

HCS SCS SB 38 -- BIOTECHNOLOGY

SPONSOR: Klindt (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Committee on Agriculture by a vote of 22 to 1.

This substitute creates the Missouri Biomass Technology Commission. The commission will have seven members and is required to:

- (1) Collect data for the development and use of alternative energy as a source of electricity;
- (2) Evaluate existing incentive programs that promote the development and use of alternative energy;
- (3) Create new programs and incentives to promote alternative energy use;
- (4) Make recommendations to the General Assembly on program developments and uses for alternative energy; and
- (5) Develop a comprehensive guide to alternative energy development, production, and use. The guide is to be submitted to the General Assembly.

The provisions of this part of the substitute will expire June 30, 2005.

The substitute also establishes the Life Sciences Research Trust Fund in the state treasury. In its main provisions, the substitute:

- (1) Requires moneys in the fund to be held separate from all public moneys, including the Tobacco Securitization Trust Fund moneys;
- (2) Requires the State Treasurer to deposit 25% of moneys received from the Tobacco Master Settlement Agreement into the fund each fiscal year, beginning in Fiscal Year 2007;
- (3) Makes moneys in the fund not subject to appropriations for purposes inconsistent with the substitute without a majority vote in each house of the General Assembly;
- (4) Requires moneys in the fund to be used strategically and in cooperation with other governmental entities and nonprofit entities. The moneys will be used for the purposes of enhancing the capacity of the State of Missouri to perform life sciences

research, build upon existing research institutions, and commercialize life sciences technologies;

(5) Establishes a seven-member Life Sciences Research Board within the Office of Administration as a Type-III division. The substitute contains the terms and qualifications of board members;

(6) Requires the board to manage and control moneys allocated from the fund;

(7) Establishes centers for excellence for life sciences research in the Kansas City, St. Louis, and Springfield areas. A statewide center will be established which consists of the campuses of the University of Missouri system and regions of Missouri not encompassed within another center for excellence;

(8) Requires the board to approve any formation, composition, and organizational structure of a center for excellence before its operation;

(9) Specifies the organizational composition of a center for excellence. Each center is required to establish a screening committee which will review and prioritize funding proposals before submitting the proposals to the board;

(10) Requires moneys appropriated by the General Assembly from the fund to be appropriated to the board for stated purposes;

(11) Requires that any funds received by the board will be subject to the provisions of the substitute. In any fiscal year, no more than up to 10% of the moneys can be appropriated for the construction of physical facilities. Eighty percent of the moneys appropriated must be used to build research capacity and 20% for life sciences technology transfers and commercialization. Twenty percent of the moneys must be appropriated for research on tobacco-related illnesses;

(12) Requires the board to consider proposals endorsed by a center for excellence. The substitute contains requirements for dispersing funds to institutions and organizations approved to conduct life sciences research;

(13) Requires that moneys which are not distributed by the board to be held in reserve or be awarded based on a peer-review panel recommendation;

(14) Requires the board to secure the State Auditor or an external certified public accounting firm to conduct an annual audit of the administration of the fund. The board is required

to make copies of the audit available to the public;

(15) Requires the board, with assistance from its staff or independent contractors, to prepare a comprehensive report assessing the work and progress of the life sciences research program every three years;

(16) Requires grant and contract awards utilizing moneys from the fund to be used for the reimbursement of costs. Reimbursement of costs will be determined by a four-part balancing process;

(17) Requires grants and contract recipients to preserve research freedoms and to ensure the timely disclosure of research findings. Recipients of research funds will retain intellectual property rights;

(18) Contains a conflict-of-interest provision;

(19) Prohibits public moneys appropriated to the board from being used to finance existing or proposed research projects that involve abortion services, human cloning, or prohibited human research. A research project that receives an award of public funds cannot share costs with another research project, person, or entity that is ineligible to receive public funds;

(20) Requires all applicants for and recipients of public funds to comply with cost accounting principles contained in Part 9905, Title 48, of the Code of Federal Regulations or successor regulations;

(21) Requires all moneys for research purposes to be expended by checks, drafts, or electronic transfers and to use a separate accounting process;

(22) Prohibits moneys from any award from being diverted through other research projects unless the diversion is included in the original application for an award or stated in subsequent amendments or a request is made to use separate contractors;

(23) Requires award recipients to maintain separate financial records that demonstrate strict compliance with the substitute as revealed by a financial audit; and

(24) Provides taxpayers of Missouri standing to bring suit against the state or a recipient of public funds if violations of the substitute occur.

The substitute contains a non-severability clause.

FISCAL NOTE: Estimated Net Cost to the General Revenue Fund of \$2,800 in FY 2004, \$5,600 in FY 2005, and \$5,600 in FY 2006.

PROPOSERS: Supporters say that the commission is the first step toward the development of biomass as a viable alternative energy source. Missouri's agricultural industry, geographic location, and wealth of researchers in the field could place Missouri at the forefront of alternative energy development.

Testifying for the bill was Senator Klindt.

OPPOSERS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst