

1-1 By: Huffman S.B. No. 5
1-2 (In the Senate - Filed February 20, 2025;
1-3 February 24, 2025, read first time and referred to Committee on
1-4 Finance; February 28, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 14, Nays 0;
1-6 February 28, 2025, sent to printer.)

1-7 COMMITTEE VOTE

1-8		Yea	Nay	Absent	PNV
1-9	Huffman	X			
1-10	Hinojosa of Hidalgo	X			
1-11	Alvarado	X			
1-12	Bettencourt	X			
1-13	Campbell	X			
1-14	Creighton	X			
1-15	Flores	X			
1-16	Hall			X	
1-17	Kolkhorst	X			
1-18	Nichols	X			
1-19	Paxton	X			
1-20	Perry	X			
1-21	Schwertner	X			
1-22	West	X			
1-23	Zaffirini	X			

1-24 COMMITTEE SUBSTITUTE FOR S.B. No. 5 By: Huffman

1-25 A BILL TO BE ENTITLED
1-26 AN ACT

1-27 relating to the creation of the Dementia Prevention and Research
1-28 Institute of Texas.

1-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-30 SECTION 1. Subtitle E, Title 2, Health and Safety Code, is
1-31 amended by adding Chapter 101A to read as follows:

1-32 CHAPTER 101A. DEMENTIA PREVENTION AND RESEARCH INSTITUTE OF TEXAS

1-33 SUBCHAPTER A. GENERAL PROVISIONS

1-34 Sec. 101A.001. DEFINITIONS. In this chapter:

1-35 (1) "Institute" means the Dementia Prevention and
1-36 Research Institute of Texas.

1-37 (2) "Oversight committee" means the Dementia
1-38 Prevention and Research Institute of Texas Oversight Committee.

1-39 (3) "Peer review committee" means the Dementia
1-40 Prevention and Research Institute of Texas Peer Review Committee.

1-41 (4) "Program integration committee" means the
1-42 Dementia Prevention and Research Institute of Texas Program
1-43 Integration Committee.

1-44 Sec. 101A.002. PURPOSES. The Dementia Prevention and
1-45 Research Institute of Texas is established to:

1-46 (1) create and expedite innovation in research on
1-47 dementia and related disorders to improve the health of residents
1-48 of this state, enhance the potential for a medical or scientific
1-49 breakthrough in research on dementia and related disorders, and
1-50 enhance the research superiority of this state regarding dementia
1-51 and related disorders; and

1-52 (2) attract, create, or expand research capabilities
1-53 of eligible institutions of higher education and other public or
1-54 private entities by awarding grants to promote a substantial
1-55 increase in research on dementia and related disorders, strategies
1-56 for prevention of dementia and related disorders, and the creation
1-57 of exceptional jobs in this state.

1-58 Sec. 101A.003. SUNSET PROVISION. The Dementia Prevention
1-59 and Research Institute of Texas is subject to Chapter 325,
1-60 Government Code (Texas Sunset Act). Unless continued in existence

as provided by that chapter, the institute is abolished and this chapter expires September 1, 2035.

Sec. 101A.004. STATE AUDITOR. Nothing in this chapter limits the authority of the state auditor under Chapter 321, Government Code, or other law.

SUBCHAPTER B. POWERS AND DUTIES OF INSTITUTE

Sec. 101A.051. POWERS AND DUTIES. The institute:

(1) may award grants to institutions of learning, advanced medical research facilities, public or private persons, and collaboratives in this state to further the purposes of this chapter and Section 68, Article III, Texas Constitution, including:

(A) research, including translational and clinical research, into the causes of, means of prevention of, and treatment and rehabilitation for dementia and related disorders;

(B) research, including translational research, to develop therapies, protocols, medical pharmaceuticals, or procedures for the substantial mitigation of the symptoms of dementia and related disorders;

(C) facilities, equipment, and other costs related to research on dementia and related disorders; and

(D) prevention programs and strategies to mitigate the detrimental health impacts of dementia and related disorders;

(2) may collaborate with relevant state agencies, coordinating councils, and consortiums to enhance health care and research for dementia and related disorders;

(3) shall establish the appropriate standards and oversight bodies to ensure money authorized under this chapter is properly used for the purposes of this chapter;

(4) may employ necessary staff to provide to the institute administrative support;

(5) may contract with another state agency to share the cost of administrative services, including grant accounting, grant monitoring, technical and document management of the grant application review process, legal services, and compliance services;

(6) shall monitor grant contracts authorized by this chapter and ensure each grant recipient complies with the terms and conditions of the contract;

(7) shall ensure all grant proposals comply with this chapter and rules adopted under this chapter before the proposals are submitted to the oversight committee for approval; and

(8) shall establish procedures to document compliance by the institute, institute employees, and institute committee members with all laws and rules governing the peer review process and conflicts of interest.

Sec. 101A.052. CHIEF EXECUTIVE OFFICER; CHIEF COMPLIANCE OFFICER; ADDITIONAL OFFICERS. (a) The oversight committee shall hire a chief executive officer. The chief executive officer shall perform the duties required by this chapter and the duties designated by the oversight committee. The chief executive officer must have a demonstrated ability to lead and develop academic, commercial, and governmental partnerships and coalitions.

(b) The institute shall employ a chief compliance officer to monitor compliance with this chapter and rules adopted under this chapter and to report to the oversight committee incidents of noncompliance.

(c) The chief executive officer may hire any other officer position the chief executive officer determines necessary for the institute's efficient operation.

