

**BILL ANALYSIS**

Senate Research Center

S.B. 5  
By: Huffman  
Finance  
6/2/2025  
Enrolled

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 5 establishes the Dementia Prevention and Research Institute of Texas (DPRIT). The DPRIT is designed to accelerate research into dementia and related disorders to enhance the potential for medical or scientific breakthroughs, improve the health of Texas residents, and establish Texas as a leader in this field. It is contingent on voter approval of a constitutional amendment that would establish DPRIT and transfer \$3 billion to the Dementia Prevention & Research Fund from state general revenue to provide funding over the next 10 years.

(Original Author's/Sponsor's Statement of Intent)

S.B. 5 amends current law relating to the creation of the Dementia Prevention and Research Institute of Texas.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Dementia Prevention and Research Institute of Texas oversight committee in SECTION 1 (Sections 101A.108, 101A.151, 101A.251, 101A.253, 101A.302, and 101A.304, Health and Safety Code) of this bill.

Rulemaking authority is expressly granted to the Dementia Prevention and Research Institute of Texas in SECTION 1 (Section 101A.304, Health and Safety Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle E, Title 2, Health and Safety Code, by adding Chapter 101A, as follows:

CHAPTER 101A. DEMENTIA PREVENTION AND RESEARCH INSTITUTE OF TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 101A.001. DEFINITIONS. Defines "institute," "oversight committee," "peer review committee," and "program integration committee."

Sec. 101A.002. PURPOSES. Sets forth the purposes of the Dementia Prevention and Research Institute of Texas (institute).

Sec. 101A.003. SUNSET PROVISION. Provides that the institute is subject to Chapter 325 (Sunset Law), Government Code. Provides that, unless continued in existence as provided by that chapter, the institute is abolished and this chapter expires September 1, 2035.

Sec. 101A.004. STATE AUDITOR. Provides that nothing in this chapter limits the authority of the state auditor under Chapter 321 (State Auditor), Government Code, or other law.

SUBCHAPTER B. POWERS AND DUTIES OF INSTITUTE

Sec. 101A.051. POWERS AND DUTIES. Provides that the institute is:

(1) authorized to award grants to institutions of learning, advanced medical research facilities, public or private persons, and collaboratives in this state to further the purposes of this chapter and Section 68, Article III (Legislative Department), Texas Constitution, including:

(A) research, including translational and clinical research, into the causes of, means of prevention of, and treatment and rehabilitation for dementia, Alzheimer's disease, Parkinson's disease, and related disorders;

(B) research, including translational research, to develop therapies, protocols, medical pharmaceuticals, or procedures for the substantial mitigation of the symptoms of dementia, Alzheimer's disease, Parkinson's disease, and related disorders;

(C) facilities, equipment, and other costs related to research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders; and

(D) prevention programs and strategies to mitigate the detrimental health impacts of dementia, Alzheimer's disease, Parkinson's disease, and related disorders;

(2) authorized to collaborate with relevant state agencies, coordinating councils, and consortiums to enhance health care and research for dementia, Alzheimer's disease, Parkinson's disease, and related disorders;

(3) required to establish the appropriate standards and oversight bodies to ensure money authorized under this chapter is properly used for the purposes of this chapter;

(4) authorized to employ necessary staff to provide to the institute administrative support;

(5) authorized to contract with another state agency to share the cost of administrative services, including grant accounting, grant monitoring, technical and document management of the grant application review process, legal services, and compliance services;

(6) required to monitor grant contracts authorized by this chapter and ensure each grant recipient complies with the terms and conditions of the contract;

(7) required to ensure all grant proposals comply with this chapter and rules adopted under this chapter before the proposals are submitted to the oversight committee for approval; and

(8) required to establish procedures to document compliance by the institute, institute employees, and institute committee members with all laws and rules governing the peer review process and conflicts of interest.

Sec. 101A.052. CHIEF EXECUTIVE OFFICER; CHIEF COMPLIANCE OFFICER; ADDITIONAL OFFICERS. (a) Requires the Dementia and Prevention Research Institute of Texas oversight committee (oversight committee) to hire a chief executive officer. Requires the chief executive officer to perform the duties required by this chapter and the duties designated by the oversight committee. Requires the chief executive officer to have a demonstrated ability to lead and develop academic, commercial, and governmental partnerships and coalitions.

