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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**

**No. 1614** Session of  
2001

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INTRODUCED BY C. WILLIAMS, DeWEESE, VEON, COY, M. COHEN,  
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LUCYK, MANN, McCALL, MELIO, PALLONE, RIEGER, ROONEY, SAINATO,  
SANTONI, SHANER, SOLOBAY, STABACK, STEELMAN, SURRA, THOMAS,  
TRAVAGLIO, TRELLO, TRICH, WOJNAROSKI AND YUDICHAK,  
MAY 17, 2001

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REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES, MAY 17, 2001

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AN ACT

1 Establishing an institute for biomedical research and  
2 technology; and making an appropriation.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Biomedical  
7 Research and Technology Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Board of directors." The board of directors of the  
13 Institute for Biomedical Research and Technology established in  
14 this act.

1 "Center." A Regional Center for Biomedical Research and  
2 Technology Innovation established in this act.

3 "Institute." The Institute for Biomedical Research and  
4 Technology established in this act.

5 "Master Settlement Agreement." The settlement agreement and  
6 related documents entered into on November 23, 1998, by the  
7 Commonwealth and leading United States tobacco product  
8 manufacturers and approved by the court in Commonwealth v.  
9 Philip Morris, April Term, 1997, No.2443 (C.P. Philadelphia  
10 County), on January 13, 1999.

11 Section 3. Institute for Biomedical Research and Technology.

12 (a) Establishment.--There is hereby established an Institute  
13 for Biomedical Research and Technology.

14 (b) Function.--The institute shall establish Regional  
15 Centers for Biomedical Research and Technology Innovation within  
16 this Commonwealth; aid the centers in seeking private capital  
17 and other public investments; assist the center in developing  
18 licensing and royalty agreements and arranging clinical trials;  
19 provide technical, legal and administrative support; and  
20 coordinate and provide oversight of research activities  
21 performed by the regional centers.

22 (c) Board of directors.--The institute shall be governed by  
23 a board of directors consisting of:

24 (1) The Secretary of Community and Economic Development,  
25 who shall serve as chairperson.

26 (2) The Secretary of Health.

27 (3) The Secretary of Education.

28 (4) One member who shall be the director of a Ben  
29 Franklin Technology Partnership Center, who shall serve a  
30 term of two years and shall be replaced, on a rotating basis,

1 by the director of a different Ben Franklin Technology  
2 Partnership Center.

3 (5) Four members of the Senate, two of whom shall be  
4 appointed by the President pro tempore and two of whom shall  
5 be appointed by the Minority Leader.

6 (6) Four members of the House of Representatives, two of  
7 whom shall be appointed by the Speaker and two of whom shall  
8 be appointed by the Minority Leader.

9 (7) Five members appointed by the Governor, meeting the  
10 following criteria:

11 (i) Two members from either academic medical centers  
12 or cancer research centers; one of whom shall be a  
13 research scientist and one of whom shall have expertise  
14 in technology transfer, intellectual property rights or  
15 research licensing agreements.

16 (ii) One member from a trade association  
17 representing private pharmaceutical companies.

18 (iii) One member from a trade association  
19 representing private biotechnology companies.

20 (iv) One member from a regional technology council  
21 or an economic development organization.

22 (d) Terms of members.--The Secretary of Community and  
23 Economic Development, the Secretary of Health and the Secretary  
24 of Education shall serve on the board of directors for the  
25 length of their respective terms. Legislative appointments shall  
26 serve at the pleasure of the appointing authority. Except as  
27 otherwise indicated, other appointees shall serve for terms of  
28 three years and may not serve successive terms.

29 (e) Compensation and expenses.--Members of the board of  
30 directors shall serve without compensation but shall be

1 reimbursed for actual and reasonable expenses incurred in the  
2 performance of their official duties.

3 (f) Staffing.--The institute shall be served by the existing  
4 staff of the Department of Community and Economic Development.

5 Section 4. Regional Centers for Biomedical Research and  
6 Technology Innovation.

7 (a) Establishment.--The institute shall establish three  
8 regional centers, located within this Commonwealth, to  
9 facilitate the enhancement of biomedical research and  
10 technology.