Sec. 101A.053. ANNUAL PUBLIC REPORT; INTERNET POSTING. Not later than January 31 of each year, the institute shall prepare and submit to the governor, lieutenant governor, speaker of the house of representatives, and standing committee of each house of the legislature with primary jurisdiction over institute matters and post on the institute's Internet website a report on:

(1) the institute's activities under this chapter;

(2) a list of recipients of grants awarded during the preceding state fiscal year and the grant amount awarded to each

3-1 recipient;
 3-2 (3) any research accomplishments a grant recipient or
 3-3 the recipient's partners achieved during the preceding state fiscal
 3-4 year;
 3-5 (4) an overview summary of the institute's most recent
 3-6 audited financial statement;
 3-7 (5) an assessment of the relationship between the
 3-8 institute's grants and research program strategy;
 3-9 (6) an estimate of the financial cost to this state of
 3-10 dementia and related disorders during the most recent state fiscal
 3-11 year for which data is available;
 3-12 (7) a statement of the institute's compliance program
 3-13 activities, including any proposed legislation or other
 3-14 recommendations identified through the activities;
 3-15 (8) for the preceding state fiscal year:
 3-16 (A) a list of any conflict of interest requiring
 3-17 recusal under this chapter or rules adopted under this chapter;
 3-18 (B) any unreported conflict of interest
 3-19 confirmed by an investigation conducted under Section 101A.254,
 3-20 including any institute actions regarding an unreported conflict of
 3-21 interest and subsequent investigation; and
 3-22 (C) any waivers granted through the process
 3-23 established under Section 101A.253; and
 3-24 (9) the institute's future direction.
 3-25 Sec. 101A.054. INDEPENDENT FINANCIAL AUDIT. (a) The
 3-26 institute shall annually commission a certified public accounting
 3-27 firm to perform an independent financial audit of its activities.
 3-28 The institute shall provide the audit to the comptroller.
 3-29 (b) The comptroller shall:
 3-30 (1) review and evaluate the audit and annually issue a
 3-31 public report of that review; and
 3-32 (2) make recommendations concerning the institute's
 3-33 financial practices and performance.
 3-34 (c) The oversight committee shall review the annual
 3-35 financial audit, the comptroller's public report and
 3-36 recommendations, and the financial practices of the institute.
 3-37 Sec. 101A.055. GRANT RECORDS; AUDIT OF ELECTRONIC GRANT
 3-38 MANAGEMENT SYSTEM. (a) The institute shall maintain complete
 3-39 records of:
 3-40 (1) each grant application submitted to the institute,
 3-41 including each application funded by the institute or withdrawn
 3-42 after submission and the score the peer review committee assigns to
 3-43 each reviewed application in accordance with rules adopted under
 3-44 Section 101A.302;
 3-45 (2) each grant recipient's financial reports,
 3-46 including the amount of matching money dedicated to the research
 3-47 specified for the grant award;
 3-48 (3) each grant recipient's progress reports;
 3-49 (4) the identity of each principal investor and owner
 3-50 of each grant recipient as provided by institute rules to determine
 3-51 any conflict of interest; and
 3-52 (5) the institute's review of the grant recipient's
 3-53 financial reports and progress reports.
 3-54 (b) The institute shall keep each record described by
 3-55 Subsection (a) until at least the 15th anniversary of the record's
 3-56 date of issuance.
 3-57 (c) The institute shall have prepared periodic audits of any
 3-58 electronic grant management system used to maintain records of
 3-59 grant applications and grant awards. The institute shall timely
 3-60 address each weakness identified in an audit of the system.
 3-61 Sec. 101A.056. GIFTS AND GRANTS. (a) The institute may
 3-62 solicit and accept gifts and grants from any source for the purposes
 3-63 of this chapter.
 3-64 (b) The institute may not supplement the salary of any
 3-65 institute employee or officer with a gift or grant the institute
 3-66 receives.
 3-67 Sec. 101A.057. PROHIBITED OFFICE LOCATION. An institute
 3-68 employee may not have an office located in a facility owned by an
 3-69 entity receiving or applying to receive money from the institute.

4-1 Sec. 101A.058. COMPLIANCE PROGRAM; INVESTIGATIONS. (a)
 4-2 The institute shall establish a compliance program operating under
 4-3 the direction of the institute's chief compliance officer to
 4-4 monitor compliance with this chapter and rules adopted under this
 4-5 chapter and for use in reporting incidents of noncompliance to the
 4-6 oversight committee.

4-7 (b) The chief compliance officer or the officer's designee
 4-8 shall attend and observe meetings of the peer review committee and
 4-9 the program integration committee to ensure compliance with this
 4-10 chapter and rules adopted under this chapter.

4-11 (c) The chief compliance officer shall submit a written
 4-12 report to the oversight committee confirming each grant application
 4-13 recommendation included on the list the program integration
 4-14 committee submits under Section 101A.302(a)(2) complies with the
 4-15 oversight committee's rules regarding grant award procedures. The
 4-16 report must contain all relevant information on:

4-17 (1) the peer review process for the grant application;
 4-18 (2) the score the peer review committee assigns to the
 4-19 application;

4-20 (3) adherence to the conflict-of-interest
 4-21 notification and recusal process; and

4-22 (4) confirmation that a recommended grant applicant
 4-23 did not make any gift or grant prohibited by Section 101A.302(f).

4-24 (d) To ensure each grant recipient complies with reporting
 4-25 requirements included in the grant contract and the rules adopted
 4-26 under this chapter, the institute shall implement a system to:

4-27 (1) track the dates on which grant recipient reports
 4-28 are due and are received by the institute; and

4-29 (2) monitor the status of any required report a grant
 4-30 recipient does not timely submit to the institute.

4-31 (e) The chief compliance officer shall:

4-32 (1) monitor compliance with this section and the
 4-33 status of any required report a grant recipient does not timely
 4-34 submit to the institute; and

4-35 (2) notify the institute's general counsel and the
 4-36 oversight committee of a grant recipient who has not complied with
 4-37 the grant contract reporting requirements to allow the institute to
 4-38 suspend or terminate the contract as the institute determines
 4-39 appropriate.

4-40 (f) The chief compliance officer shall establish procedures
 4-41 for investigating allegations against oversight committee members,
 4-42 institute employees or contractors, grant applicants, or grant
 4-43 recipients for fraud, waste, or abuse of state resources. The
 4-44 procedures must include:

4-45 (1) private access to the compliance program office,
 4-46 such as a telephone hotline; and

4-47 (2) to the extent possible, preservation of the
 4-48 confidentiality of communications and the anonymity of a person who
 4-49 submits a compliance report related to fraud, waste, or abuse or
 4-50 participates in a compliance investigation.

