

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** H0001E (PCB COM 03E-01) w/CS Biomedical Research Institution

**SPONSOR(S):** Commerce

**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Commerce</u>	<u>15 Y, 0 N</u>	<u>Winker</u>	<u>Billmeier</u>
2) <u>Appropriations</u>	<u>29 Y, 11 N w/CS</u>	<u>Kearney</u>	<u>Hansen</u>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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### SUMMARY ANALYSIS

The bill creates s. 288.955, F. S., which creates a not-for-profit corporation known as the Scripps Florida Funding Corporation (corporation) for the purpose of receiving, holding, investing, administering, and disbursing funds appropriated by the Legislature for the establishment and operation of a state-of-the-art biomedical research institution in this state. The funding corporation is responsible for negotiating and executing a contract with the Scripps Research Institute to effectuate that goal. The bill establishes legislative intent with respect to contract provisions to be negotiated between the funding corporation and Scripps Research Institute, including performance standards and performance expectations.

The funding corporation is to be governed by a board of directors consisting of nine members appointed 3 each by the Governor, the President of the Senate, and the Speaker of the House of Representatives. The director of the Office of Tourism, Trade, and Economic Development (OTTED), or the director's designee, is an ex-officio, nonvoting member of the board. The funding corporation must meet no less than three times per calendar year. The funding corporation is required to enter into an agreement with the State Board of Administration for the purpose of investing its undisbursed funds.

The funding corporation is to disburse funds to the grantee over a period of 7 calendar years beginning January 1, 2004. The contract will require a reduction or elimination of funding to the grantee should the grantee leave the state, fail to commit in writing to operate in Florida for the succeeding year, or commit a default or breach of the contract.

The funding corporation is required to submit an annual report to the Governor and the Legislature on the activities and outcomes of the grantee's activities. The grantee must allow the funding corporation to retain an independent auditor to audit the expenditure of state funds disbursed to the grantee. The Office of Program Policy and Government Accountability is required to conduct a performance review of the OTTED and the funding corporation.

An appropriation of \$310 million is made from the General Revenue Fund to OTTED to implement the act.

The bill takes effect upon becoming law.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0001Eb.doc  
**DATE:** October 22, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |  |   |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/>            | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

The bill creates a not-for-profit corporation for the purpose of receiving, investing, and disbursing funds to a specified grantee for the establishment of a biomedical research institute and campus in Florida. The bill also creates additional responsibilities for OTTED.

#### B. EFFECT OF PROPOSED CHANGES:

This bill creates a not-for-profit corporation called the Scripps Florida Funding Corporation (corporation) for the specific and exclusive purpose of receiving, holding, investing, administering, and disbursing funds appropriated by the Legislature for the establishment of a biomedical research institution and campus in Florida. The bill requires the corporation to contract with the Scripps Research Institute, a not-for-profit public benefit corporation, for the purpose of establishing a state-of-the-art biomedical research institute and campus in Florida.

#### **The Structure of the Corporation**

The funding corporation is comprised of nine voting members of whom three are appointed by the Governor, three appointed by the President of the Senate, and three appointed by the Speaker of the House of Representatives. The director of the Office of Tourism, Trade, and Economic Development (OTTED) or the director’s designee is an ex-officio, non-voting member of the board.

Members of the board appointed by the President and Speaker serve for 2-year terms. Members appointed by the Governor serve 4-year terms, except that initial appointments to the board will be staggered by having one member serving a 1-year term, one member serving a 2-year term and one member serving a 3-year term. Board members are eligible for reappointment, but cannot serve for more than 2 terms. A term would include a term that was shortened for the purpose of staggering terms and would include the remainder of a term if appointed to fill a vacancy. Vacancies on the board are filled by the officer who made the initial appointment. Legislatively-appointed board members serve at the pleasure of the appointing officer. Gubernatorial appointees may be removed only for cause as otherwise provided by law. (See, e.g., Art. IV, s. 7, Fla. Const.)

