

SUBJECT: Authorizing \$3 billion in general obligation bonds to fund brain research

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 10 ayes — Murphy, Pacheco, Cortez, P. King, Muñoz, Ortega, Parker,
Raney, C. Turner, J. Turner

0 nays

1 absent — Frullo

WITNESSES: For — (*Registered, but did not testify*: Anthony Haley, Baylor Scott & White Health; Jason Sabo, Children at Risk; Alison Mohr Boleware, National Association of Social Workers-Texas Chapter; Nathan Cook, Rice University; Dan Finch, Texas Medical Association; and 13 individuals)

Against — None

On — (*Registered, but did not testify*: Michael Apperley, Texas Comptroller of Public Accounts)

DIGEST: CSHJR 5 would allow the Legislature by general law to authorize the Texas Public Finance Authority to provide for, issue, and sell up to \$3 billion in general obligation bonds of the state on behalf of the Brain Institute of Texas and to enter into related credit agreements. The authority could not issue more than \$300 million in bonds in a year.

Proceeds from the sale of the bonds would have to be deposited in separate funds or accounts within the state treasury to be used by the Brain Institute of Texas to fund:

- grants to institutions of higher education in the state for brain research;
- brain disease and disorder prevention health care;
- recruitment and development of brain researchers;

- activities identified in the Texas Brain Research Plan;
- research facilities in the state that conduct brain research;
- the purchase of research facilities, subject to approval; and
- the operations of the institute.

While any of the bonds or interest was outstanding and unpaid, an amount from the first money deposited to the state treasury and not otherwise appropriated by the Texas Constitution would be appropriated to pay the principal and interest, less the amount in the sinking fund at the close of the previous fiscal year.

The bonds would be incontestable and would be general obligations of the state after approval by the attorney general, registration by the comptroller, and delivery to purchasers.

The Texas Public Finance Authority would have to consider using a business whose principal place of business was located in the state to issue the bonds and include using a historically underutilized business.

The bonds would be executed in the form, on the terms, in the dominations, bear interest, and be issued in installments as prescribed by the authority. Bond proceeds could be used to pay issuance costs and administrative expenses.

The ballot proposal would be presented to voters at an election on November 2, 2021, and would read: "The constitutional amendment authorizing the issuance of not more than \$3 billion in general obligation bonds and the dedication of bond proceeds to the Brain Institute of Texas established to fund brain research in this state."

SUPPORTERS
SAY:

CSHJR 5 would provide for the issuance of general obligation bonds to fund the Brain Institute of Texas, which would be created by HB 15, to make the state a global leader in brain research and lead to more cures for some of the most devastating health issues. Even though neurological diseases and disorders affect more than 100 million Americans, the human brain is complicated and scientific discovery has not identified enough

effective cures or treatments to notably impact people's lives. The Brain Institute of Texas would make grants to institutions of higher education across the state to expedite research, innovation, and breakthroughs in brain sciences. The legislation is vital to researching both existing issues, such as military veterans with traumatic brain injuries, and emerging challenges like the negative effects of the COVID-19 pandemic.

The resolution, along with HB 15, would finance the grant program by authorizing \$300 million in general obligation bonds to be issued each year for 10 years. This would amount to less than 1 percent of the economic cost of neurological disorders and diseases in the state, which by some estimates could be as much as \$135 billion annually. As Texas continues to grow, both these economic costs and significant human costs will increase. Because discovery science for these disorders is not mature enough to attract private sector investment, such a program is vital to advance science. The bill and resolution appropriately would fund brain research, including disease prevention, treatment, and cures, to save lives and reduce costs.

Texas has some of the most respected institutions of higher education, and leveraging the institutions and their partners, including nonprofits, hospitals, and private companies, would put the state at the forefront of brain research. The institute also would attract talent to the state to increase workforce development. The organization of the Brain Institute of Texas would be based on the Cancer Prevention and Research Institute of Texas, a similar organization that has led to breakthroughs in cancer, to ensure good government practices in awarding grants and returns on state investments.

**CRITICS
SAY:**

CSHJR 5, in combination with HB 15, unnecessarily would expand the size of government while creating an obligation for future state funds. Funding brain research is not an essential function of state government and can be financed instead by the private sector. Also, by authorizing the issuance of \$3 billion in taxpayer-backed general obligation bonds over the next 10 years, the legislation would tie up state funds for debt service when the money could be better spent on other needs.

NOTES: HB 15 by S. Thompson, the enabling legislation for CSHJR 5, is set for second reading consideration today.

According to the Legislative Budget Board, any fiscal implication to the state would be attributable to the corresponding enabling legislation. The cost for publication of the resolution would be \$178,333.