicate an amount of matching funds equal to
26 one-half of the amount of the research grant awarded; and

27 (2) specify:

1 (A) the amount of matching funds to be dedicated
2 under Subdivision (1);

3 (B) the period in which the grant award must be
4 spent;

5 (C) the name of the research project to which
6 matching funds are to be dedicated; and

7 (D) the specific deliverables of the project that
8 is the subject of the grant proposal.

9 (d) Before the oversight committee may award for infectious
10 disease research any grant of any proceeds of the bonds issued under
11 this chapter, the recipient of the grant must certify that the
12 recipient has an amount of funds equal to one-half of the grant and
13 dedicate those funds to the research that is the subject of the
14 grant request. The consortium shall adopt rules specifying the
15 manner in which a grant recipient fulfills obligations under this
16 subsection.

17 Sec. 90.206. GRANT EVALUATION. (a) The oversight
18 committee shall require as a condition of a grant award that the
19 grant recipient submit to regular inspection reviews by consortium
20 staff of the research project for which the award was made,
21 including progress oversight reviews, to ensure compliance with the
22 terms of the award and to ensure the scientific merit of the
23 research.

24 (b) The chief executive officer shall determine the review
25 process under this section. The chief executive officer may
26 suspend or terminate in accordance with Subsection (f) grants made
27 that fail to meet contractual obligations.

1 (c) The chief executive officer shall report at least
2 annually to the oversight committee on the progress and continued
3 merit of each research project funded by a grant under this chapter.

4 (d) The consortium shall establish and implement reporting
5 requirements to ensure that each grant recipient complies with the
6 terms and conditions of the grant contract, including verification
7 of the amounts of matching funds dedicated to the research project
8 that is the subject of the grant award to the grant recipient.

9 (e) The consortium shall implement a system to:

10 (1) track the dates on which reports under Subsection
11 (d) are due and received by the consortium; and

12 (2) monitor the status of any required report that is
13 not timely submitted to the consortium.

14 (f) The chief compliance officer shall monitor compliance
15 with this section and at least annually inquire into and monitor the
16 status of any required report that is not timely submitted to the
17 consortium by a grant recipient. The chief compliance officer
18 shall notify the general counsel for the consortium and the
19 oversight committee of a grant recipient that has not maintained
20 compliance with the reporting requirements or matching funds
21 provisions of the grant contract to allow the consortium to begin
22 suspension or termination of the grant contract under Subsection
23 (b). This subsection does not limit other remedies available under
24 the grant contract.

25 Sec. 90.207. COMPLIANCE PROGRAM. (a) In this section,
26 "compliance program" means a process to assess and ensure
27 compliance by the oversight committee members, scientific

1 committee members, and consortium employees with applicable laws,
2 rules, and policies, including matters of:

- 3 (1) ethics and standards of conduct;
- 4 (2) financial reporting;
- 5 (3) internal accounting controls; and
- 6 (4) auditing.

7 (b) The consortium shall establish a compliance program
8 that operates under the direction of the chief compliance officer.
9 The consortium may establish procedures, such as a telephone
10 hotline, to allow private access to the compliance program office
11 and to preserve the confidentiality of communications and the
12 anonymity of a person making a compliance report or participating
13 in a compliance investigation.

14 Sec. 90.208. MEDICAL ETHICS. The oversight committee shall
15 ensure that a grant recipient of money under this chapter conduct
16 any associated research project:

- 17 (1) with full consideration for the ethical and
18 medical implications of the research project; and
- 19 (2) in a manner that complies with federal and state
20 laws applicable to the research project.

21 Sec. 90.209. PATENT ROYALTIES AND LICENSE REVENUES PAID TO
22 STATE. (a) The oversight committee shall establish standards to
23 require each research project awarded money under this chapter to
24 be subject to an intellectual property agreement that allows the
25 state to collect royalties, income, and other benefits, including
26 interest or proceeds resulting from securities and equity
27 ownership, realized as a result of the research project.

1 (b) In determining the state's interest in any intellectual
2 property rights, the oversight committee shall balance the
3 opportunity of this state to benefit from the patents, royalties,
4 licenses, and other benefits resulting from basic research, vaccine
5 development, and clinical trials with the need to ensure that
6 essential infectious disease research is not unreasonably hindered
7 by the intellectual property agreement and that the agreement does
8 not unreasonably remove the incentive on the part of each grant
9 recipient and associated individuals.

10 SUBCHAPTER F. COLLABORATIVE RESEARCH OPPORTUNITIES

11 Sec. 90.251. OPTION TO EXPAND ON RESEARCH FINDINGS. (a)
12 The consortium shall develop opportunities for a person, regardless
13 of whether the person is a grant applicant or recipient, to access
14 and expand on the research findings of:

15 (1) a finished research project funded by the
16 consortium under this chapter; or

17 (2) any research or other work conducted by a person
18 under this subchapter.

19 (b) The consortium may establish and maintain an electronic
20 system through which a person may access information on research
21 findings described by Subsection (a).

22 Sec. 90.252. COLLABORATION REQUIREMENTS. (a) The
23 consortium shall ensure that any research or other work that
24 expands on research findings described by Section 90.251(a):

25 (1) proportionally recognizes the contributions made
26 by each person who participated in the underlying research and in
27 the new research or other work; and

1 (2) is subject to the same intellectual property
2 agreement requirements for a research project under Section 90.209.

3 (b) A person seeking to expand on research findings
4 described by Section 90.251(a) must:

5 (1) submit an application to and receive approval from
6 the scientific committee;

7 (2) allow the consortium to conduct the same
8 evaluation procedures for a grant recipient under Section 90.206;
9 and

10 (3) allow the consortium to retain the comprehensive
11 research findings of any research or other work conducted by the
12 person to enable other persons to further expand on those research
13 findings under this subchapter.

14 SECTION 2. (a) Not later than January 31, 2022, the
15 appropriate appointing authority shall appoint the members to the
16 Texas Research Consortium to Cure Infectious Diseases (TRANSCEND)
17 Oversight Committee as required by Section 90.101, Health and
18 Safety Code, as added by this Act. The oversight committee may not
19 take action until a majority of the appointed members have taken
20 office.

21 (b) Notwithstanding Section 90.101, Health and Safety Code,
22 as added by this Act, in making the initial appointments to the
23 Texas Research Consortium to Cure Infectious Diseases (TRANSCEND)
24 Oversight Committee under that section:

25 (1) the governor shall designate:

26 (A) three members to serve terms expiring January
27 31, 2024, including one member from the list provided by the speaker

1 of the house of representatives; and

2 (B) three members to serve terms expiring January
3 31, 2026, including two members from the list provided by the
4 speaker of the house of representatives; and

5 (2) the lieutenant governor shall designate:

6 (A) one member to serve a term expiring January
7 31, 2024; and

8 (B) two members to serve terms expiring January
9 31, 2026.

10 SECTION 3. Notwithstanding Section 90.054, Health and
11 Safety Code, as added by this Act, the Texas Research Consortium to
12 Cure Infectious Diseases (TRANSCEND) is not required to submit a
13 report under that section until January 31, 2023.

14 SECTION 4. This Act takes effect January 1, 2022, but only
15 if the constitutional amendment proposed by the 87th Legislature,
16 Regular Session, 2021, providing for the establishment of the Texas
17 Research Consortium to Cure Infectious Diseases (TRANSCEND) and
18 authorizing the issuance of up to \$3 billion in general obligation
19 bonds to fund collaborative research on and development of
20 infectious disease treatments and cures for humans is approved by
21 the voters. If that amendment is not approved by the voters, this
22 Act has no effect.