11 (b) Advisory board.--Each regional center, upon selection of  
12 application by the board of directors, shall establish an  
13 advisory board, comprised of no fewer than three but no more  
14 than nine members, including the president, chancellor, or chief  
15 executive officer of the academic medical center, research  
16 university, cancer research center or other biomedical research  
17 center, who shall serve as chairperson.

18 (c) Functions of centers.--The regional centers shall  
19 develop and implement biomedical and technology research  
20 projects which promote and coordinate research in this  
21 Commonwealth in order to:

22 (1) Create or enhance biomedical research, biotechnology  
23 and other related industries in Pennsylvania.

24 (2) Develop high quality and commercially useful patents  
25 that will generate future revenue for the continued operation  
26 of the regional centers.

27 (3) Attract venture capital investments from various  
28 public, private, nonprofit and for-profit sources.

29 (4) Attract and retain leading research scientists,  
30 physicians and other high technology professionals throughout

1 this Commonwealth.

2 (5) Encourage training and educational programs.

3 (6) Develop regional research specialties, including,  
4 but not limited to, biological and pharmacological research,  
5 medical biotechnology, nonmedical biotechnology and  
6 bioengineering, bio-informatics and tissue engineering and  
7 addiction research.

8 (7) Implement the commercial development of new research  
9 discoveries.

10 (8) Work with other area institutions, organizations and  
11 companies to advance technology and overall community and  
12 economic development within the region where each center is  
13 located.

14 (9) Create and retain quality jobs for the residents of  
15 this Commonwealth.

16 (d) Application for selection.--The board shall solicit and  
17 receive applications for selection as a regional center from  
18 academic medical centers, research universities, cancer research  
19 centers and other biomedical research centers. Each application  
20 for consideration shall include the following:

21 (1) A listing of the for-profit and nonprofit  
22 institutions and organizations that will comprise the  
23 nonprofit corporation and that will own and operate the  
24 regional center.

25 (2) The names and affiliations of the members of the  
26 advisory board for the regional center.

27 (3) The proposed programs, activities and categories of  
28 research to be conducted at the center.

29 (4) The plans for marketing the research center to  
30 regional institutions and corporations to build awareness,

1 encourage participation, and establish sources for additional  
2 funding.

3 (5) The proposed location of the research center and  
4 physical facilities available for use of the regional center.

5 (6) A proposed budget for the first year of operation of  
6 the facility including projected infrastructure costs and  
7 projections on permanent staff to be employed at the regional  
8 center.

9 (7) The anticipated health, scientific, commercial and  
10 economic development outcomes to be achieved by specialty  
11 research undertaken at the regional center.

12 (8) The amount of funds or infrastructure to be  
13 contributed by each participating entity involved in the  
14 regional center.

15 (9) Any other information deemed necessary by the board  
16 of directors or the Secretary of Community and Economic  
17 Development.

18 (e) Selection of regional centers.--The board shall approve  
19 three applications, from those submitted for review, for  
20 selection as regional centers. The board shall evaluate  
21 applications on a competitive basis and shall consider the  
22 applicant's expertise in the subject area selected, ability to  
23 attract private investment, quality of research facilities,  
24 strength of the technology transfer program, intellectual  
25 property rights policy and prior success of the applicant in  
26 licensing products and securing patents. Priority consideration  
27 shall be given to applicants which draw upon the resources of  
28 multiple institutions.

29 (f) Participation, guidelines and procedures.--In order to  
30 participate in research or product development at a regional

1 center, an applicant shall make financial or other substantially  
2 equivalent in-kind matching contributions to the research being  
3 conducted in an amount or percentage established by the  
4 Department of Community and Economic Development. All other  
5 guidelines and procedures for the distribution of funds shall be  
6 established by the department. Each regional center shall  
7 develop royalty agreements or other revenue streams to fund  
8 continuing operations of the regional center and shall also  
9 reach agreement with the Department of Community and Economic  
10 Development on allowing access to and commercialization of  
11 intellectual property. Intellectual property shall include work  
12 of the mind or intellect associated with an idea, invention,  
13 trade secret, process, program, data, formula, patent, copyright  
14 or trademark, or an application, right or registration relating  
15 thereto.

