

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 1804  
 Appropriations

(Delegate Busch)

Budget and Taxation

Health – Medical Research Funding

This bill establishes the Academic Health Center Immunotherapy Research Fund to provide matching grants to “statewide academic health centers” for immunotherapy research. The Secretary of Health must administer the fund. The Governor must include an appropriation of \$2.5 million in the fiscal 2020 budget to provide a grant to the University of Maryland School of Medicine for the purpose of immunotherapy research; that grant may not require a matching fund and may not supplant the funds of the University of Maryland School of Medicine. **The bill takes effect July 1, 2018.**

Fiscal Summary

**State Effect:** General fund expenditures increase by at least \$500,000 annually beginning in FY 2019 to capitalize the fund. Revenues to and expenditures from the new special fund increase correspondingly to provide grants. In FY 2020 only, general fund expenditures increase by \$3.0 million, which also reflects the mandated grant. Higher education revenues and expenditures increase by \$2.5 million in FY 2020 and may increase in other years; nonbudgeted revenues and expenditures may also increase beginning in FY 2019. **This bill establishes a mandated appropriation for FY 2020.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
NonBud Rev.	-	-	-	-	-
Higher Ed Rev.	-	\$2,500,000	-	-	-
GF Expenditure	\$500,000	\$3,000,000	\$500,000	\$500,000	\$500,000
SF Expenditure	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
NonBud Exp.	-	-	-	-	-
Higher Ed Exp.	-	\$2,500,000	-	-	-
Net Effect	(\$500,000)	(\$3,000,000)	(\$500,000)	(\$500,000)	(\$500,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

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## **Analysis**

**Bill Summary:** “Statewide academic health center” means (1) the University of Maryland Medical System Corporation, the University of Maryland Medical School, and the University of Maryland, Baltimore Campus (UMB) or (2) the Johns Hopkins University and the Johns Hopkins Health Systems.

The fund may be used only for immunotherapy research. To qualify for a grant from the fund a statewide academic health center must dedicate funding from other sources. The amount of a grant awarded from the fund may not exceed the amount of funding dedicated by the statewide academic health center.

The fund consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Any interest earnings of the fund must be credited to the general fund of the State and expenditures from the fund may be made only in accordance with the State budget. Money expended from the fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated to a statewide academic health center.

**Current Law/Background:** Statute does not contain provisions related to the issuance of grants to academic health centers for immunotherapy research. Generally, immunotherapy is treatment that uses certain parts of a person’s immune system to fight diseases, most commonly cancer. Treatments can (1) stimulate an individual’s immune system to work harder or smarter to attack disease or (2) give an individual’s immune system components, such as man-made immune system proteins, to fight disease. Some types of immunotherapy are also called biologic therapy or biotherapy.

According to the American Cancer Society, in the last few decades, immunotherapy has become an important part of treating some types of cancer. Immunotherapy works better for some types of cancer than for others. Immunotherapy can be used alone or in conjunction with other types of treatment.

**State Fiscal Effect:** General fund expenditures increase by at least \$500,000 annually beginning in fiscal 2019. This estimate reflects the cost of capitalizing the new special fund with at least \$500,000 in general funds each year to ensure viability of the fund and meaningful grant funding for statewide academic health centers. 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 or more funding is available for grant awards.

Accordingly, beginning in fiscal 2019, special fund revenues increase by at least \$500,000 annually to reflect capitalization by general funds, and special fund expenditures increase by up to \$500,000 annually to reflect grants awarded. To the extent that UMB or its School of Medicine apply for and receive matching grants, higher education revenues and expenditures increase correspondingly; likewise, to the extent the University of Maryland Medical System Corporation does so, nonbudgeted revenues and expenditures increase correspondingly.

Due to the limited number of grant applications that will be received as a result of the limitations on which entities may apply for funding, it is assumed that MDH can establish procedures for the distribution of grant money, administer grant funding, evaluate grant applications, and generally administer the fund with existing resources. Should the number or complexity of applications increase, additional general fund expenditures may be necessary to support the grant process.

General fund expenditures increase by an *additional* \$2.5 million in fiscal 2020 only due to the bill's mandated appropriation. Accordingly, higher education revenues and expenditures for the University of Maryland School of Medicine increase by \$2.5 million in that year.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; American Cancer Society; Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2018  
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