(b) Requires the institute to employ a chief compliance officer to monitor compliance with this chapter and rules adopted under this chapter and to report to the oversight committee incidents of noncompliance.

(c) Authorizes the chief executive officer to hire any other officer position the chief executive officer determines necessary for the institute's efficient operation.

Sec. 101A.053. ANNUAL PUBLIC REPORT; INTERNET POSTING. Requires the institute, not later than January 31 of each year, to prepare and submit to the governor, lieutenant governor, speaker of the house of representatives, and standing committee of each house of the legislature with primary jurisdiction over institute matters and post on the institute's Internet website a report containing certain information.

Sec. 101A.054. INDEPENDENT FINANCIAL AUDIT. (a) Requires the institute to annually commission a certified public accounting firm to perform an independent financial audit of its activities. Requires the institute to provide the audit to the Comptroller of Public Accounts of the State of Texas (comptroller).

(b) Requires the comptroller to review and evaluate the audit and annually issue a public report of that review and make recommendations concerning the institute's financial practices and performance.

(c) Requires the oversight committee to review the annual financial audit, the comptroller's public report and recommendations, and the financial practices of the institute.

Sec. 101A.055. GRANT RECORDS; AUDIT OF ELECTRONIC GRANT MANAGEMENT SYSTEM. (a) Requires the institute to maintain complete records of certain information.

(b) Requires the institute to keep each record described by Subsection (a) until at least the 15th anniversary of the record's date of issuance.

(c) Requires the institute to have prepared periodic audits of any electronic grant management system used to maintain records of grant applications and grant awards. Requires the institute to timely address each weakness identified in an audit of the system.

Sec. 101A.056. GIFTS AND GRANTS. (a) Authorizes the institute to solicit and accept gifts and grants from any source for the purposes of this chapter.

(b) Prohibits the institute from supplementing the salary of any institute employee or officer with a gift or grant the institute receives.

Sec. 101A.057. PROHIBITED OFFICE LOCATION. Prohibits an institute employee from having an office located in a facility owned by an entity receiving or applying to receive money from the institute.

Sec. 101A.058. COMPLIANCE PROGRAM; INVESTIGATIONS. (a) Requires the institute to establish a compliance program operating under the direction of the institute's chief compliance officer to monitor compliance with this chapter and rules adopted under this chapter and for use in reporting incidents of noncompliance to the oversight committee.

(b) Requires the chief compliance officer or the officer's designee to attend and observe meetings of the peer review committee and the program integration committee to ensure compliance with this chapter and rules adopted under this chapter.

(c) Requires the chief compliance officer to submit a written report to the oversight committee confirming each grant application recommendation included on the list the program integration committee submits under Section 101A.302(a)(2) complies with the oversight committee's rules regarding grant award procedures. Requires that the report contain all relevant information regarding certain items.

(d) Requires the institute, to ensure each grant recipient complies with reporting requirements included in the grant contract and the rules adopted under this chapter, to implement a system to track the dates on which grant recipient reports are due and received by the institute and monitor the status of any required report a grant recipient does not timely submit to the institute.

(e) Requires the chief compliance officer to monitor compliance with this section and the status of any required report a grant recipient does not timely submit to the institute and notify the institute's general counsel and the oversight committee of a grant recipient who has not complied with the grant contract reporting requirements to allow the institute to suspend or terminate the contract as the institute determines appropriate.

(f) Requires the chief compliance officer to establish procedures for investigating allegations against oversight committee members, institute employees or contractors, grant applicants, or grant recipients for fraud, waste, or abuse of state resources. Requires that the procedures include:

(1) private access to the compliance program office, such as a telephone hotline; and

(2) to the extent possible, preservation of the confidentiality of communications and the anonymity of a person who submits a compliance report related to fraud, waste, or abuse or participates in a compliance investigation.

#### SUBCHAPTER C. OVERSIGHT COMMITTEE

Sec. 101A.101. COMPOSITION OF OVERSIGHT COMMITTEE. (a) Provides that the oversight committee is the institute's governing body.

(b) Provides that the oversight committee is composed of nine members: three members appointed by the governor, three members appointed by the lieutenant governor, and three members appointed by the speaker of the house of representatives.

(c) Requires the oversight committee members to represent this state's geographic and cultural diversity.