Board members are required to file disclosure of financial interests under s. 112.3145, F.S., or if applicable, file financial disclosure under s. 8, Article II of the State Constitution or s. 112.3144, F.S. Persons appointed to the board of the corporation shall not have any direct or indirect interest in any contract or related matter with the Scripps Research Institute or any of its affiliate organizations within 5 years of their appointment to the board, during the term of their appointment to the board, or within 5 years after the termination of their appointment to the board.

The bill requires the board of the funding corporation to annually elect a chairperson and vice chairperson from among the board. By vote of at least seven of the nine board members, the chair or vice chair may be removed from such position and the board members will elect a successor to serve in that position for the balance of the

term. The board shall meet no less than three times a year with members permitted to participate in meetings by way of telephone or videoconference.

### **Powers and Duties of the Corporation**

The powers and duties of the funding corporation include receiving, holding, investing, administering, and disbursing of funds appropriated by the Legislature for the establishment of a biomedical research institute and campus in Florida; establishing a contract with the Scripps Research Institute or its affiliate; and receiving and reviewing reports and financial documentation from the grantee ensuring compliance with the provisions of the contract; and preparing annual reports.

The bill requires the corporation to enter into an agreement with the State Board of Administration for all funds not disbursed to the grantee to be invested by the State Board of Administration on behalf of the corporation in instruments agreed to by the funding corporation and the grantee, and which are authorized in s. 215.47, F.S., as suitable for investment of public moneys.

### **The Contract Between the Corporation and Scripps**

The bill requires that within 90 days after the last board member is appointed, a contract be executed between the Scripps Florida Funding Corporation and the Scripps Research Institute or its affiliate (the grantee) governing the disbursement and use of legislatively appropriated funds. The contract must be approved by at least seven of the nine members of the board. The same extraordinary vote is required for contract amendments.

At least 14 days before the contract is to be executed, the contract and an organizational plan prepared by the Scripps Research Institute for the establishment of a biomedical research institute and campus in Florida, must be submitted to the Governor, the President of the Senate and the Speaker of the House of Representatives. If the contract is not executed by the 90<sup>th</sup> day, all unexpended funds will revert to the Working Capital Fund.

The bill sets forth a number of requirements that, *at a minimum*, the contract between the funding corporation and the grantee must contain. The contract must:

- Specify the procedures and schedules for disbursing funds and the conditions and deliverables the grantee must satisfy before receiving funds.
- Require the grantee to submit to the corporation a strategic plan.
- Prohibit the grantee or the Scripps Research Institute from establishing any other biomedical science or research facility in any state other than Florida or California for a period of 7 years from the commencement of the contract or until the full reinvestment of funds is made by the grantee.
- Specify the terms of ownership of all real property and personal property purchased by the grantee through the use of state and local funds and the disposition of such property in the event of a breach of contract or should the grantee cease operations in Florida.
- Require the grantee to maintain a policy of awarding preference in employment to Florida residents for the nonscientific positions and to be an equal opportunity employer.
- Require the grantee, to the extent it is cost effective and scientifically sound, to maintain a policy of purchasing from Florida vendors.
- Require the grantee to collaborate with Florida's public and private postsecondary educational institutions and not-for-profit research institutions.
- Require the grantee to participate in employee-recruitment activities in at least five Florida public or private universities or community colleges each year during the duration of the contract.
- Require the grantee to use the Internet-based job-listing system of the Agency for Workforce Innovation in advertising employment opportunities.
- Require the grantee to establish accredited science degree programs.

- Require the grantee to create learning opportunities for educators and students at the secondary and postsecondary educational levels by establishing internship programs.
- Require the grantee to provide the corporation with data on its activities and performance and an accounting of the expenditure of all funds disbursed through the corporation.
- Authorize the grantee to use information submitted to the Federal Government or other granting entities to fully or partially meet any reporting requirements under the contract.
- Require the grantee during the first 7 years of the contract to create no less than 545 positions and acquire research equipment and maintenance services in a total amount of no less than \$45 million.
- Require the grantee to create 38 positions in year one of the contract, 168 positions in year two, 280 positions in year three, 367 positions in year four, 436 positions in year five, 500 positions in year six, and 545 positions in year seven. The board may allow the grantee to deviate from this positions schedule by 25% in any given year. However, the grantee must have no fewer than 545 positions by the end of the seventh year.
- Require the grantee to allow the funding corporation to retain an independent national accounting firm to inspect the grantee's records and to audit the expenditure of state funds disbursed to the grantee.
- Require the grantee to purchase liability insurance at a specified level of coverage pursuant to the contract.
- Require the grantee's expenditure of funds to be consistent with legislative intent.

