

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2913

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2913, with committee amendments.

This bill, the "Stem Cell Research Bond Act of 2006," authorizes the issuance of \$350 million in State general obligation bonds to provide stem cell research grants over seven years. Research grants funded by the bonds cannot exceed \$50 million per year, and if \$50 million is not awarded in any year the undistributed grant amount can be carried over to be awarded in subsequent years.

Research institutions eligible to compete for grants include institutions of higher education in the State, State or local government agencies, and other public or private entities that have a substantial business presence in the State and conduct scientific and medical research in the State. A for profit entity must enter into a collaborative agreement with a nonprofit institution in order to be eligible for a grant under this bill.

The New Jersey Commission on Science and Technology will establish an independent research review panel and an independent ethics review panel to administer the grant program and make grant awards. The independent research review panel will include, but need not be limited to, nationally recognized experts in the field of stem cell research. The independent ethics review panel will include, but need not be limited to, recognized bioethicists, members of academic and religious communities and at least one member who currently serves on an institutional review board. An eligible research institution must be approved by both boards and by the commission.

The commission will solicit grant applications from eligible research institutions to fund scientific and medical stem cell research conducted in the State, including, but not limited to: basic stem cell biology using human or non-human adult or embryonic stem cells; translational and clinical work; the development of tools and processes including, but not limited to, diagnostic tools and processes; training programs; the development of capacity for additional stem cell research in the State; regenerative therapy development; and the development of pharmacologies and treatments through clinical trials. The grant applications will be evaluated by the independent research

review panel.

The commission, after receiving the recommendations from the independent research review panel, will prepare a list of eligible stem cell research grants which are likely to result in research that can be applied to therapies to treat chronic, debilitating and often incurable diseases or injuries, and are conducted safely and ethically. The list will then be submitted to an independent ethics review panel for final approval to ensure that all research will be conducted in a scientifically sound and ethical manner.

If an eligible research institution that receives a grant realizes a financial gain or benefit that is directly associated with the stem cell research funded by the grant, the recipient will repay the State 1% of the gain or benefit it receives up to 10 times the amount of the grant. The payments will be deposited in a "Stem Cell Research Fund" and will be used to continue the grant program beyond seven years, until all funds have been dispersed as grants.

The bill stipulates that an eligible research institution will not hold the State liable for losses arising from the research it conducts pursuant to a grant award.

Finally, the bill provides that the bond act is to be submitted to the people for approval at the general election to be held at least 70 days after enactment. The bill appropriates \$5,000 to the Department of Law and Public Safety for expenses in connection with the publication of the public question.

As amended, this bill is identical to Assembly Bill No. 4499.

COMMITTEE AMENDMENTS:

The committee amendments make a technical correction to include customary general obligation bond act language concerning tallying the results of the public question.

FISCAL IMPACT:

This bill: (1) authorizes the State, subject to voter approval, to issue \$350 million in State general obligation bonds to provide grants for stem cell research at institutions of higher education and other nonprofit and for profit entities in the State conducting scientific and medical research; and (2) appropriates \$5,000 to the Department of Law and Public Safety to fund the publication in State newspapers of a notice to voters of the impending submission, at the next general election, of a public question asking them whether they approve the issuance of the bonds.

The Office of Legislative Services estimates possible debt service costs based upon the following assumptions: If the bonds are issued at the rate of \$50 million per year for seven years beginning in State fiscal year 2007, with each issue sold under current market conditions with a 20-year maturity and a level debt service schedule, annual debt service would commence in Fiscal year 2008 at about \$4 million per year, then increase by that amount annually for the next six years to a

peak of about \$28 million per year, then decline after sixteen years by \$4 million per year for the next seven years until all bonds are retired.