4-51 SUBCHAPTER C. OVERSIGHT COMMITTEE

4-52 Sec. 101A.101. COMPOSITION OF OVERSIGHT COMMITTEE. (a)
 4-53 The oversight committee is the institute's governing body.

4-54 (b) The oversight committee is composed of the following
 4-55 nine members:

4-56 (1) three members appointed by the governor;

4-57 (2) three members appointed by the lieutenant
 4-58 governor; and

4-59 (3) three members appointed by the speaker of the
 4-60 house of representatives.

4-61 (c) The oversight committee members must represent this
 4-62 state's geographic and cultural diversity.

4-63 (d) In making appointments to the oversight committee, the
 4-64 governor, lieutenant governor, and speaker of the house of
 4-65 representatives:

4-66 (1) must each appoint at least one person who is a
 4-67 physician or a scientist with extensive experience working with
 4-68 dementia or related disorders or in the field of public health; and

4-69 (2) should attempt to include persons affected by

dementia or related disorders or family members or caregivers of patients with dementia or related disorders.

(e) A person may not be an oversight committee member if:

(1) the person or the person's spouse is employed by or participates in the management of an entity receiving money from the institute;

(2) the person or the person's spouse owns or controls, directly or indirectly, an interest in an entity receiving money from the institute;

(3) the person or the person's spouse uses or receives a substantial amount of tangible goods, services, or money from the institute, other than reimbursement authorized by this chapter for oversight committee membership, attendance, or expenses; or

(4) the person is a member of the Cancer Prevention and Research Institute of Texas Oversight Committee established under Section 102.101.

Sec. 101A.102. REMOVAL. (a) It is a ground for removal from the oversight committee that a member:

(1) is ineligible for membership under Section 101A.101(e);

(2) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(3) is absent from more than half of the regularly scheduled oversight committee meetings the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the committee.

(b) The validity of an oversight committee action is not affected by the fact that the action is taken when a ground for removal of a committee member exists.

(c) If the chief executive officer has knowledge that a potential ground for removal of a committee member exists, the chief executive officer shall notify the presiding officer of the oversight committee of the potential ground. The presiding officer shall then notify the appointing authority and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the chief executive officer shall notify the next highest ranking officer of the oversight committee, who shall then notify the appointing authority and the attorney general that a potential ground for removal exists.

Sec. 101A.103. TERMS; VACANCY. (a) Oversight committee members appointed by the governor, lieutenant governor, and speaker of the house serve at the pleasure of the appointing authority for staggered six-year terms, with the terms of three members expiring on January 31 of each odd-numbered year.

(b) If a vacancy occurs on the oversight committee, the appropriate appointing authority shall appoint a successor in the same manner as the original appointment to serve for the remainder of the unexpired term. The appropriate appointing authority shall appoint the successor not later than the 30th day after the date the vacancy occurs.

Sec. 101A.104. OFFICERS. (a) The oversight committee shall elect a presiding officer and assistant presiding officer from among its members every two years. The oversight committee may elect additional officers from among its members.

(b) The presiding officer and assistant presiding officer may not serve in the position to which the officer was elected for consecutive terms.

(c) The oversight committee shall:

(1) establish and approve duties and responsibilities for committee officers; and

(2) develop and implement policies that distinguish the responsibilities of the oversight committee and the committee's officers from the responsibilities of the chief executive officer and institute employees.

Sec. 101A.105. EXPENSES. An oversight committee member is not entitled to compensation but is entitled to reimbursement for actual and necessary expenses incurred in attending committee

meetings or performing other official duties authorized by the presiding officer.

Sec. 101A.106. MEETINGS. (a) The oversight committee shall hold at least one public meeting each quarter of the calendar year, with appropriate notice and a formal public comment period.

(b) The oversight committee may conduct a closed meeting in accordance with Subchapter E, Chapter 551, Government Code, to discuss issues related to:

(1) managing, acquiring, or selling securities or other revenue-sharing obligations realized under the standards established as required by Section 101A.305; and

(2) an ongoing compliance investigation into issues related to fraud, waste, or abuse of state resources.

Sec. 101A.107. POWERS AND DUTIES. (a) The oversight committee shall:

(1) hire a chief executive officer;

(2) annually set priorities for each grant program established under this chapter; and

(3) consider the priorities set under Subdivision (2) in awarding grants under this chapter.

(b) The oversight committee shall adopt a code of conduct applicable to each oversight committee member, program integration committee member, peer review committee member, and institute employee that includes provisions prohibiting the member, employee, or member's or employee's spouse from:

(1) accepting or soliciting any gift, favor, or service that could reasonably influence the member or employee in the discharge of official duties or that the member, employee, or spouse knows or should know is being offered with the intent to influence the member's or employee's official conduct;

(2) accepting employment or engaging in any business or professional activity that would reasonably require or induce the member or employee to disclose confidential information acquired in the member's or employee's official position;

(3) accepting other employment or compensation that could reasonably impair the member's or employee's independent judgment in the performance of official duties;

(4) holding a personal investment or financial interest that could reasonably create a substantial conflict between the private interests and official duties of the member or employee;

(5) intentionally or knowingly soliciting, accepting, or agreeing to accept any benefit for exercising the member's official powers or performing the member's or employee's official duties in favor of another;

(6) directly or indirectly leasing to an entity that receives a grant from the institute any property, capital equipment, employee, or service;

(7) submitting a grant application for funding by the institute;

(8) serving on the board of directors of an organization established with a grant from the institute; or

(9) serving on the board of directors of a grant recipient.

Sec. 101A.108. RULEMAKING AUTHORITY. The oversight committee may adopt rules to administer this chapter.

Sec. 101A.109. FINANCIAL STATEMENT REQUIRED. Each oversight committee member shall file with the chief compliance officer a verified financial statement complying with Sections 572.022, 572.023, 572.024, 572.025, 572.0251, and 572.0252, Government Code, as required of a state officer by Section 572.021 of that code.