### **Performance Expectations and Performance Measures**

In addition to the required contract provisions expressed above, the funding corporation and the grantee must contract for both performance expectations and performance measures. The performance expectations are to reflect the aspirations of the Governor and Legislature with respect to the benefits each expect to accrue to the state as a result of funding of the biomedical research facility in Florida and must be the subject of a report to the funding corporation. Included are such topics as the number of jobs created and average salaries paid, the value of research grants, the value of patents, the value of licensing agreements, the value of businesses recruited to Florida, and the extent to which the research performed results in commercial applications.

The performance measures, on the other hand, must be satisfied by the grantee as a condition of the disbursement of funds. The performance measures will be established by contract between the funding corporation and the grantee, and, at a minimum, must address the following areas:

- Recognized graduate programs
- Equipment purchased or obtained
- Graduate student placements
- Intern programs
- Adjunct professor programs
- Joint graduate programs
- Access to science projects

### **Disbursement of Funds to Scripps**

The bill requires the corporation to disburse funds to the grantee over a 7 calendar year period pursuant to the terms and conditions of the contract between the corporation and the grantee by no later than December 31, 2010 unless the grantee fails to satisfy terms and conditions of the contract. All funds not disbursed shall be deposited in the state's Biomedical Research Trust Fund in the Department of Health.

The contract between the corporation and the grantee must provide for a reduction or elimination of funding to the grantee in any year if the grantee is no longer operating in the state, has not committed in writing to maintain operations in the state for the succeeding year, or has committed a material default or breach of the contract. A finding of a breach by the funding corporation requires an affirmative vote of at least 7 members of the board. All funds disbursed to the grantee must only be used for operations and activities of the grantee in

the state of Florida, except upon approval by the corporation by a vote of at least seven of the nine members of the board.

### **Use of Funds**

Funds appropriated may not be disbursed or expended for activities not directly related to the establishment or operation of the grantee in Florida. No funds appropriated may be used for the purpose of lobbying any branch or agency of state government or any political subdivision in Florida.

### **Annual Report**

The bill requires the corporation by December 1 of each year to prepare and submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives addressing, at a minimum, the following:

- A description of the corporation's activities managing and enforcing the contract between the corporation and the grantee.
- An accounting of the amount of funds disbursed to the grantee in the preceding fiscal year and a description of the satisfaction of contract deliverables resulting in the disbursement of funds.
- An accounting of the expenditures by the grantee during the fiscal year when funds were disbursed.
- Information on the number of jobs created by the grantee.
- Information on the amount and nature of economic activity resulting from activities of the grantee
- A detailed assessment of the progress and factors affecting the achievement of a return on the investment to the grantee as projected by economists on behalf of the Office of the Governor of an additional \$3.2 billion in gross state product over a 15-year period.
- A compliance and financial audit of the accounts and records of the grantee at the end of the preceding fiscal year conducted by a certified public accountant.
- An assessment of the grantee's ability to comply with the reinvestment provisions of the contract between the corporation and the grantee.

### **Performance Review by OPPAGA**

The bill requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) before January 1, 2007, to conduct a performance audit of the OTTED and the corporation. The purpose of the performance audit is to assess the performance of OTTED in disbursing funds distributed to the grantee, to assess the corporation's performance in managing and enforcing the contract between the corporation and the grantee, to assess the compliance of the corporation with the provisions of the statutes and the contract, and to assess the economic activity generated through funds disbursed under this act. OPPAGA is also required to update its performance audit by January 1, 2010 and recommend whether the Legislature should retain the statutory authority for the corporation.

### **Force Majeure**

The bill provides that should an event occur beyond the control of the grantee (a "force majeure") which delays the grantee from occupying its permanent Florida facility, an extension will be granted. Such extension shall be for no more than four years. Should a *force majeure* occur, the corporation will continue to fund the grantee at a level that permits the grantee to sustain its level of operations until the event ends. The phrase "force majeure" literally means "greater force." Using the phrase "force majeure" in a contract excuses a party to the contract from liability if an unforeseen event beyond the control of the part prevents it from performing its obligations under the contract. Typically, *force majeure* clauses cover natural disasters or other "acts of God", or other specified events in the contracts which are beyond the control of the party. A *force majeure* clause in a contract is intended to excuse a party only if the failure to perform could not be avoided by the exercise of due care by the party.

## **Expedited Permitting Process**

The bill amends s. 403.973, F.S., relating to expediting permits for certain economic development projects. The bill adds projects that are a part of the biomedical research institution and campus established under s. 288.955, F.S. as projects eligible for the expedited permitting process. The bill also provides that administrative challenges to the permitting process will be subject to summary proceedings to be conducted within 30 days after a party files the motion for summary hearing, regardless whether the parties agree to a summary proceeding.

## **Background on Biotechnology Centers**

According to a recent study by the Brookings Institution [*Signs of Life: The Growth of Biotechnology Centers in the U.S.* by Joseph Cortright and Heike Mayer, 2002], the biotechnology industry is currently concentrated within nine of the nation's largest metropolitan areas (Boston, San Francisco, San Diego, Raleigh-Durham, Seattle, New York, Philadelphia, Los Angeles, and Washington-Baltimore). These areas account for more than three-fifths of all National Institutes of Health spending on research and about two-thirds of all biotechnology-related patents. Biotechnology commercialization is also concentrated in these areas with about three-fourths of all biotech firms with more than 100 employees founded in the past decade located in these areas. These areas also account for eight of every nine dollars in venture capital for biopharmaceuticals and for 95 percent of the dollars in research alliances between research institutions and biotech companies.

According to the Brookings report, Jacksonville, Orlando, and West Palm Beach are classified as having no significant biotech research or commercialization. None of these areas have a major medical school or other medical research institution and receive little if any NIH funding.

The nine areas which are leaders in biotechnology possess two necessary elements for growth: strong research capacity and the ability to convert research into successful commercial activity.

According to the Brookings report, the term "biotechnology" means the application of biological knowledge and techniques pertaining to molecular, cellular, and genetic processes to develop products and services. Biotechnology has a broad range of actual and potential applicability in many areas, such as agriculture (genetic engineering of plants and animals for food and fiber), manufacturing (food processing and chemical engineering), and even computing. The largest biotechnology application is in the health and medicine areas (diagnosing, treating and preventing disease).

The San Diego area has a significant concentration of biomedical research institutions and biotechnology firms. Leading research institutions include the Salk Institute, Scripps Research Institute, and the University of California at San Diego.

## **The Scripps Research Institute**

According to the Scripps Research Institute (TSRI), the institute is located in Lo Jolla, California (San Diego area) having been founded as a continuation of its predecessor entity, the Scripps Metabolic Clinic which was founded in 1924 through funding by philanthropist Ellen Browning Scripps. In 1955, the Scripps Clinic and Research Foundation was established and committed to developing a new research facility and the recruitment of top biomedical scientists. In 1977, a number of related research programs came together into the Research Institute of Scripps Clinic with major research programs in cell and molecular biology and synthetic and bioorganic chemistry. In 1991, The Scripps Research Institute was named and became a separate corporation under a parent organization called the Scripps Institutions of Medicine and Science.

With the growth of TSRI came a widening of the institute's focus and areas of research. The Institute, a private non-profit 501 (c)(3) corporation, is a biomedical research and development organization consisting of numerous scientific departments, centers, institutes, and programs.

For example, centers within the Institute include the following:

- The Skaggs Center for Chemical Biology – established in 1996 for the purpose of improving human health by identifying and developing cures for diseases.
- Institute for Childhood and Neglected Diseases – established in 2001 for the purpose of reducing and treating childhood and neglected diseases, such as malaria, epilepsy, mental retardation, cystic fibrosis, chronic pain, and depression.
- The Helen L. Doris Institute for the Study of Neurological and Psychiatric Disorders of Children and Adolescents – established in 2002 for the researching the pathological basis of mental disorders and enable the development of therapeutic approaches to mental disorders.
- The Helen L. Doris Neurological Research Center – established in 1999 for the purpose of conducting multidisciplinary research into neurological disorders.
- The General Clinical Research Center – established in 1974 for the purpose of testing the clinical applications of discoveries made in the Institute. The Center is a part of the Scripps Green Hospital where inpatient and outpatient treatment is provided to patients.
- The Center for Integrative Molecular Biosciences – established in 2003 for the purpose of providing a setting for interdisciplinary scientists from disciplines such as chemistry, biochemistry, structural biology, and cell biology to research and analyze the configurations of cells utilizing scientific instruments and techniques such as electron microscopes and x-ray crystallography.

TSRI currently has over 1,000,000 square feet of space consisting of 410,500 square feet of laboratory space owned by TSRI, and 573,500 square feet of additional laboratory space and 60,800 square feet of administrative space leased by TSRI. TSRI has about 3,000 total staff (293 faculty members, 800 postdoctoral fellows, 230 graduate students, and over 1,500 technical and administrative support). Three of TSRI's current faculty are Nobel laureates. TSRI is governed by a Board of Trustees made up of 32 members made up of 13 members from business, science, law, medicine, government, finance, and philanthropy. In addition, TSRI has 13 administrative staff, including Dr. Richard A. Lerner, President of TSRI.

TSRI's technical support capabilities and facilities consisting of high level state-of-the art scientific and information technology equipment. For example, technical support capabilities include particle beam spectroscopy, mass spectroscopy, optical spectroscopy, x-ray crystallography laboratories, electron microscopy, bioinformatics, and DND array protein chip technology. TSRI also maintains state-of-the-art computer and network resources.

Grants and contracts provide funding for a significant portion of TSRI's research activities. Revenue for TSRI comes primarily from the National Institutes of Health and other federal agencies. TSRI is the top recipient of NIH funds for independent research institutions. Grants to TSRI come from entities such as the American Cancer Society, the American Heart Association, the American Lung Association, and the Juvenile Diabetes Association. In addition, TSRI through its collaborative arrangements with biotechnology and pharmaceutical companies and through technology transfer activities, fund raising activities, and investments, funds or the creation of new programs, the recruitment of new scientists, and research activities.

TSRI has received and continues to be the recipient of financial gifts from a number of individuals and private philanthropic foundations such as the Lucille P. Markey Charitable Trust, W.M. Keck Foundation, Arnold and Mabel Beckman Foundation, the Pew Charitable Trusts, Harold L. Doris Foundation, and the Rockefeller Foundation.

Based upon data from the TSRI website [www.scripps.edu], TSRI had total sponsored research funding from \$109,148,000 in 1995 to \$193,408,000 in 2001. Total assets for TSRI from investments, property, and other assets were \$286,416,000 in 1995 and \$396,889,000 in 2001 with net assets in 2001 of \$317,547,000. For FY 2003-04, TSRI's operating budget is approximately \$280 million.

Scientists at TSRI engage in basic and applied research activities in the areas of biological and chemical aspects of more than 40 diseases, including AIDS, alcoholism, allergy, Alzheimer's disease, cancer, dementia, depression, diabetes, genetic diseases, hepatitis, infectious diseases, multiple sclerosis, renal disease,

scleroderma, Sjogren's syndrome, sleep disorders, and diseases involving neural and muscular degeneration. Such research is cross-disciplinary and involves scientists conducting research and investigating across a wide range of bio-medical disciplines into areas such as: the structure and function of proteins; biocatalysis and protein design; the factors, processes, and regulation of inflammation; and the form and working of animal and plant cells.