(d) Provides that, in making appointments to the oversight committee, the governor, lieutenant governor, and the speaker of the house of representatives:

(1) are required to each appoint at least one person who is a physician or a scientist with extensive experience working with dementia, Alzheimer's disease, Parkinson's disease, and related disorders or in the field of public health; and

(2) should attempt to include persons affected by dementia, Alzheimer's disease, Parkinson's disease, and related disorders or family members or caregivers of patients with dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

(e) Prohibits a person from being an oversight committee member if:

(1) the person or the person's spouse is employed by or participates in the management of an entity receiving money from the institute;

(2) the person or the person's spouse owns or controls, directly or indirectly, an interest in an entity receiving money from the institute;

(3) the person or the person's spouse uses or receives a substantial amount of tangible goods, services, or money from the institute, other than reimbursement authorized by this chapter for oversight committee membership, attendance, or expenses; or

(4) the person or the person's spouse is a member of the Cancer Prevention and Research Institute of Texas Oversight Committee established under Section 102.101 (Composition of Oversight Committee).

Sec. 101A.102. REMOVAL. (a) Provides that it is a ground for removal from the oversight committee that a member:

(1) is ineligible for membership under Section 101A.101(e);

(2) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

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

(b) Provides that the validity of an oversight committee action is not affected by the fact that the action is taken when a ground for removal of a committee member exists.

(c) Requires the chief executive officer, if the chief executive officer has knowledge that a potential ground for removal of a committee member exists, to notify the presiding officer of the oversight committee of the potential ground. Requires the presiding officer to then notify the appointing authority and the attorney general that a potential ground for removal exists. Requires the chief executive officer, if the potential ground for removal involves the presiding officer, to notify the next highest ranking officer of the oversight committee, who is required to then notify the appointing authority and the attorney general that a potential ground for removal exists.

Sec. 101A.103. TERMS; VACANCY. (a) Provides that oversight committee members appointed by the governor, lieutenant governor, and speaker of the house serve at the pleasure of the appointing authority for staggered six-year terms, with the terms of three members expiring on January 31 of each odd-numbered year.

(b) Requires the appropriate appointing authority, if a vacancy occurs on the oversight committee, to appoint a successor in the same manner as the original appointment to serve for the remainder of the unexpired term. Requires the appropriate appointing authority to appoint the successor not later than the 30th day after the date the vacancy occurs.

Sec. 101A.104. OFFICERS. (a) Requires the oversight committee to elect a presiding officer and assistant presiding officer from among its members every two years. Authorizes the oversight committee to elect additional officers from among its members.

(b) Prohibits the presiding officer and assistant presiding officer from serving in the position to which the officer was elected for consecutive terms.

(c) Requires the oversight committee to establish and approve duties and responsibilities for committee officers and develop and implement policies that distinguish the responsibilities of the oversight committee and the committee's officers from the responsibilities of the chief executive officer and institute employees.

Sec. 101A.105. EXPENSES. Provides that an oversight committee member is not entitled to compensation but is entitled to reimbursement for actual and necessary expenses incurred in attending committee meetings or performing other official duties authorized by the presiding officer.

Sec. 101A.106. MEETINGS. (a) Requires the oversight committee to hold at least one public meeting each quarter of the calendar year, with appropriate notice and a formal public comment period.

(b) Authorizes the oversight committee to conduct a closed meeting in accordance with Subchapter E (Procedures Relating to Closed Meetings), Chapter 551 (Open Meetings), Government Code, to discuss certain issues.

Sec. 101A.107. POWERS AND DUTIES. (a) Requires the oversight committee to:

(1) hire a chief executive officer;

(2) annually set priorities for each grant program established under this chapter; and

(3) consider the priorities set under Subdivision (2) in awarding grants under this chapter.

(b) Requires the oversight committee to adopt a code of conduct applicable to each oversight committee member, program integration committee member, peer review committee member, and institute employee that includes provisions prohibiting the member, employee, or member's or employee's spouse from:

(1) accepting or soliciting any gift, favor, or service that could reasonably influence the member or employee in the discharge of official duties or that the member, employee, or spouse knows or should know is being offered with the intent to influence the member's or employee's official conduct;

(2) accepting employment or engaging in any business or professional activity that would reasonably require or induce the member or employee to disclose confidential information acquired in the member's or employee's official position;

(3) accepting other employment or compensation that could reasonably impair the member's or employee's independent judgment in the performance of official duties;

(4) holding a personal investment or financial interest that could reasonably create a substantial conflict between the private interests and official duties of the member or employee;

(5) intentionally or knowingly soliciting, accepting, or agreeing to accept any benefit for exercising the member's official powers or performing the member's or employee's official duties in favor of another;

(6) directly or indirectly leasing to an entity that receives a grant from the institute any property, capital equipment, employee, or service;

(7) submitting a grant application for funding by the institute;

(8) serving on the board of directors of an organization established with a grant from the institute; or

(9) serving on the board of directors of a grant recipient.

