

SUBJECT: Funding the Cancer Prevention and Research Institute of Texas

COMMITTEE: Public Health — committee substitute recommended

VOTE: 6 ayes — Delisi, Jackson, Cohen, Gonzales, S. King, Truitt
1 nay — Laubenberg
1 present not voting — Coleman
1 absent — Olivo

WITNESSES: (*On original version:*)
For — (*Registered, but did not testify:* Tom Kleinworth, Baylor College of Medicine; Michele O’Brien, CHRISTUS Santa Rosa Healthcare, CHRISTUS Health; Amber Pearce, Texas Healthcare and Bioscience Institute; Denise Rose, Texas Children’s Hospital)
Against — None

(*On committee substitute:*)
For — Rebecca Birch, Susan G. Komen for the Cure; Cathy Bonner, KillCancer.org; Mark Clanton, American Cancer Society; Jim Dannenbaum, Texas Cancer Council; Arthur Frankel, Scott & White Cancer Research Institute; Andy Miller, Lance Armstrong Foundation; (*Registered, but did not testify:* John Sharp, KillCancer.org; Andrea McWilliams)
Against — None

On — Kimberly Edwards, Texas Public Finance Authority; Ladon Homer, Texas Medical Association; Billy Hamilton

BACKGROUND: The Texas Cancer Council was established by the Texas Legislature in 1985 to reduce the human and economic impact of cancer on Texans. The council developed the *Texas Cancer Plan* as an approach to cancer prevention and control in Texas.

DIGEST:

CSHJR 90 would propose a constitutional amendment providing for the establishment of the Cancer Prevention and Research Institute of Texas and authorizing the issuance of general obligation bonds to research all forms of human cancer.

The Cancer Prevention and Research Institute would:

- make grants to public or private persons to implement the Texas Cancer Plan;
- make grants to institutions of learning and medical research facilities to investigate the cause and cures of cancer and provide research facilities;
- support institutions of learning and medical research in researching cures for cancer; and
- establish standard membership and oversight bodies to ensure the proper use of funds.

The Legislature could enable the Texas Public Finance Authority to sell general obligation bonds on behalf of the Cancer Prevention and Research Institute in an amount not to exceed \$3 billion. The funds from the bonds would be deposited in separate accounts and could be used by the Institute without appropriation. The funds from issuance of general obligations bonds could be used for program operations, purchase of laboratories or facilities, and grants for research including research facilities. The bond proceeds also could be used to pay the costs of issuing the bonds and any administrative expense related to them.

The institute would pay the principal and interest on bonds that matured or became due during the fiscal year. Bonds approved by the attorney general, registered by the comptroller, and delivered to the purchasers would be incontestable.

The proposal would be presented to the voters at an election on Tuesday, November 6, 2007. The ballot proposal would read: "The constitutional amendment requiring the creation of the Cancer Prevention and Research Institute of Texas and authorizing the issuance of up to \$3 billion in bonds payable from the general revenues of the state for research in Texas to find the causes of and cures for cancer."

**SUPPORTERS
SAY:**

CSHJR 90 would allow Texans to vote on becoming part of an unprecedented effort to fight and potentially cure cancer. The Texas Cancer Council indicates that cancer is the number two killer of Texans, killing more than 35,000 Texans each year. More than 77,000 Texans are diagnosed with cancer annually. The direct economic cost of cancer to Texas is more than \$4 billion each year.

Texas already has the infrastructure in place to support cancer research, but needs more funding to encourage collaboration to leverage the existing infrastructure. CSHJR 90, in combination with its enabling legislation, HB 14, would accelerate landmark discoveries in cancer research and allow scientists and practitioners to translate these discoveries into practical tools and techniques to treat and prevent cancer.

Grants through the Cancer Prevention and Research Institute would infuse the cancer research and treatment community with up to \$300 million each year. This not only would enhance cancer research, but also would attract private businesses to emerging Texas technology clusters. This would create more jobs in Texas as companies capitalized on local intellectual resources.

In light of the ground-breaking advances in cancer research that could occur, the debt service on the general obligation bonds for the Cancer Prevention and Research Institute would be a small price to pay. Much of this cost also would be offset by new jobs generated in Texas and the decreased direct and indirect costs of cancer that directly resulted from breakthrough medical advances discovered and implemented through the Cancer Prevention and Research Institute.

**OPPONENTS
SAY:**

CSHJR 90 would come at too high a cost to Texas taxpayers. Estimates of the interest on \$3 billion in general obligation bonds would be as high as \$1.6 billion. While Texas would not feel the full effect of this investment now, it would become increasingly burdensome as more bonds were issued. By 2012, only three years into the bond issuance period, estimates of debt service would be \$75.6 million and would continue to rise. While cancer research doubtless is a worthwhile undertaking, there are countless other pressing needs in this state, such as insuring Texas children and reducing the waitlist for community services for the disabled.

NOTES:

The enabling legislation, HB 14 by Keffer, is on the May 7 General State Calendar. HB 14 would provide for the reorganization of the Cancer

Council into the Cancer Prevention and Research Institute of Texas. It also would establish oversight and research committees.

The companion joint resolution, SJR 43 by Nelson, as well as its enabling legislation, SB 1292 by Nelson, have been referred to the Senate Health and Human Services Committee.

The fiscal note for the enabling legislation, HB 14, would reflect no cost for fiscal 2008-09 biennium because the first bonds would not be issued until the beginning of fiscal 2010. The general revenue-dedicated Cancer Research Fund account would be augmented by \$300 million per year beginning in fiscal 2010. The cost for debt service in fiscal 2010 would be \$15.9 million in general revenue-related funds. This cost would increase to \$75.6 million in fiscal 2012.