In addition to conducting basic and applied biomedical research, TSRI also has an educational and community outreach component. As part of its education mission, TSRI provides opportunities for advanced study by postdoctoral fellows and has several stand-alone and collaborative post-secondary level accredited graduate programs. For example, TSRI has graduate programs in macromolecular and cellular structure (established in 1989) and chemistry (established in 1992) which combines the scientific disciplines of cell and molecular biology and chemistry. Students attending these five-year programs earn a Ph.D. from within four curricular tracks – chemistry, chemical biology, biophysics, or biology – taught by over 100 faculty members of TSRI.

Another education component of TSRI is educational outreach programs which provide high school students, middle and high school teachers, and undergraduates an opportunity to attend TSRI events. Such events include high school juniors and seniors attending weekly classes at TSRI taught by TSRI graduate students and senior faculty in the spring. These students are then eligible to participate in an eight-week summer research internship program where they become a part of a lab team and attend lectures and assist with research projects. TSRI also offers special programs where high school teachers and students attend symposia involving faculty presentations and hands-on tours of TSRI laboratories. A special emphasis of TSRI educational outreach programs is to attract and involve students who are underrepresented in the sciences and teachers who work in schools with culturally diverse student populations.

On September 11, 2003, TSRI and the University of Oxford in Great Britain announced the establishment of a joint graduate program to train graduate students in biology, chemistry, and biochemistry. This is the first time in its 800-year history that Oxford University has offered a degree jointly with another institution of higher learning.

TSRI, through research and development efforts, has also made numerous scientific discoveries and by partnering with pharmaceutical, biotechnology, and related companies has facilitated the production and utilization of health care products. Through its collaborative efforts with the biotechnology industry and relationships with large pharmaceutical companies, since the early 1980s, TSRI has entered into a large number of technology licensing agreements with numerous biotechnology and pharmaceutical companies. Through collaborative research efforts between TSRI and biotechnology companies, more than 40 new companies have emerged as a result of findings from research conducted at TSRI.

In addition, TSRI has also established and nurtured the creation of small businesses through the establishment of an Office of Small Business Collaborations for the purpose of reaching out and promoting opportunities for collaborations at TSRI suitable for small businesses. TSRI also administers a Small Business Fund to help finance the collaborative efforts with small businesses.

### **TSRI Expanding to Florida**

Within the past few months, the Governor approached TSRI and asked if TSRI would be interested in expanding their operations to Florida. The proposal to expand operations to Florida contained provisions that the state would provide \$310 million for staff and equipment expenses and the county where the expansion would occur would commit to providing \$140 million for property and buildings to TSRI for the expansion. On October 14, 2003, Palm Beach County Commissioners agreed to invest up to \$200 million to purchase land for a temporary biomedical research site along with land and buildings for a permanent site.

The Washington Economics Group, Inc. (WEG), a Coral Gables based consulting group, prepared an economic impact statement for a TSRI expansion to Florida. The WEG report estimated that establishing a TSRI presence in Florida would result in the creation of about 6,500 new direct, indirect, and induced jobs by the end of the 15<sup>th</sup> year of operation. The WEG report estimates that over the first 15 years, there would be a

total additional income of \$1.6 billion. In addition, over the first 15 years of the operation, an additional \$3.2 billion in the gross state product would be realized. Overall, the WEG estimated that the state's \$310 million investment would bring an annual rate of economic return of 45%.

The WEG report also estimated the economic impact of TSRI's presence in Florida in terms of the potential emergence of a biotech/pharmaceutical technology cluster occurring near the TSRI Florida site. WEG estimates that the potential clustering of companies would result in nearly 44,300 direct, indirect, and induced new jobs by the end of the 15<sup>th</sup> year. Total additional income for the entire 15 year period would be \$5.9 billion and the gross state product would be an additional \$8.9 billion.

Following the WEG report, the state's Office of Economic and Demographic Research (EDR) replicated the WEG job creation calculations in an effort to either confirm or refute WEG's findings. EDR's findings are as follows:

- WEG's direct and indirect employment projection of about 6,500 new jobs by 2018 is confirmed.
- WEG's claim that the co-location of firms doing business with TSRI on or near the Palm Beach County site (the clustering effect) will result in an additional 44,300 jobs by 2018 is substantially overstated. EDR estimates about 16,000 new jobs will be created by 2018.