Sec. 101A.108. RULEMAKING AUTHORITY. Authorizes the oversight committee to adopt rules to administer this chapter.

Sec. 101A.109. FINANCIAL STATEMENT REQUIRED. Requires each oversight committee member to file with the chief compliance officer a verified financial statement complying with certain sections of the Government Code, as required of a state officer by Section 572.021 (Financial Statement Required) of that code.

#### SUBCHAPTER D. OTHER INSTITUTE COMMITTEES.

Sec. 101A.151. PEER REVIEW COMMITTEE. (a) Requires the oversight committee to establish a peer review committee. Requires the chief executive officer, with approval by a simple majority of the oversight committee members, to appoint as members to the peer review committee experts in fields related to dementia, Alzheimer's disease, Parkinson's disease, or related disorders, including research, health care, dementia, Alzheimer's disease, and Parkinson's disease treatment and prevention, and other study areas and trained patient advocates who meet the qualifications adopted under Subsection (c).

(b) Requires the oversight committee to adopt a written policy on in-state or out-of-state residency requirements for peer review committee members.

(c) Requires the oversight committee to adopt rules regarding the qualifications required of a trained patient advocate for membership on the peer review committee. Requires that the rules require the trained patient advocate to successfully complete science-based training.

(d) Authorizes a peer review committee member to receive an honorarium. Provides that Subchapter B (Consulting Services), Chapter 2254 (Professional and Consulting Services), Government Code, does not apply to an honorarium the member receives under this chapter.

(e) Requires the chief executive officer, in consultation with the oversight committee, to adopt a policy regarding honoraria and document any change in the amount of honoraria paid to a peer review committee member, including information explaining the basis for that change.

(f) Prohibits a peer review committee member from serving on the board of directors or other governing board of an entity receiving a grant from the institute.

(g) Provides that peer review committee members serve for terms as determined by the chief executive officer.

Sec. 101A.152. PROGRAM INTEGRATION COMMITTEE. (a) Requires the institute to establish a program integration committee to carry out the duties assigned under this chapter.

(b) Provides that the program integration committee is composed of the chief executive officer, who serves as the presiding officer of the program integration committee; three senior-level institute employees responsible for program policy and oversight, appointed by the chief executive officer with the approval of a majority of the oversight committee members; and the executive commissioner of the Health and Human Services Commission or the executive commissioner's designee.

Sec. 101A.153. HIGHER EDUCATION ADVISORY COMMITTEE. (a) Provides that the higher education advisory committee is composed of certain members.

(b) Requires the higher education advisory committee to advise the oversight committee on issues, opportunities, the role of higher education, and other subjects involving research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

Sec. 101A.154. AD HOC ADVISORY COMMITTEE. (a) Authorizes the oversight committee, as necessary, to create additional ad hoc advisory committees composed of experts to advise the oversight committee on issues relating to prevention of or research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders or other issues related to dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

(b) Provides that ad hoc committee members serve for the terms the oversight committee determines.

Sec. 101A.155. EXPENSES. Provides that members of the higher education advisory committee created under Section 101A.153 or an ad hoc advisory committee created under Section 101A.154 serve without compensation but are entitled to reimbursement for actual and necessary expenses incurred in attending committee meetings or performing other official duties authorized by the presiding officer.

#### SUBCHAPTER E. DEMENTIA PREVENTION AND RESEARCH FUND

Sec. 101A.201. DEMENTIA PREVENTION AND RESEARCH FUND. (a) Defines "fund." Provides that the Dementia Prevention and Research Fund (fund) is a special fund in the treasury outside the general revenue fund to be administered by the institute.

(b) Provides that the fund consists of certain monies.

(c) Provides that the fund is authorized only to be used for the purposes authorized under Section 68, Article III, Texas Constitution, including:

(1) the award of grants for research on or prevention of dementia, Alzheimer's disease, Parkinson's disease, and related disorders and research facilities in this state to conduct that research;

(2) the purchase of, subject to the institute's approval, research facilities by or for a state agency or grant recipient; and

(3) the operation of the institute.

