

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER **1046**

**SENATE** BILL NUMBER **247**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to genomic research and medicine and making an appropriation therefor.**

**SPONSOR** **Senator C. McDaniel**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Kentucky Cabinet for Economic Development**

FUND(S) IMPACT:  GENERAL  ROAD  FEDERAL  RESTRICTED AGENCY \_\_\_\_\_  OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>				
<b>EXPENDITURES</b>		Indeterminable	Indeterminable	Indeterminable
<b>NET EFFECT</b>		(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** The bill creates the Kentucky Genomic Science Fund Program, to establish a fund that may be used to provide incentives to qualified applicants locate in Kentucky.

**PROVISIONS/MECHANICS:**

Section 1 defines terms.

Section 2 authorizes the Cabinet to enter into contracts or agreements, borrow, accept, receive, and expend public or private funds to carry out the program's operations, and to expend money in the fund for administrative expenses. The Cabinet is required to contract with a science organization to administer the program, approve the application criteria, and process and approve the structure and type of expertise used in the application review process. Language is included that eliminates potential conflicts of interests, and mandates joint annual reports from the cabinet and the science organization. It directs that all records related to the administration of the program shall be property of the cabinet and thus are open records subject to public review, with

the exception of research or information that involves or is a patent, trade secret or other legally protectable interest.

Section 3 authorizes the creation of the Kentucky Genomic Science Fund in the State Treasury. Included is language authorizing the fund to receive public and private sources of income, stipulating that balances in the fund not lapse and be made available to the Kentucky Genomic Science Fund Program.

Section 4 creates the Kentucky Science Fund Program in the Cabinet and outlines the purpose of the program.

Section 5 authorizes the science organization to review applications, qualify and certify companies, and develop application criteria and an application process. It establishes requirements for the science foundation to consider when evaluating applicants. Eligible companies may submit to the science organization, an application for funding, and that the science organization will use internal and external resources to conduct independent reviews to evaluate an application. An agreement and funding contract between the science corporation and the qualified company must be in place before a qualified company is approved for funding. The terms of the funding agreement, as well as ownership and dispositions of patents, royalties, and all other intellectual property rights, and equity or related positions may be negotiated by the science organization. It requires that the science organization, upon approval of the cabinet, will issue guidelines for the program's submission of applications and the completing of reviews of applications.

#### **FISCAL EXPLANATION:**

There would be no fiscal impact to the Office of the State Treasurer.

The Cabinet for Economic Development has indicated that establishing the Kentucky Genomic Science Fund Program within the agency could potentially have some negative fiscal impact in terms of contract, personnel, and project costs. The agency estimates personnel necessary to monitor, administer, and oversee the new program will cost \$71,000 annually. SB 247 states that reasonable administrative expenses directly incurred carrying out the bill's requirements could be paid out of the Kentucky Genomic Science Fund; therefore, the Cabinet could recover both contract and personnel costs from the fund, contingent on its balance. Ultimately, the question is whether the fund would ever get funded.

The overall fiscal impact would be minimal but indeterminable.

**DATA SOURCE(S): Kentucky Office of the State Treasury; The Kentucky Cabinet for Economic Development**

**PREPARER: Ray Griffith NOTE NUMBER: 127 REVIEW: JRS DATE: 3/9/2016**