
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1614 Session of
2001

INTRODUCED BY C. WILLIAMS, DeWEESE, VEON, COY, M. COHEN,
D. EVANS, BELARDI, BEBKO-JONES, CALTAGIRONE, CAPPABIANCA,
COLAFELLA, COSTA, DeLUCA, EACHUS, FRANKEL, GEORGE, GRUCELA,
HALUSKA, HARHAI, HORSEY, JAMES, JOSEPHS, LaGROTTA, LEDERER,
LUCYK, MANN, McCALL, MELIO, PALLONE, RIEGER, ROONEY, SAINATO,
SANTONI, SHANER, SOLOBAY, STABACK, STEELMAN, SURRA, THOMAS,
TRAVAGLIO, TRELLO, TRICH, WOJNAROSKI AND YUDICHAK,
MAY 17, 2001

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

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.