Sec. 101A.202. AUTHORIZED USE OF GRANT MONEY; LIMITATIONS. (a) Authorizes a grant recipient awarded money from the fund to use the money for research consistent with the purposes of this chapter and in accordance with a contract between the grant recipient and the institute.

(b) Authorizes grant money awarded under this chapter, except as otherwise provided by this section, to be used for authorized expenses, including honoraria, travel, conference fees and expenses, consumable supplies, operating expenses, contracted research and development, capital equipment, and construction or renovation of state or private facilities.

(c) Prohibits a grant recipient awarded money under this chapter for research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders from spending more than five percent of the money for indirect costs. Defines "indirect costs."



(d) Prohibits more than five percent of the total amount of grant money awarded under this chapter in a state fiscal year from being used during that year for facility purchase, construction, remodel, or renovation purposes, and requires that those expenditures benefit research on dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

(e) Prohibits more than 10 percent of the total amount of grant money awarded under this chapter in a state fiscal year from being used during that year for prevention projects and strategies to mitigate the incidence of dementia, Alzheimer's disease, Parkinson's disease, and related disorders.

#### SUBCHAPTER F. CONFLICTS OF INTEREST: DISCLOSURE; REFUSAL

Sec. 101A.251. CONFLICT OF INTEREST. (a) Requires the oversight committee to adopt conflict-of-interest rules, based on standards applicable to members of scientific review committees of the National Institutes of Health, to govern oversight committee members, program integration committee members, peer review committee members, and institute employees.

(b) Requires an oversight committee member, program integration committee member, peer review committee member, or institute employee to recuse the member or employee, as provided by Section 101A.252(a), (b), or (c), as applicable, if the member or employee, or a person who is related to the member or employee within the second degree of affinity or consanguinity, has a professional or financial interest in an entity awarded a grant or applying for a grant from the institute.

(c) Provides that, for purposes of Subsection (b), a person has a professional interest in an entity awarded a grant or applying for a grant from the institute if the person:

(1) is a member of the board of directors, another governing board, or any committee of the entity, or of a foundation or similar organization affiliated with the entity, during the same grant cycle;

(2) serves as an elected or appointed officer of the entity;

(3) is an employee of or is negotiating future employment with the entity;

(4) represents the entity;

(5) is a professional associate of a primary member of the entity's project team;

(6) is, or within the preceding six years has been, a student, postdoctoral associate, or part of a laboratory research group for a primary member of the entity's project team;

(7) is engaged or is actively planning to be engaged in collaboration with a primary member of the entity's project team; or

(8) has long-standing scientific differences or disagreements with a primary member of the entity's project team, and those differences or disagreements are known to the professional community and could be perceived as affecting objectivity.

(d) Provides that, for purposes of Subsection (b), a person has a financial interest in an entity awarded a grant or applying for a grant from the institute if the person directly or indirectly owns or controls an ownership interest, including sharing in

profits, proceeds, or capital gains, in an entity awarded a grant or applying for a grant from the institute or could reasonably foresee that an action taken by the oversight committee, the program integration committee, a peer review committee, or the institute could result in a financial benefit to the person.

(e) Provides that nothing in this chapter limits the oversight committee's authority to adopt additional conflict-of-interest standards.

Sec. 101A.252. DISCLOSURE OF CONFLICT OF INTEREST; RECUSAL. (a) Provides that if an oversight committee member or program integration committee member has a conflict of interest described by Section 101A.251 regarding an application before the member for review or other action, the member is required to take certain actions.

(b) Provides that if a peer review committee member has a conflict of interest described by Section 101A.251 regarding an application before the member's committee for review or other action, the member is required to take certain actions.

(c) Provides that if an institute employee has a conflict of interest described by Section 101A.251 regarding an application before the employee for review or other action, the employee is required to take certain actions.

(d) Authorizes an oversight committee member, program integration committee member, peer review committee member, or institute employee with a conflict of interest to seek a waiver as provided by Section 101A.253.

(e) Provides that an oversight committee member, program integration committee member, peer review committee member, or institute employee who reports a potential conflict of interest or another impropriety or self-dealing of the member or employee and who fully complies with the recommendations of the institute's general counsel and recusal requirements is considered in compliance with the conflict-of-interest provisions of this chapter. Provides that the member or employee is subject to other applicable laws, rules, requirements, and prohibitions.