SUBCHAPTER D. OTHER INSTITUTE COMMITTEES

Sec. 101A.151. PEER REVIEW COMMITTEE. (a) The oversight committee shall establish a peer review committee. The chief executive officer, with approval by a simple majority of the oversight committee members, shall appoint as members to the peer review committee:

(1) experts in fields related to dementia or related

disorders, including research, health care, dementia treatment and prevention, and other study areas; and

(2) trained patient advocates who meet the qualifications adopted under Subsection (c).

(b) The oversight committee shall adopt a written policy on in-state or out-of-state residency requirements for peer review committee members.

(c) The oversight committee shall adopt rules regarding the qualifications required of a trained patient advocate for membership on the peer review committee. The rules must require the trained patient advocate to successfully complete science-based training.

(d) A peer review committee member may receive an honorarium. Subchapter B, Chapter 2254, Government Code, does not apply to an honorarium the member receives under this chapter.

(e) The chief executive officer, in consultation with the oversight committee, shall adopt a policy regarding honoraria and document any change in the amount of honoraria paid to a peer review committee member, including information explaining the basis for that change.

(f) A peer review committee member may not serve on the board of directors or other governing board of an entity receiving a grant from the institute.

(g) Peer review committee members serve for terms as determined by the chief executive officer.

Sec. 101A.152. PROGRAM INTEGRATION COMMITTEE. (a) The institute shall establish a program integration committee to carry out the duties assigned under this chapter.

(b) The program integration committee is composed of:

(1) the chief executive officer, who serves as the presiding officer of the program integration committee;

(2) three senior-level institute employees responsible for program policy and oversight, appointed by the chief executive officer with the approval of a majority of the oversight committee members; and

(3) the executive commissioner or the executive commissioner's designee.

Sec. 101A.153. HIGHER EDUCATION ADVISORY COMMITTEE. (a) The higher education advisory committee is composed of the following members:

(1) one member appointed by the chancellor of The University of Texas System;

(2) one member appointed by the chancellor of The Texas A&M University System;

(3) one member appointed by the chancellor of the Texas Tech University System;

(4) one member appointed by the chancellor of the University of Houston System;

(5) one member appointed by the chancellor of the Texas State University System;

(6) one member appointed by the chancellor of the University of North Texas System;

(7) one member appointed by the president of Baylor College of Medicine; and

(8) one member appointed by the president of Rice University.

(b) The higher education advisory committee shall advise the oversight committee on issues, opportunities, the role of higher education, and other subjects involving research on dementia and related disorders.

Sec. 101A.154. AD HOC ADVISORY COMMITTEE. (a) The oversight committee, as necessary, may create additional ad hoc advisory committees composed of experts to advise the oversight committee on issues relating to prevention of or research on dementia and related disorders or other issues related to dementia or related disorders.

(b) Ad hoc committee members serve for the terms the oversight committee determines.

Sec. 101A.155. EXPENSES. Members of the higher education

advisory committee created under Section 101A.153 or an ad hoc advisory committee created under Section 101A.154 serve without compensation but are entitled to reimbursement for actual and necessary expenses incurred in attending committee meetings or performing other official duties authorized by the presiding officer.

SUBCHAPTER E. DEMENTIA PREVENTION AND RESEARCH FUND

Sec. 101A.201. DEMENTIA PREVENTION AND RESEARCH FUND.

(a) In this subchapter, "fund" means the Dementia Prevention and Research Fund established under Section 68, Article III, Texas Constitution. The fund is a special fund in the treasury outside the general revenue fund to be administered by the institute.

(b) The fund consists of:

(1) money transferred to the fund under Section 68, Article III, Texas Constitution;

(2) money the legislature appropriates, credits, or transfers to the fund; and

(3) gifts and grants, including grants from the federal government, and other donations received for the fund.

(c) The fund may only be used for the purposes authorized under Section 68, Article III, Texas Constitution, including:

(1) the award of grants for research on or prevention of dementia and related disorders and research facilities in this state to conduct that research;

(2) the purchase of, subject to the institute's approval, research facilities by or for a state agency or grant recipient; and

(3) the operation of the institute.

Sec. 101A.202. AUTHORIZED USE OF GRANT MONEY; LIMITATIONS.

(a) A grant recipient awarded money from the fund may use the money for research consistent with the purposes of this chapter and in accordance with a contract between the grant recipient and the institute.

(b) Except as otherwise provided by this section, grant money awarded under this chapter may be used for authorized expenses, including:

(1) honoraria;

(2) travel;

(3) conference fees and expenses;

(4) consumable supplies;

(5) operating expenses;

(6) contracted research and development;

(7) capital equipment; and

(8) construction or renovation of state or private facilities.

(c) A grant recipient awarded money under this chapter for research on dementia or related disorders may not spend more than five percent of the money for indirect costs. In this subsection, "indirect costs" means business expenses not readily identified with a particular grant, contract, project, function, or activity that are necessary for the general operation of the organization or the performance of the organization's activities.

(d) Not more than five percent of the total amount of grant money awarded under this chapter in a state fiscal year may be used during that year for facility purchase, construction, remodel, or renovation purposes, and those expenditures must benefit research on dementia or related disorders.

(e) Not more than 10 percent of the total amount of grant money awarded under this chapter in a state fiscal year may be used during that year for prevention projects and strategies to mitigate the incidence of dementia or related disorders.

SUBCHAPTER F. CONFLICTS OF INTEREST; DISCLOSURE; RECUSAL

Sec. 101A.251. CONFLICT OF INTEREST. (a) The oversight committee shall adopt conflict-of-interest rules, based on standards applicable to members of scientific review committees of the National Institutes of Health, to govern oversight committee members, program integration committee members, peer review committee members, and institute employees.

(b) An oversight committee member, program integration

committee member, peer review committee member, or institute employee shall recuse the member or employee, as provided by Section 101A.252(a), (b), or (c), as applicable, if the member or employee, or a person who is related to the member or employee within the second degree of affinity or consanguinity, has a professional or financial interest in an entity awarded a grant or applying for a grant from the institute.

