

SENATE MOTION

MR. PRESIDENT:

I move that Engrossed House Bill 2008 be amended to read as follows:

- 1 Page 5, between lines 38 and 39, begin a new paragraph and insert:
2 "SECTION 2. IC 4-4-5.1-1.5 IS ADDED TO THE INDIANA CODE
3 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2003]: **Sec. 1.5. (a) As used in this chapter, "advanced
5 manufacturing" includes but is not limited to manufacturing in the
6 automotive, electronics, aerospace, robotics, and engineering
7 design technology industry sectors.**
8 **(b) As used in this chapter, "information technology" includes
9 but is not limited to informatics, certified network administration,
10 software development, and fiber optics.**
11 **(c) As used in this chapter, "life sciences" includes but is not
12 limited to orthopedics, medical devices, biomedical research and
13 development, pharmaceutical manufacturing, agribusiness,
14 nanotechnology, and molecular manufacturing.**
15 SECTION 3. IC 4-4-5.1-3, AS ADDED BY P.L.190-1999,
16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2003]: Sec. 3. (a) The Indiana twenty-first century research
18 and technology fund is established to provide grants or loans to support
19 proposals for economic development in one (1) or more of the
20 following areas:
21 (1) To increase the capacity of Indiana institutions of higher
22 education, Indiana businesses, and Indiana nonprofit corporations
23 and organizations to compete successfully for federal or private
24 research and development funding.
25 (2) To stimulate the transfer of research and technology into
26 marketable products.
27 (3) To assist with diversifying Indiana's economy by focusing
28 investment in ~~biomedical research and biotechnology~~, **life
29 sciences, advanced manufacturing**, information technology, and
30 other high technology industry clusters requiring high skill, high
31 wage employees.

1 (4) To encourage an environment of innovation and cooperation
2 among universities and businesses to promote research activity.

3 (b) The fund shall be administered by the budget agency. The fund
4 consists of:

- 5 (1) appropriations from the general assembly;
6 (2) **money transferred from the Indiana tobacco master**
7 **settlement agreement fund under IC 4-12-1-14.3(i);** and
8 (3) gifts and grants to the fund.

9 The budget agency shall review each recommendation. The budget
10 agency, after review by the budget committee, may approve, deny, or
11 modify grants and loans recommended by the board. Money in the fund
12 may not be used to provide a recurring source of revenue for the
13 normal operating expenditures of any project.

14 (c) The treasurer of state shall invest the money in the fund not
15 currently needed to meet the obligations of the fund in the same
16 manner as other public funds may be invested.

17 (d) The money in the fund at the end of a state fiscal year does not
18 revert to the state general fund but remains in the fund to be used
19 exclusively for the purposes of this chapter.

20 SECTION 4. IC 4-4-5.1-5, AS ADDED BY P.L.190-1999,
21 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2003]: Sec. 5. (a) The board has the following powers:

- 23 (1) To accept, analyze, and approve applications under this
24 chapter.
25 (2) To contract with experts for advice and counsel.
26 (3) To employ staff to assist in carrying out this chapter, including
27 providing assistance to applicants who wish to apply for a grant
28 or loan from the fund, analyzing proposals, working with experts
29 engaged by the board, and preparing reports and
30 recommendations for the board.
31 (4) To approve and recommend applications for grants or loans
32 from the fund to the budget committee and budget agency.

33 (b) The board shall give priority to applications for grants or loans
34 from the fund that:

- 35 (1) have the greatest economic development potential; and
36 (2) require the lowest ratio of money from the fund compared
37 with the combined financial commitments of the applicant and
38 those cooperating on the project.

39 **In addition, the board shall give further priority to applications**
40 **that promote research and commercialization in the life sciences.**

41 (c) The board shall make final funding determinations for
42 applications for grants or loans from the fund that will be submitted to
43 the budget agency for review and approval. In making a determination
44 on a proposal intended to obtain federal or private research funding, the
45 board shall be advised by a peer review panel and shall consider the
46 following factors in evaluating the proposal:

- 47 (1) The scientific merit of the proposal.