(f) Provides that an oversight committee member, program integration committee member, peer review committee member, or institute employee who intentionally violates this section is subject to removal from further participation in the institute's grant review process.

Sec. 101A.253. EXCEPTIONAL CIRCUMSTANCES REQUIRING PARTICIPATION. Requires the oversight committee to adopt rules governing the waiver of the conflict-of-interest requirements of this chapter under exceptional circumstances for an oversight committee member, program integration committee member, peer review committee member, or institute employee. Requires that the rules:

(1) authorize the chief executive officer or an oversight committee member to propose granting a waiver by submitting to the oversight committee's presiding officer a written statement about the conflict of interest, the exceptional circumstance requiring the waiver, and any proposed limitations to the waiver;

(2) require a proposed waiver to be publicly reported at an oversight committee meeting;

(3) require a majority vote of the oversight committee members present and voting to grant a waiver;

(4) require any waiver granted to be included in the annual report required by Section 101A.053; and

(5) require the institute to retain documentation of each waiver granted.

**Sec. 101A.254. INVESTIGATION OF UNREPORTED CONFLICTS OF INTEREST.**

(a) Requires an oversight committee member, program integration committee member, peer review committee member, or institute employee who becomes aware of an unreported potential conflict of interest described by Section 101A.251 to immediately notify the chief executive officer of the potential conflict of interest. Requires the chief executive officer, on receipt of the notification, the chief executive officer to notify the institute's general counsel and the oversight committee's presiding officer, who is required to determine the nature and extent of any unreported conflict.

(b) Requires a grant applicant seeking an investigation regarding whether a prohibited conflict of interest was not reported to file a written request with the chief executive officer. Requires the applicant to include in the request all facts regarding the alleged conflict of interest and submit the request not later than the 30th day after the date the chief executive officer presents to the oversight committee final funding recommendations for the affected grant cycle.

(c) Requires the institute's general counsel, on receipt of notification of an alleged conflict of interest under Subsection (a) or (b), to investigate the matter and provide to the chief executive officer and the oversight committee's presiding officer an opinion that includes certain items.

(d) Requires the institute's general counsel, if the conflict of interest, impropriety, or self-dealing involves the oversight committee's presiding officer, to provide the opinion to the next ranking oversight committee member who is not involved with the conflict of interest, impropriety, or self-dealing.

(e) Requires the chief executive officer, after receiving the opinion and consulting with the oversight committee's presiding officer, to take action regarding the recusal of the individual from any discussion of or access to information related to the conflict of interest or other recommended action related to the impropriety or self-dealing. Requires the presiding officer of the oversight committee, if the alleged conflict of interest, impropriety, or self-dealing is held by, or is an act of, the chief executive officer, to take actions regarding the recusal or other action.

**Sec. 101A.255. FINAL DETERMINATION OF UNREPORTED CONFLICT OF INTEREST.** (a) Requires the chief executive officer or, if applicable, the oversight committee's presiding officer to make a determination regarding the existence of an unreported conflict of interest described by Section 101A.251 or other impropriety or self-dealing. Requires that the determination specify any actions to be taken to address the conflict of interest, impropriety, or self-dealing, including reconsideration of the application or referral of the application to another peer review committee for review.

(b) Provides that the determination made under Subsection (a) is considered final unless three or more oversight committee members request that the issue be added to the agenda of the oversight committee.

(c) Requires the chief executive officer or, if applicable, the oversight committee's presiding officer, to provide to the grant applicant requesting the investigation written notice of the final determination, including any further actions to be taken.

(d) Provides that, unless specifically determined by the chief executive officer or, if applicable, the presiding officer of the oversight committee, or the oversight committee, the validity of an action taken on a grant application is not affected by the fact that an individual who failed to report a conflict of interest participated in the action.

**SUBCHAPTER G. PROCEDURE FOR AWARDING GRANTS**

Sec. 101A.301. PEER REVIEW PROCESS FOR GRANT AWARD. Requires the institute to establish a peer review process to evaluate and recommend all grants the oversight committee awards under this chapter.