(c) For purposes of Subsection (b), a person has a professional interest in an entity awarded a grant or applying for a grant from the institute if the person:

(1) is a member of the board of directors, another governing board, or any committee of the entity, or of a foundation or similar organization affiliated with the entity, during the same grant cycle;

(2) serves as an elected or appointed officer of the entity;

(3) is an employee of or is negotiating future employment with the entity;

(4) represents the entity;

(5) is a professional associate of a primary member of the entity's project team;

(6) is, or within the preceding six years has been, a student, postdoctoral associate, or part of a laboratory research group for a primary member of the entity's project team;

(7) is engaged or is actively planning to be engaged in collaboration with a primary member of the entity's project team; or

(8) has long-standing scientific differences or disagreements with a primary member of the entity's project team, and those differences or disagreements:

(A) are known to the professional community; and

(B) could be perceived as affecting objectivity.

(d) For purposes of Subsection (b), a person has a financial interest in an entity awarded a grant or applying for a grant from the institute if the person:

(1) directly or indirectly owns or controls an ownership interest, including sharing in profits, proceeds, or capital gains, in an entity awarded a grant or applying for a grant from the institute; or

(2) could reasonably foresee that an action taken by the oversight committee, the program integration committee, a peer review committee, or the institute could result in a financial benefit to the person.

(e) Nothing in this chapter limits the oversight committee's authority to adopt additional conflict-of-interest standards.

Sec. 101A.252. DISCLOSURE OF CONFLICT OF INTEREST; RECUSAL.

(a) If an oversight committee member or program integration committee member has a conflict of interest described by Section 101A.251 regarding an application before the member for review or other action, the member:

(1) shall provide written notice to the chief executive officer and the presiding officer of the oversight committee or the next ranking member of the committee if the presiding officer has the conflict of interest;

(2) shall disclose the conflict of interest in an open meeting of the oversight committee;

(3) shall recuse themselves from participating in the review, discussion, deliberation, and vote on the application; and

(4) may not access information regarding the matter to be decided.

(b) If a peer review committee member has a conflict of interest described by Section 101A.251 regarding an application before the member's committee for review or other action, the member:

(1) shall provide written notice to the chief executive officer of the conflict of interest;

(2) shall recuse themselves from participating in the review, discussion, deliberation, and vote on the application; and

(3) may not access information regarding the matter to be decided.

(c) If an institute employee has a conflict of interest described by Section 101A.251 regarding an application before the employee for review or other action, the employee:

(1) shall provide written notice to the chief executive officer of the conflict of interest;

(2) shall recuse themselves from participating in the review of the application; and

(3) may not access information regarding the matter to be decided.

(d) An oversight committee member, program integration committee member, peer review committee member, or institute employee with a conflict of interest may seek a waiver as provided by Section 101A.253.

(e) An oversight committee member, program integration committee member, peer review committee member, or institute employee who reports a potential conflict of interest or another impropriety or self-dealing of the member or employee and who fully complies with the recommendations of the institute's general counsel and recusal requirements is considered in compliance with the conflict-of-interest provisions of this chapter. The member or employee is subject to other applicable laws, rules, requirements, and prohibitions.

(f) An oversight committee member, program integration committee member, peer review committee member, or institute employee who intentionally violates this section is subject to removal from further participation in the institute's grant review process.

Sec. 101A.253. EXCEPTIONAL CIRCUMSTANCES REQUIRING PARTICIPATION. The oversight committee shall adopt rules governing the waiver of the conflict-of-interest requirements of this chapter under exceptional circumstances for an oversight committee member, program integration committee member, peer review committee member, or institute employee. The rules must:

(1) authorize the chief executive officer or an oversight committee member to propose granting a waiver by submitting to the oversight committee's presiding officer a written statement about the conflict of interest, the exceptional circumstance requiring the waiver, and any proposed limitations to the waiver;

(2) require a proposed waiver to be publicly reported at an oversight committee meeting;

(3) require a majority vote of the oversight committee members present and voting to grant a waiver;

(4) require any waiver granted to be included in the annual report required by Section 101A.053; and

(5) require the institute to retain documentation of each waiver granted.

Sec. 101A.254. INVESTIGATION OF UNREPORTED CONFLICTS OF INTEREST. (a) An oversight committee member, program integration committee member, peer review committee member, or institute employee who becomes aware of an unreported potential conflict of interest described by Section 101A.251 shall immediately notify the chief executive officer of the potential conflict of interest. On receipt of the notification, the chief executive officer shall notify the institute's general counsel and the oversight committee's presiding officer, who shall determine the nature and extent of any unreported conflict.

(b) A grant applicant seeking an investigation regarding whether a prohibited conflict of interest was not reported shall file a written request with the chief executive officer. The applicant must:

(1) include in the request all facts regarding the alleged conflict of interest; and

(2) submit the request not later than the 30th day after the date the chief executive officer presents to the oversight committee final funding recommendations for the affected grant cycle.

(c) On receipt of notification of an alleged conflict of interest under Subsection (a) or (b), the institute's general counsel shall:

(1) investigate the matter; and
(2) provide to the chief executive officer and the oversight committee's presiding officer an opinion that includes:

(A) a statement of facts;
(B) a determination of whether a conflict of interest or another impropriety or self-dealing exists; and

(C) if the opinion provides that a conflict of interest or another impropriety or self-dealing exists, recommendations for an appropriate course of action.

(d) If the conflict of interest, impropriety, or self-dealing involves the oversight committee's presiding officer, the institute's general counsel shall provide the opinion to the next ranking oversight committee member who is not involved with the conflict of interest, impropriety, or self-dealing.

(e) After receiving the opinion and consulting with the oversight committee's presiding officer, the chief executive officer shall take action regarding the recusal of the individual from any discussion of or access to information related to the conflict of interest or other recommended action related to the impropriety or self-dealing. If the alleged conflict of interest, impropriety, or self-dealing is held by, or is an act of, the chief executive officer, the presiding officer of the oversight committee shall take actions regarding the recusal or other action.