- 1 (2) The predicted future success of federal or private funding for
 2 the proposal.
- 3 (3) The ability of the researcher to attract merit based scientific
 4 funding of research.
- 5 (4) The extent to which the proposal evidences interdisciplinary
 6 or inter-institutional collaboration among two (2) or more Indiana
 7 institutions of higher education or private sector partners, as well
 8 as cost sharing and partnership support from the business
 9 community.
- 10 (d) The peer review panel shall be chosen by and report to the
 11 board. In determining the composition and duties of a peer review
 12 panel, the board shall consider the National Institutes of Health and the
 13 National Science Foundation peer review processes as models. The
 14 members of the panel must have extensive experience in federal
 15 research funding. A panel member may not have a relationship with
 16 any private entity or academic institution in Indiana that would
 17 constitute a conflict of interest for the panel member.
- 18 (e) In making a determination on any other application for a grant
 19 or loan from the fund involving a proposal to transfer research results
 20 and technologies into marketable products or commercial ventures, the
 21 board shall consult with experts as necessary to analyze the likelihood
 22 of success of the proposal and the relative merit of the proposal.
- 23 SECTION 5. IC 4-4-5.1-6, AS AMENDED BY P.L.291-2001,
 24 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2003]: Sec. 6. (a) The Indiana twenty-first century research
 26 and technology fund board is established. The board consists of the
 27 following:
- 28 (1) The lieutenant governor, who shall serve as chairperson of the
 29 board.
- 30 (2) Two (2) representatives from separate Indiana public research
 31 institutions of higher education to be appointed by the governor.
- 32 (3) A representative of an Indiana private research institution of
 33 higher education to be appointed by the governor.
- 34 (4) A representative from a high technology business to be
 35 appointed by the governor.
- 36 (5) A representative from a business with high research and
 37 development expenditures in Indiana **in the life sciences** to be
 38 appointed by the governor.
- 39 (6) A representative from the venture or growth capital industry
 40 to be appointed by the governor.
- 41 (7) One (1) individual who has expertise in economic
 42 development to be appointed by the governor.
- 43 (8) One (1) individual **who:**
- 44 (A) has expertise in ~~academic research, technology transfer, or~~
 45 collaborative relationships between the public and private
 46 sectors **that have resulted in the commercialization of**
 47 **research in the life sciences; or**

1 **(B) has established or expanded a commercial enterprise**
 2 **based on the commercialization of research in the life**
 3 **sciences;**

4 to be appointed by the governor.

5 (9) A representative from a high technology business to be
 6 appointed by the speaker of the house of representatives.

7 (10) A representative from a high technology business to be
 8 appointed by the president pro tempore of the senate.

9 A board member appointed by the governor, the speaker of the house
 10 of representatives, or the president pro tempore of the senate serves a
 11 term of two (2) years.

12 (b) A board member with a conflict of interest with respect to an
 13 application for a grant or loan from the fund shall abstain from any
 14 discussion, consideration, or vote on the application.

15 (c) When making appointments under subsection (a), the governor
 16 shall consider the geographic areas of the state represented on the
 17 board."

18 Page 16, between lines 6 and 7, begin a new paragraph and insert:

19 "SECTION 11. IC 4-12-1-14.3, AS AMENDED BY P.L.291-2001,
 20 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2003]: Sec. 14.3. (a) As used in this section, "master
 22 settlement agreement" has the meaning set forth in IC 24-3-3-6.

23 (b) There is hereby created the Indiana tobacco master settlement
 24 agreement fund for the purpose of depositing and distributing money
 25 received under the master settlement agreement. The fund consists of:

26 (1) all money received by the state under the master settlement
 27 agreement;

28 (2) appropriations made to the fund by the general assembly; and

29 (3) grants, gifts, and donations intended for deposit in the fund.

30 (c) Money may be expended, transferred, or distributed from the
 31 fund during a state fiscal year only in amounts permitted by subsections
 32 (d) through (e), and only if the expenditures, transfers, or distributions
 33 are specifically authorized by another statute.

34 (d) The maximum amount of expenditures, transfers, or distributions
 35 that may be made from the fund during the state fiscal year beginning
 36 July 1, 2000, is determined under STEP THREE of the following
 37 formula:

38 STEP ONE: Determine the sum of money received or to be
 39 received by the state under the master settlement agreement
 40 before July 1, 2001.

41 STEP TWO: Subtract from the STEP ONE sum the amount
 42 appropriated by P.L.273-1999, SECTION 8, to the children's
 43 health insurance program from funds accruing to the state from
 44 the tobacco settlement for the state fiscal years beginning July 1,
 45 1999, and July 1, 2000.