16 (1) The Department of Community and Economic Development  
17 shall reach agreement with the advisory board of each  
18 regional center regarding the amount of capital to be raised  
19 from the for-profit and nonprofit participants prior to  
20 disbursement of any State funds.

21 (2) Regarding that portion of revenue which will be  
22 returned to the Commonwealth due to royalty agreements and  
23 other revenue streams resulting from successful new  
24 inventions or new patents issued as a result of research  
25 undertaken at the research center.

26 (g) Continuing Research Fund.--

27 (1) There is hereby established, within the Department  
28 of Community and Economic Development, a Continuing Research  
29 Fund to provide for further funding of research activities at  
30 the regional centers.

1           (2) All revenue from royalty and licensing agreements or  
2 any other revenue streams generated by this act shall be  
3 deposited into the Continuing Research Fund.

4           (3) Any money placed in the Continuing Research Fund may  
5 be distributed to a regional center, at the discretion of the  
6 Department of Community and Economic Development, in  
7 consultation with the board of directors, under the  
8 guidelines and procedures established by the department. Any  
9 money distributed to a regional center from the Continuing  
10 Research Fund shall be considered separate from any other  
11 source of State funds.

12         (h) Personnel.--A regional center may hire personnel to  
13 coordinate research projects undertaken pursuant to this act.

14         (i) Review and report.--

15           (1) Each regional center shall be subject to annual  
16 review by the board of directors and the Department of  
17 Community and Economic Development.

18           (2) Each regional center shall annually submit a report  
19 to the board of directors, the Department of Community and  
20 Economic Development, the Department of Health, the chairman  
21 and the minority chairman of the Appropriations Committee of  
22 the Senate, the chairman and minority chairman of the  
23 Appropriations Committee of the House of Representatives, the  
24 chairman and minority chairman of the Community and Economic  
25 Development Committee of the Senate and the chairman and  
26 minority chairman of the Commerce and Economic Development  
27 Committee of the House of Representatives. This report shall  
28 be in a form and manner developed by the Department of  
29 Community and Economic Development working in cooperation  
30 with the Department of Health and shall include the

1 following:

2 (i) The current members of the advisory board for  
3 the regional center.

4 (ii) A description of the research facilities,  
5 including space and equipment, and a list of personnel  
6 involved in projects receiving State funds.

7 (iii) The regional center's current policies for the  
8 management and development of intellectual property and  
9 ownership of new inventions created during the course of  
10 research undertaken at the center.

11 (iv) The regional center's current policies for the  
12 distribution of State funds to projects undertaken at the  
13 center.

14 (v) A listing and brief description of all current  
15 projects receiving State funds pursuant to this act.

16 (vi) The research center's policies on conflicts of  
17 interest and the handling of confidential and other  
18 sensitive material.

19 (vii) A listing of all organizations, for-profit and  
20 nonprofit institutions utilizing the services of the  
21 research center during the prior year.

22 (viii) A listing of any licenses or other  
23 contractual obligations in effect, or anticipated, for  
24 the intellectual property developed at the research  
25 center during the prior year.

26 (ix) A listing of any new inventions, any new patent  
27 applications or patents issued as a result of research  
28 undertaken at the center during the prior year, and any  
29 estimated revenue or anticipated revenue from  
30 corresponding royalty and licensing agreements with the

1 regional center.

2 (x) A copy of the annual operating budget for the  
3 year, including a listing of the sources of all funds  
4 including financial and in-kind personnel, equipment or  
5 other material donations and contributions by all parties  
6 involved in the regional center, grants obtained, Federal  
7 funds leveraged and expenditures made including  
8 infrastructure expenditures, administrative and staffing  
9 costs, and any other relevant information

10 (j) Expiration.--This act shall expire five years from its  
11 effective date.

12 Section 5. Appropriation.

13 The sum of \$35,000,000 is hereby appropriated from the  
14 payments received by the Commonwealth pursuant to the Master  
15 Settlement Agreement for the fiscal year July 1, 2001, to June  
16 30, 2002, to carry out the provisions of this act.

17 Section 6. Effective date.

18 This act shall take effect in 60 days.