Sec. 101A.255. FINAL DETERMINATION OF UNREPORTED CONFLICT OF INTEREST. (a) The chief executive officer or, if applicable, the oversight committee's presiding officer shall make a determination regarding the existence of an unreported conflict of interest described by Section 101A.251 or other impropriety or self-dealing. The determination must specify any actions to be taken to address the conflict of interest, impropriety, or self-dealing, including:

(1) reconsideration of the application; or
(2) referral of the application to another peer review committee for review.

(b) The determination made under Subsection (a) is considered final unless three or more oversight committee members request that the issue be added to the agenda of the oversight committee.

(c) The chief executive officer or, if applicable, the oversight committee's presiding officer, shall provide to the grant applicant requesting the investigation written notice of the final determination, including any further actions to be taken.

(d) Unless specifically determined by the chief executive officer or, if applicable, the presiding officer of the oversight committee, or the oversight committee, the validity of an action taken on a grant application is not affected by the fact that an individual who failed to report a conflict of interest participated in the action.

SUBCHAPTER G. PROCEDURE FOR AWARDING GRANTS

Sec. 101A.301. PEER REVIEW PROCESS FOR GRANT AWARD. The institute shall establish a peer review process to evaluate and recommend all grants the oversight committee awards under this chapter.

Sec. 101A.302. GRANT AWARD RULES AND PROCEDURES. (a) The oversight committee shall adopt rules regarding the procedure for awarding grants to an applicant under this chapter. The rules must require:

(1) the peer review committee to score grant applications and make recommendations to the program integration committee and the oversight committee regarding the award of grants, including providing a prioritized list that:

(A) ranks the grant applications in the order the peer review committee determines applications should be funded; and

(B) includes information explaining each grant applicant's qualification under the peer review committee's standards for recommendation; and

(2) the program integration committee to submit to the oversight committee a list of grant applications the program integration committee by majority vote approved for recommendation that:

(A) includes documentation on the factors the program integration committee considered in making the recommendations;

(B) is substantially based on the list submitted by the peer review committee under Subdivision (1); and

(C) to the extent possible, gives priority to applications with proposals that:

(i) may lead to immediate or long-term medical and scientific breakthroughs in the areas of prevention or treatment for dementia and related disorders;

(ii) strengthen and enhance fundamental scientific research on dementia and related disorders;

(iii) ensure a comprehensive coordinated approach to research on dementia and related disorders;

(iv) are interdisciplinary or interinstitutional;

(v) align with state priorities and needs, including priorities and needs outlined in other state agency strategic plans, or that address federal or other major research sponsors' priorities in scientific or technological research in the fields of dementia and related disorders;

(vi) are matched with money provided by a private or nonprofit entity or institution of higher education;

(vii) are collaborative between any combination of private and nonprofit entities, public or private agencies or institutions in this state, and public or private institutions outside this state;

(viii) benefit the residents of this state, including a demonstrable economic development benefit to this state;

(ix) enhance research superiority at institutions of higher education in this state by creating new research superiority, attracting existing research superiority from institutions outside this state and other research entities, or attracting from outside this state additional researchers and resources; and

(x) expedite innovation and product development, attract private sector entities to stimulate a substantial increase in high-quality jobs, and increase higher education applied science or technology research capabilities.

(b) A peer review committee member may not attempt to use the committee member's official position to influence a decision to approve or award a grant or contract to the committee member's employer.

(c) A program integration committee member may not discuss a grant applicant recommendation with an oversight committee member unless the program integration committee has submitted the list required under Subsection (a)(2).

(d) Two-thirds of the oversight committee members present and voting must vote to approve each grant award recommendation of the program integration committee. If the oversight committee does not approve a grant award recommendation of the program integration committee, a statement explaining the reasons the recommendation was not followed must be included in the minutes of the meeting.

(e) The oversight committee may not award more than \$300 million in grants under this chapter in a state fiscal year.

(f) The oversight committee may not award a grant to an applicant who has made a gift or grant to the institute, an oversight committee member, or an institute employee on or after January 1, 2026. This section does not apply to gifts, fees, honoraria, or other items also excepted under Section 36.10, Penal Code.

Sec. 101A.303. MULTIYEAR PROJECTS. (a) The oversight committee may approve the award of grant money for a multiyear project.

(b) The oversight committee shall specify the total amount of money approved to fund the multiyear project. For purposes of this chapter, the total amount is considered to have been awarded in the state fiscal year the peer review committee approved the project. The institute shall disburse only the money to be spent during that fiscal year. The institute shall disburse the remaining grant money as the money is needed in each subsequent state fiscal year.

Sec. 101A.304. CONTRACT TERMS. (a) Before disbursing grant money awarded under this chapter, the institute shall execute a written contract with the grant recipient. The contract shall:

(1) specify that except for awards to state agencies or public institutions of higher education, if all or any part of the grant amount is used to build a capital improvement:

(A) the state retains a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) the grant recipient shall, if the capital improvement is sold:

(i) repay to this state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the contract; and

(ii) share with this state a proportionate amount of any profit realized from the sale;

(2) specify that if the grant recipient has not used awarded grant money for the purposes for which the grant was intended, the recipient shall repay that grant amount and any related interest applicable under the contract to this state at the agreed rate and on the agreed terms;

(3) specify that if the grant recipient fails to meet the terms and conditions of the contract, the institute may terminate the contract using the written process prescribed in the contract and require the recipient to repay the awarded grant money and any related interest applicable under the contract to this state at the agreed rate and on the agreed terms;

(4) include terms relating to intellectual property rights consistent with the standards developed by the oversight committee under Section 101A.305;

(5) require, in accordance with Subsection (b), the grant recipient to dedicate an amount of matching money equal to one-half of the amount of the grant awarded and specify the amount of matching money to be dedicated;

(6) specify the period in which the grant award must be spent; and

(7) include the specific deliverables of the project that is the subject of the grant proposal.

