

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 384
 Finance

(Senator Pugh, *et al.*)

Health and Government Operations

Economic Development - Sickle Cell Disease Research Program

This bill establishes the Sickle Cell Disease Research Program and the Sickle Cell Disease Research Fund to provide grants and loans to public and private entities in the State for the development of treatments and cures for sickle cell disease. The bill requires the Maryland Technology Development Corporation (TEDCO) to administer the program and the fund. TEDCO must establish a competitive application process as well as criteria and procedures for awarding grants from the fund to eligible recipients.

Fiscal Summary

State Effect: General fund expenditures increase beginning in FY 2014 by \$500,000 annually to capitalize the fund. This estimate reflects the minimum amount of general fund expenditures necessary to ensure viability of the fund. Correspondingly, beginning in FY 2014, special fund revenues increase by \$500,000 annually to reflect general funds received and special fund expenditures increase by up to \$500,000 annually to reflect grants awarded and administrative costs. TEDCO advises that at least one additional administrator is needed to administer the program and fund; staffing and other administrative costs are included in estimated special fund expenditures, which reduces the amount of grant funds that may be awarded.

| (in dollars) | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| SF Revenue | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| GF Expenditure | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| SF Expenditure | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| Net Effect | (\$500,000) | (\$500,000) | (\$500,000) | (\$500,000) | (\$500,000) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential meaningful for small businesses that qualify for grant funding under the bill.

Analysis

Bill Summary: The purpose of the program is to establish the State as a key location for sickle cell disease research and treatment and promote milestone-driven translational research to develop treatments and cures for sickle cell disease. Within the program, subject to available funding, TEDCO must award capital and operating grants from the fund to private or public entities in the State for the development of treatments and cures for sickle cell disease that will be widely available to a majority of individuals diagnosed with the disease. Priority for the award of any grant must be given to those projects that are most likely to result in a widely available treatment or cure.

The fund is a special, nonlapsing fund that consists of money appropriated to the fund in the State budget and any other money accepted for the benefit of the fund from any other source. The fund must be used to cover program costs, including any grants and loans that are awarded to eligible recipients.

Background: Sickle cell disease is an inherited, red blood cell disorder. Healthy red blood cells are round, and they move through small blood vessels to carry oxygen to all parts of the body; in sickle cell disease, red blood cells become hard and sticky and look similar to C-shaped farm tools called “sickles.” Sickle cells die early, which causes a constant shortage of red blood cells. Additionally, when traveling through small blood vessels, sickle cells may become stuck and clog blood flow, which can cause pain and other serious problems.

Sickle cell anemia refers to the most common form of sickle cell disease. It is a lifelong disease; people who have the disease are born with it. Sickle cell anemia affects millions of people worldwide and has no widely available cure, although treatments exist for the disease’s symptoms and complications. In a small number of cases, bone marrow transplants may offer a cure.

TEDCO, an independent entity, was established by the Maryland General Assembly in 1998 to facilitate the creation of technology companies and encourage collaboration between these emerging businesses and federal and State research laboratories. Programs managed by TEDCO include the Maryland Technology and Commercialization Fund, the University Technology Development Fund, the TechStart Program, the Rural Business Innovation Initiative, the Maryland Stem Cell Research Fund, the Joint Technology Transfer Initiative, and the Working Capital Loan Fund.

State Fiscal Effect: General fund expenditures increase by \$500,000 annually beginning in fiscal 2014. This estimate reflects the cost of capitalizing the fund with at least \$500,000 in general funds each year – the minimum amount to ensure viability of the fund. To the extent that funds are received from another source, such as federal or private grant funding, general fund expenditures to capitalize the fund may be reduced.

Correspondingly, beginning in fiscal 2014, special fund revenues increase by \$500,000 annually to reflect general funds received and special fund expenditures increase by up to \$500,000 annually to reflect grants awarded and administrative costs. TEDCO advises that it is unable to absorb the costs of administering the program and fund and that at least one additional administrator is needed to implement the bill. The Department of Legislative Services advises that staffing and other administrative costs are included in estimated special fund expenditures, as required by the bill, which reduces the amount of grant funds that may be awarded.

Additional Information

Prior Introductions: HB 1026 of 2012 received a hearing in the House Health and Government Operations Committee, but no further action was taken.

Cross File: HB 726 (Delegate V. Turner, *et al.*) - Health and Government Operations.

Information Source(s): Maryland Technology Development Corporation, Department of Business and Economic Development, University of Maryland Medical System, Department of Legislative Services

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