Sec. 101A.302. GRANT AWARD RULES AND PROCEDURES. (a) Requires the oversight committee to adopt rules regarding the procedure for awarding grants to an applicant under this chapter. Requires that the rules require:

(1) the peer review committee to score grant applications and make recommendations to the program integration committee and the oversight committee regarding the award of grants, including providing a prioritized list that ranks the grant applications in the order the peer review committee determines applications should be funded and includes information explaining each grant applicant's qualification under the peer review committee's standards for recommendation; and

(2) the program integration committee to submit to the oversight committee a list of grant applications the program integration committee by majority vote approved for recommendation that includes documentation on the factors the program integration committee considered in making the recommendations, is substantially based on the list submitted by the peer review committee under Subdivision (1), and to the extent possible, gives priority to applications with certain proposals.

(b) Prohibits a peer review committee member from attempting to use the committee member's official position to influence a decision to approve or award a grant or contract to the committee member's employer.

(c) Prohibits a program integration committee member from discussing a grant applicant recommendation with an oversight committee member unless the program integration committee has submitted the list required under Subsection (a)(2).

(d) Requires two-thirds of the oversight committee members present and voting to vote to approve each grant award recommendation of the program integration committee. Requires that a statement explaining the reasons the recommendation was not followed, if the oversight committee does not approve a grant award recommendation of the program integration committee, be included in the minutes of the meeting.

(e) Prohibits the oversight committee from awarding more than \$300 million in grants under this chapter in a state fiscal year.

(f) Prohibits the oversight committee from awarding a grant to an applicant who has made a gift or grant to the institute, an oversight committee member, or an institute employee on or after January 1, 2026. Provides that this section does not apply to gifts, fees, honoraria, or other items also excepted under Section 36.10 (Non-applicable), Penal Code.

Sec. 101A.303. MULTIYEAR PROJECTS. (a) Authorizes the oversight committee to approve the award of grant money for a multiyear project.

(b) Requires the oversight committee to specify the total amount of money approved to fund the multiyear project. Provides that, for purposes of this chapter, the total amount is considered to have been awarded in the state fiscal year the peer review committee approved the project. Requires the institute to disburse only the money to be spent during that fiscal year. Requires the institute to disburse the remaining grant money as the money is needed in each subsequent fiscal year.

Sec. 101A.304. **CONTRACT TERMS.** (a) Requires the institute, before disbursing grant money awarded under this chapter, to execute a written contract with the grant recipient. Requires that the contract include certain provisions.

(b) Requires the grant recipient, before the institute is authorized to disburse grant money, to certify the recipient has available an unexpended amount of money equal to one-half of the grant amount dedicated to the research specified in the grant proposal. Requires the institute to adopt rules specifying a grant recipient's obligations under this chapter. Requires that the rules, at a minimum, address certain items.

(c) Requires the institute to establish a policy on advance payments to grant recipients.

(d) Requires the oversight committee to adopt rules to administer this section.

Sec. 101A.305. **PATENT ROYALTIES AND LICENSE REVENUES PAID TO STATE.** (a) Requires the oversight committee to establish standards requiring all grant awards to be subject to an intellectual property agreement that allows this state to collect royalties, income, and other benefits, including interest or proceeds resulting from securities and equity ownership, realized as a result of projects undertaken within grant money awarded under this chapter.

(b) Requires the oversight committee, in determining this state's interest in any intellectual property rights, to balance the opportunity of this state to benefit from the patents, royalties, licenses, and other benefits that result from basic research, therapy development, and clinical trials with the need to ensure that essential medical research is not unreasonably hindered by the intellectual property agreement and that the agreement does not unreasonably remove the incentive of the individual researcher, research team, or institution.

(c) Authorizes the oversight committee to authorize the institute to execute a contract with one or more qualified third parties for assistance with the management, accounting, and disposition of this state's interest in securities, equities, royalties, income, and other benefits realized from grant money awarded under this chapter. Requires the institute to implement practices and procedures for the management, accounting, and disposition of securities, equities, royalties, income, and other benefits the institute determines are in this state's best interest.

Sec. 101A.306. **PREFERENCE FOR TEXAS SUPPLIERS.** Requires the oversight committee, in a good faith effort to achieve a goal of more than 50 percent of purchases from suppliers in this state, to establish standards to ensure grant recipients purchase goods and services from suppliers in this state to the extent reasonably possible.