(b) Before the institute may disburse grant money, the grant recipient must certify the recipient has available an unexpended amount of money equal to one-half of the grant amount dedicated to the research specified in the grant proposal. The institute shall adopt rules specifying a grant recipient's obligations under this chapter. At a minimum, the rules must:

(1) allow an institution of higher education or a private or independent institution of higher education, as those terms are defined by Section 61.003, Education Code, a research institute or center affiliated with the institution, or a not-for-profit hospital system, to credit toward the recipient's matching money the dollar amount equivalent to the difference between the indirect cost rate negotiated by the federal government for research grants awarded to the recipient and the indirect cost rate authorized by Section 101A.202(c);

(2) specify that:

(A) the recipient of more than one grant award under this chapter may provide matching money certification at an institutional level;

(B) the recipient of a multiyear grant award may yearly certify matching money; and

(C) grant money may not be disbursed to the recipient until the annual certification of the matching money has

14-1 been approved;

14-2 (3) specify that money for certification purposes may
14-3 include:

14-4 (A) federal money;

14-5 (B) the fair market value of drug development
14-6 support provided to the recipient by the National Institutes of
14-7 Health or other similar programs;

14-8 (C) this state's money;

14-9 (D) other states' money; and

14-10 (E) nongovernmental money, including money from
14-11 private sources, foundation grants, gifts, and donations;

14-12 (4) specify that the following items may not be used
14-13 for certification purposes:

14-14 (A) in-kind costs;

14-15 (B) volunteer services provided to the
14-16 recipient;

14-17 (C) noncash contributions;

14-18 (D) the recipient's preexisting real estate,
14-19 including buildings, facilities, and land;

14-20 (E) deferred giving, including a charitable
14-21 remainder annuity trust, charitable remainder unitrust, or pooled
14-22 income fund; or

14-23 (F) any other items the institute determines;

14-24 (5) require the recipient's certification to be
14-25 included in the grant award contract;

14-26 (6) specify that the recipient's failure to provide
14-27 certification serves as grounds for terminating the grant award
14-28 contract;

14-29 (7) require the recipient to maintain adequate
14-30 documentation supporting the source and use of the money required
14-31 by this subsection and to provide documentation to the institute on
14-32 request; and

14-33 (8) require the institute to establish a procedure to
14-34 annually review the documentation supporting the source and use of
14-35 money reported in the required certification.

14-36 (c) The institute shall establish a policy on advance
14-37 payments to grant recipients.

14-38 (d) The oversight committee shall adopt rules to administer
14-39 this section.

14-40 Sec. 101A.305. PATENT ROYALTIES AND LICENSE REVENUES PAID
14-41 TO STATE. (a) The oversight committee shall establish standards
14-42 requiring all grant awards to be subject to an intellectual
14-43 property agreement that allows this state to collect royalties,
14-44 income, and other benefits, including interest or proceeds
14-45 resulting from securities and equity ownership, realized as a
14-46 result of projects undertaken with grant money awarded under this
14-47 chapter.

14-48 (b) In determining this state's interest in any
14-49 intellectual property rights, the oversight committee shall
14-50 balance the opportunity of this state to benefit from the patents,
14-51 royalties, licenses, and other benefits that result from basic
14-52 research, therapy development, and clinical trials with the need to
14-53 ensure that essential medical research is not unreasonably hindered
14-54 by the intellectual property agreement and that the agreement does
14-55 not unreasonably remove the incentive of the individual researcher,
14-56 research team, or institution.

14-57 (c) The oversight committee may authorize the institute to
14-58 execute a contract with one or more qualified third parties for
14-59 assistance with the management, accounting, and disposition of this
14-60 state's interest in securities, equities, royalties, income, and
14-61 other benefits realized from grant money awarded under this
14-62 chapter. The institute shall implement practices and procedures
14-63 for the management, accounting, and disposition of securities,
14-64 equities, royalties, income, and other benefits the institute
14-65 determines are in this state's best interest.

14-66 Sec. 101A.306. PREFERENCE FOR TEXAS SUPPLIERS. In a good
14-67 faith effort to achieve a goal of more than 50 percent of purchases
14-68 from suppliers in this state, the oversight committee shall
14-69 establish standards to ensure grant recipients purchase goods and

services from suppliers in this state to the extent reasonably possible.

Sec. 101A.307. HISTORICALLY UNDERUTILIZED BUSINESSES. The oversight committee shall establish standards to ensure grant recipients purchase goods and services from historically underutilized businesses as defined by Section 2161.001, Government Code, and any other applicable state law.

Sec. 101A.308. GRANT COMPLIANCE AND PROGRESS EVALUATION.

(a) The institute shall require as a condition of a grant awarded under this chapter that the grant recipient submit to regular inspection reviews of the grant project by institute employees to ensure compliance with the terms of the grant contract and ongoing progress, including the scientific merit of the research.

(b) The chief executive officer shall report at least annually to the oversight committee on the progress and continued merit of the projects awarded grants by the institute.

Sec. 101A.309. MEDICAL AND RESEARCH ETHICS. A project awarded a grant under this chapter must comply with all applicable federal and state laws regarding the conduct of the research or a prevention project.

Sec. 101A.310. PUBLIC INFORMATION; CONFIDENTIAL INFORMATION. (a) The following information is public information and may be disclosed under Chapter 552, Government Code:

- (1) a grant applicant's name and address;
- (2) the amount of money requested in an applicant's grant proposal;
- (3) the type of research on dementia or related disorders to be addressed under a grant proposal; and
- (4) any other information the institute designates with the consent of a grant applicant.

(b) To protect the actual or potential value of information submitted to the institute by an applicant for or recipient of a grant under this chapter, the following information submitted by the applicant or recipient is confidential and is not subject to disclosure under Chapter 552, Government Code, or any other law:

- (1) all information, other than the information described under Subsection (a), contained in a grant application, peer review evaluation, award contract, or progress report relating to a product, device, or process, the application or use of the product, device, or process, and all technological and scientific information, including computer programs, developed wholly or partly by the applicant or recipient, regardless of whether patentable or capable of being registered under copyright or trademark laws, that has a potential for being sold, traded, or licensed for a fee; and

- (2) the plans, specifications, blueprints, and designs, including related proprietary information, of a scientific research and development facility.

