

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HOUSE BILL 2160

AN ACT

AMENDING SECTION 41-1505.09, ARIZONA REVISED STATUTES; MAKING RECOMMENDATIONS FOR LEGISLATION; RELATING TO THE ARIZONA TWENTY-FIRST CENTURY COMPETITIVE INITIATIVE FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1505.09, Arizona Revised Statutes, is amended to  
3 read:

4 41-1505.09. Arizona twenty-first century competitive initiative  
5 fund; purpose; administration

6 A. The Arizona twenty-first century competitive initiative fund is  
7 established to be administered by the commerce and economic development  
8 commission. The fund consists of monies appropriated by the legislature,  
9 earnings from the fund and gifts or grants donated or given to the fund.  
10 Monies in the fund are subject to legislative appropriation and shall be used  
11 as prescribed by this section. The Arizona twenty-first century competitive  
12 initiative fund is exempt from section 41-1505.06, subsection A, paragraph 5,  
13 section 41-1505.06, subsection G and section 41-1505.07.

14 B. On notice from the commission, the state treasurer may invest and  
15 divest monies in the fund as provided by section 35-313. The state treasurer  
16 shall credit monies earned from investments to the fund.

17 C. The commission shall enter into a memorandum of understanding with  
18 a nonprofit corporation to use monies in the fund in order to:

19 1. Build and strengthen medical, scientific and engineering research  
20 programs and infrastructure in areas of greatest strategic value to this  
21 state's competitiveness in the global economy ~~with an emphasis in bioscience.~~

22 2. Actively engage scientific research, academic and medical  
23 institutions that represent both the public and private sectors on a  
24 worldwide basis.

25 3. **AS DIRECTED BY THE LEGISLATURE, ANALYZE THE SOURCE AND USE OF STATE**  
26 **MONIES APPROPRIATED BY THE LEGISLATURE FOR MEDICAL, SCIENTIFIC AND**  
27 **ENGINEERING RESEARCH PROGRAMS AND INFRASTRUCTURE.**

28 D. In order to enter into a memorandum of understanding with the  
29 commission pursuant to subsection C of this section, a nonprofit corporation  
30 shall:

31 1. Be a statewide nonprofit corporation that is incorporated in this  
32 state and that is qualified under section 501(c)(3) of the United States  
33 internal revenue code.

34 2. Agree on a quarterly basis to report on investments made and agree  
35 on an annual basis to report on measurable objectives and other funds  
36 leveraged with state investments.

37 3. Identify and document private or philanthropic investments that are  
38 equivalent to fifty million dollars or more in fiscal year 2005-2006. For  
39 fiscal year 2006-2007, the nonprofit corporation shall provide funding to  
40 achieve the goals prescribed in subsection C of this section in an amount  
41 equal to or greater than the financial assistance provided by this state.

42 E. The commission shall submit the memorandum of understanding with  
43 the nonprofit corporation to the joint legislative budget committee for  
44 review before expending any appropriated state monies. The initial  
45 submission shall include provisions that address how the nonprofit

1 corporation accounts for the application and investment of monies pursuant to  
2 subsection C of this section, the documentation of investments made in whole  
3 or in part through funding pursuant to this section and the preparation and  
4 filing of annual audits of the fund with the auditor general. The initial  
5 submission shall also include performance measures to evaluate the  
6 effectiveness of the program and recommendations pertaining to prospective  
7 repayment to the fund by scientific, research, academic and medical  
8 institutions of a portion of the income derived from technology or  
9 intellectual property created or developed in whole or in part through  
10 funding pursuant to this section. The joint legislative budget committee  
11 shall review expenditures from the fund at least quarterly, including any  
12 changes to the memorandum of understanding, but may choose less frequent  
13 reviews.

14 Sec. 2. Analysis of state monies dedicated to medical,  
15 scientific and engineering research; recommendations;  
16 proposed bill

17 A. The nonprofit organization that is receiving state monies pursuant  
18 to Laws 2007, chapter 260, section 6 shall undertake an analysis of all state  
19 monies that have been appropriated by the legislature for medical, scientific  
20 and engineering research programs during the last legislative session and all  
21 state monies for this type of research that remain unexpended or  
22 unencumbered.

23 B. The nonprofit corporation, in cooperation with the staff of the  
24 joint legislative budget committee, shall identify the purpose of all such  
25 state monies appropriated to a budget unit of this state that relate to  
26 research involving medical, scientific and engineering research programs and  
27 that are obtained either in an overall lump sum amount to the budget unit or  
28 as a specific appropriation to the budget unit. After identifying the  
29 monies, the nonprofit corporation shall use the nonprofit's resources to  
30 engage in a nationwide peer review to analyze the purpose of the research  
31 monies in comparison with what other states are attempting to accomplish and  
32 evaluate whether the research best benefits this state and is the most  
33 efficient use of state research monies. After conducting this analysis, the  
34 nonprofit corporation shall recommend whether a proposed use of state  
35 research monies would be redundant, duplicative or excessive in light of what  
36 other state research efforts are attempting to accomplish. The nonprofit  
37 organization, after reviewing other state efforts at medical, scientific and  
38 engineering research, shall also recommend areas of medical, scientific and  
39 engineering research that would yield the greatest strategic value to this  
40 state's competitiveness in the global economy.

41 C. The joint legislative budget committee staff shall assist the  
42 nonprofit corporation in identifying monies that were appropriated for  
43 medical, scientific and engineering research in the budget bills enacted by  
44 the legislature and where and for what purpose those state monies are  
45 intended to be spent.

1           D. The nonprofit organization shall recommend legislation to address  
2 state monies that have been previously appropriated for medical, scientific  
3 or engineering research and, if those monies are not encumbered or expended,  
4 direct those monies to those research areas that the nonprofit organization  
5 has determined would best serve the interests of this state in promoting this  
6 state's competitiveness in the global economy. The nonprofit organization  
7 shall submit the recommendation to the joint legislative budget committee.  
8 The joint legislative budget committee staff shall have the recommendation  
9 prepared as a bill for introduction in the forty-ninth legislature, first  
10 regular session. The joint legislative budget committee shall determine if  
11 the bill will be introduced.

12           E. If introduced by the joint legislative budget committee, the  
13 legislature shall consider the proposed bill that is recommended and prepared  
14 pursuant to subsection D of this section, as introduced, and vote on the  
15 proposal for implementation in fiscal year 2009-2010 with no substantive  
16 amendments added, except that the legislature may consider technical  
17 amendments to correct nonsubstantive errors in the proposed bill.