Sec. 101A.307. **HISTORICALLY UNDERUTILIZED BUSINESSES.** Requires the oversight committee to establish standards to ensure grant recipients purchase goods and services from historically underutilized businesses as defined by Section 2161.001 (Definitions), Government Code, and any other applicable state law.

Sec. 101A.308. **GRANT COMPLIANCE AND PROGRESS EVALUATION.** (a) Requires the institute to require as a condition of a grant awarded under this chapter that the grant recipient submit to regular inspection reviews of the grant project by institute employees to ensure compliance with the terms of the grant contract and ongoing progress, including the scientific merit of the research.

(b) Requires the chief executive officer to report at least annually to the oversight committee on the progress and continued merit of the projects awarded grants by the institute.

Sec. 101A.309. MEDICAL RESEARCH AND ETHICS. Requires that a project awarded a grant under this chapter comply with all applicable federal and state laws regarding the conduct of research or a prevention project.

Sec. 101A.310. PUBLIC INFORMATION; CONFIDENTIAL INFORMATION. (a) Provides that certain information is public information and is authorized to be disclosed under Chapter 552 (Public Information), Government Code.

(b) Provides that, to protect the actual or potential value of information submitted to the institute by an applicant for or recipient of a grant under this chapter, certain information submitted by the applicant or recipient is confidential and is not subject to disclosure under Chapter 552, Government Code, or any other law.

(c) Provides that certain information is confidential and not subject to disclosure under Chapter 552, Government Code.

(d) Provides that Subsection (c) does not apply to information related to an individual who consents to the information's disclosure.

(e) Authorizes information made confidential or excepted from public disclosure by this section to be made available, on request and in compliance with applicable laws and procedures, to certain entities.

(f) Provides that a disclosure under Subsection (e) is not a voluntary disclosure for purposes of Section 552.007 (Voluntary Disclosure of Certain Information When Disclosure Not Required), Government Code.

(g) Requires the institute to post on the Institute's Internet website records that pertain specifically to any gift, grant, or other consideration provided to the institute, an institute employee, or an oversight committee member, in the employee's or member's official capacity. Requires that the posted information include each donor's name and the amount and date of the donor's donation.

SECTION 2. Amends Section 51.955(c), Education Code, as follows:

(c) Provides that Subsection (b)(1) (relating to prohibiting a state agency that expends appropriated funds from entering into a research contract with an institution of higher education if that contract contains a provision precluding public disclosure of any final data generated or produced) does not apply to a research contract between an institution of higher education and the Cancer Prevention and Research Institute of Texas or Dementia Prevention and Research Institute of Texas.

SECTION 3. Amends Section 572.003(c), Government Code, to redefine "appointed officer of a major state agency."

SECTION 4. (a) Requires the appropriate appointing authority, not later than December 31, 2025, to appoint the members to the oversight committee as required by Section 101A.101, Health and Safety Code, as added by this Act. Prohibits the oversight committee from acting until a majority of the appointed members have taken office.

(b) Requires the governor, lieutenant governor, and speaker of the house of representatives, notwithstanding Section 101A.101, Health and Safety Code, as added by this Act, to, as applicable, designate one member of the oversight committee appointed by that person to serve a term expiring January 31, 2027, one member appointed by that person to serve a term expiring January 31, 2029, and one member appointed by that person to serve a term expiring January 31, 2031.

(c) Requires the governor, notwithstanding Section 101A.104, Health and Safety Code, to designate a member the governor appoints under Subsection (b) of this section to serve as the initial presiding officer of the oversight committee.

(d) Requires the oversight committee established under Section 101A.101, Health and Safety Code, as added by this Act, not later than January 31, 2026, to hold its first meeting at a location determined by the presiding officer of the oversight committee designated under Subsection (c) of this section.

SECTION 5. Provides that, if the voters approve the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the establishment of the Dementia Prevention and Research Institute of Texas, establishing the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders in this state, and transferring to that fund \$3 billion from state general revenue, the Dementia Prevention and Research Institute of Texas established by Chapter 101A, Health and Safety Code, as added by this Act, is eligible for funding to be deposited under the authority of Section 68, Article III, Texas Constitution, for the institute to engage in any activities serving the purposes of that constitutional provision.

SECTION 6. Effective date: December 1, 2025, contingent upon approval by the voters of the constitutional amendment relating to providing for the establishment of the Dementia Prevention and Research Institute of Texas, establishing the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders in this state, and transferring to that fund \$3 billion from state general revenue.