(c) The following information is confidential and not subject to disclosure under Chapter 552, Government Code:

- (1) information that directly or indirectly reveals the identity of an individual who reports fraud, waste, or abuse of state resources to the institute's compliance program office, seeks guidance from the office, or participates in an investigation conducted under the compliance program;

- (2) information that directly or indirectly reveals the identity of an individual who is alleged to have or may have planned, initiated, or participated in activities specified in a report submitted to the office if, after completing an investigation, the office determines the report to be unsubstantiated or without merit; and

- (3) other information collected or produced in a compliance program investigation if releasing the information would interfere with an ongoing compliance investigation.

(d) Subsection (c) does not apply to information related to an individual who consents to the information's disclosure.

(e) Information made confidential or excepted from public disclosure by this section may be made available, on request and in compliance with applicable laws and procedures, to the following:

(1) a law enforcement agency or prosecutor;
 (2) a governmental agency responsible for investigating the matter specified in a compliance report, including the Texas Workforce Commission civil rights division or the Equal Employment Opportunity Commission; or

(3) a committee member or institute employee who is responsible under institutional policy for a compliance program investigation or for a review of a compliance program investigation.

(f) A disclosure under Subsection (e) is not a voluntary disclosure for purposes of Section 552.007, Government Code.

(g) The institute shall post on the institute's Internet website records that pertain specifically to any gift, grant, or other consideration provided to the institute, an institute employee, or an oversight committee member, in the employee's or member's official capacity. The posted information must include each donor's name and the amount and date of the donor's donation.

SECTION 2. Section 51.955(c), Education Code, is amended to read as follows:

(c) Subsection (b)(1) does not apply to a research contract between an institution of higher education and the Cancer Prevention and Research Institute of Texas or Dementia Prevention and Research Institute of Texas.

SECTION 3. Section 572.003(c), Government Code, is amended to read as follows:

(c) The term means a member of:

- (1) the Public Utility Commission of Texas;
- (2) the Texas Commission on Environmental Quality;
- (3) the Texas Alcoholic Beverage Commission;
- (4) the Finance Commission of Texas;
- (5) the Texas Facilities Commission;
- (6) the Texas Board of Criminal Justice;
- (7) the board of trustees of the Employees Retirement System of Texas;
- (8) the Texas Transportation Commission;
- (9) the Texas Department of Insurance;
- (10) the Parks and Wildlife Commission;
- (11) the Public Safety Commission;
- (12) the Texas Ethics Commission;
- (13) the State Securities Board;
- (14) the Texas Water Development Board;
- (15) the governing board of a public senior college or university as defined by Section 61.003, Education Code, or of The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M. D. Anderson Cancer Center, The University of Texas Health Science Center at Tyler, University of North Texas Health Science Center at Fort Worth, Texas Tech University Health Sciences Center, Texas State Technical College--Harlingen, Texas State Technical College--Marshall, Texas State Technical College--Sweetwater, or Texas State Technical College--Waco;
- (16) the Texas Higher Education Coordinating Board;
- (17) the Texas Workforce Commission;
- (18) the board of trustees of the Teacher Retirement System of Texas;
- (19) the Credit Union Commission;
- (20) the School Land Board;
- (21) the board of the Texas Department of Housing and Community Affairs;
- (22) the Texas Racing Commission;
- (23) the State Board of Dental Examiners;
- (24) the Texas Medical Board;
- (25) the Board of Pardons and Paroles;
- (26) the Texas State Board of Pharmacy;
- (27) the Department of Information Resources governing board;
- (28) the board of the Texas Department of Motor

Vehicles;

- (29) the Texas Real Estate Commission;
- (30) the board of directors of the State Bar of Texas;
- (31) the Bond Review Board;
- (32) the Health and Human Services Commission;
- (33) the Texas Funeral Service Commission;
- (34) the board of directors of a river authority created under the Texas Constitution or a statute of this state;
- (35) the Texas Lottery Commission; ~~or~~
- (36) the Cancer Prevention and Research Institute of Texas; or
- (37) the Dementia Prevention and Research Institute of Texas.

SECTION 4. (a) Not later than December 31, 2025, the appropriate appointing authority shall appoint the members to the Dementia Prevention and Research Institute of Texas Oversight Committee as required by Section 101A.101, Health and Safety Code, as added by this Act. The oversight committee may not act until a majority of the appointed members have taken office.

(b) Notwithstanding Section 101A.101, Health and Safety Code, as added by this Act, in making the initial appointments under that section, the governor, lieutenant governor, and speaker of the house of representatives shall, as applicable, designate one member of the Dementia Prevention and Research Institute of Texas Oversight Committee appointed by that person to serve a term expiring January 31, 2027, one member appointed by that person to serve a term expiring January 31, 2029, and one member appointed by that person to serve a term expiring January 31, 2031.

(c) Notwithstanding Section 101A.104, Health and Safety Code, as added by this Act, the governor shall designate a member the governor appoints under Subsection (b) of this section to serve as the initial presiding officer of the Dementia Prevention and Research Institute of Texas Oversight Committee.

(d) Not later than January 31, 2026, the Dementia Prevention and Research Institute of Texas Oversight Committee established under Section 101A.101, Health and Safety Code, as added by this Act, shall hold its first meeting at a location determined by the presiding officer of the Dementia Prevention and Research Institute of Texas Oversight Committee designated under Subsection (c) of this section.

SECTION 5. If the voters approve the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the establishment of the Dementia Prevention and Research Institute of Texas, establishing the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia and related disorders in this state, and transferring to that fund \$3 billion from state general revenue, the Dementia Prevention and Research Institute of Texas established by Chapter 101A, Health and Safety Code, as added by this Act, is eligible for funding to be deposited under the authority of Section 68, Article III, Texas Constitution, for the institute to engage in any activities serving the purposes of that constitutional provision.

SECTION 6. This Act takes effect December 1, 2025, but only if the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the establishment of the Dementia Prevention and Research Institute of Texas, establishing the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia and related disorders in this state, and transferring to that fund \$3 billion from state general revenue is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

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