## **Expedited Permitting**

Section 403.973, F. S., provides for an expedited permitting and comprehensive plan amendment process for certain projects. Section 403.973(1), F. S., establishes legislative intent that economic development projects which offer job creation and high wages, which strengthen and diversity the state's economy and which are thoughtfully planned to take into consideration the protection of the state's environment should be provided an expedited permitting process. OTTED is authorized to lead a multi-agency, expedited permitting process for such projects. In 1997, OTTED activated a Memorandum of Understanding between OTTED and 22 key state and regional agencies responsible for permitting and land use approvals. These agencies have agreed to serve on regional permit teams and to expedite the application review process of projects certified by OTTED. In 1997, local governments were added to the expedited permitting process.

### **C. SECTION DIRECTORY:**

**Section 1** – Creates s. 288.955, F. S.; provides definitions; creates the not-for-profit corporation known as the Scripps Florida Funding Corporation; establishes the purpose of the corporation; establishes the board of directors and provides for their appointment; provides for the organization of the board and the election of officers; provides for the powers and duties of the corporation; provides for the investment of funds received by the corporation; provides for a contract between the corporation and the grantee; specifies provisions of the contract; provides that performance expectations shall be negotiated which reflect the aspirations of the Governor and Legislature; provides that performance measures shall be established by contract; provides for the grantee to reinvest economic stimulus funds in the Biomedical Research Trust Fund; provides for the disbursement and use of funds to the grantee; provides for an annual report from the corporation on the grantee's activities and outcomes; provides for a performance audit by the Office of Program Policy Analysis and Government Accountability of the OTTED and the corporation; and provides for an extension of meeting objectives if the grantee is prevented from timely achieving any deadlines such as occupying the grantee's permanent Florida facility as a result of any event beyond the control of the grantee.

**Section 2** – Amends s. 20.435(1)(h) to allow for the deposit of reinvested economic stimulus funds into the Biomedical Research Trust Fund.

**Section 3** – Amends subsections (3), (7), and (15) of s. 403.973, F.S., related to the expediting permitting process; adds the grantee to projects eligible for the expedited process; and adds the grantee to the challenging requirements of the expedited permitting process.

**Section 4** – Appropriates the sum of \$310 million from General Revenue to fund the purposes of the act.

**Section 5** – Provides that the bill takes effect upon becoming law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

The bill provides for the possibility of future revenues from the grantee as a result of the grantee's reinvestment of 15% of the net royalty revenues and the revenues from the sale of stock received by the grantee from licensing or transfer of invention, methods, processes and other patentable activities attributable to the subject facilities during the 20 years following the execution of the contract between the grantee and the funding corporation. These "reinvestment" payments would begin no later than 6 months after the final disbursement under the contract. The grantee would also be required to reinvest 15% of gross revenues received from "naming opportunities," i.e., charitable donations in consideration for the right to have a facility or a portion thereof named in honor of a person. The revenues are capped at a maximum of \$200 million and, if the funding corporation finds that the performance expectations and measures were met, the cap is reduced to \$155 million reinvested in the State of Florida. Sums received under this provision will be deposited into the Biomedical Research Trust Fund.

#### 2. Expenditures:

The bill provides for an appropriation of \$310 million from the General Revenue Fund. The funds received by the State of Florida from the federal funds received under section 401(b) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 are being used to fund this appropriation.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

Unable to determine.

#### 2. Expenditures:

Although Palm Beach County has approved the expenditure of \$200 million for the Scripps Research Institute's expansion to Florida, it is anticipated that there would be an indeterminate, but significant economic impact resulting from additional expenditures to establish Scripps in Florida.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The expansion of the Scripps Research Institute to Florida could have a significant, but indeterminate positive economic impact upon the private sector depending upon the extent to which biotech and pharmaceutical firms establish themselves near Scripps.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenues in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**