46 STEP THREE: Multiply the STEP TWO remainder by fifty
 47 percent (50%).

1 (e) The maximum amount of expenditures, transfers, or distributions
 2 that may be made from the fund during the state fiscal year beginning
 3 July 1, 2001, and each state fiscal year after that is determined under
 4 STEP THREE of the following formula:

5 STEP ONE: Determine the amount of money received or to be
 6 received by the state under the master settlement agreement
 7 during that state fiscal year.

8 STEP TWO: Multiply the STEP ONE amount by sixty percent
 9 (60%).

10 STEP THREE: Add to the STEP TWO product any amounts that
 11 were available for expenditure, transfer, or distribution under this
 12 subsection or subsection (d) during preceding state fiscal years
 13 but that were not expended, transferred, or distributed.

14 (f) The following amounts shall be retained in the fund and may not
 15 be expended, transferred, or otherwise distributed from the fund:

16 (1) All of the money that is received by the state under the master
 17 settlement agreement and remains in the fund after the
 18 expenditures, transfers, or distributions permitted under
 19 subsections (c) through (e).

20 (2) All interest that accrues from investment of money in the fund,
 21 unless specifically appropriated by the general assembly. Interest
 22 that is appropriated from the fund by the general assembly may
 23 not be considered in determining the maximum amount of
 24 expenditures, transfers, or distributions under subsection (e).

25 (g) The fund shall be administered by the budget agency.
 26 Notwithstanding IC 5-13, the treasurer of state shall invest the money
 27 in the fund not currently needed to meet the obligations of the fund in
 28 the same manner as money is invested by the public employees
 29 retirement fund under IC 5-10.3-5. The treasurer of state may contract
 30 with investment management professionals, investment advisors, and
 31 legal counsel to assist in the investment of the fund and may pay the
 32 state expenses incurred under those contracts from the fund. Interest
 33 that accrues from these investments shall be deposited in the fund.
 34 Money in the fund at the end of the state fiscal year does not revert to
 35 the state general fund.

36 (h) The state general fund is not liable for payment of a shortfall in
 37 expenditures, transfers, or distributions from the Indiana tobacco
 38 master settlement agreement fund or any other fund due to a delay,
 39 reduction, or cancellation of payments scheduled to be received by the
 40 state under the master settlement agreement. If such a shortfall occurs
 41 in any state fiscal year, the budget agency shall make the full transfer
 42 to the regional health facilities construction account and then reduce all
 43 remaining expenditures, transfers, and distributions affected by the
 44 shortfall.

45 **(i) For each state fiscal year beginning after June 30, 2005, and**
 46 **ending before July 1, 2013, the budget agency shall annually**
 47 **transfer an amount equal to twenty-five percent (25%) of the**

1 amount determined under subsection (e) from the fund to the
 2 Indiana twenty-first century research and technology fund
 3 established under IC 4-4-5.1 to be used for the purposes of the
 4 Indiana twenty-first century research and technology fund. The
 5 amount required to be transferred under this subsection is
 6 annually appropriated for this purpose."

7 Page 65, between lines 15 and 16, begin a new paragraph and insert:

8 "SECTION 73. [EFFECTIVE JULY 1, 2003] (a) The following
 9 definitions apply throughout this SECTION:

10 (1) "FY 2003-2004" means the period beginning July 1, 2003,
 11 and ending June 30, 2004.

12 (2) "FY 2004-2005" means the period beginning July 1, 2004,
 13 and ending June 30, 2005.

14 (b) Notwithstanding IC 4-12-1-14.3, there is appropriated to the
 15 budget agency the following sums from the money deposited in the
 16 Indiana tobacco master settlement agreement fund that would
 17 otherwise be unavailable for expenditure under IC 4-12-1-14.3(f)
 18 for the purposes of the Indiana twenty-first century research and
 19 technology fund:

20 (1) For FY 2003-2004, twenty million dollars (\$20,000,000).

21 (2) For FY 2004-2005, twenty-five million dollars
 22 (\$25,000,000).

23 (c) This SECTION expires January 1, 2006."

24 Renumber all SECTIONS consecutively.

(Reference is to EHB 2008 as printed April 8, 2003.)

Senator CLARK