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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/07

SPONSOR Wallace LAST UPDATED _____ HB 550

SHORT TITLE UNM Center for Isotopes in Medicine SB _____

ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$3,526.1	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 132 and Senate Bill 34

Relates to LFC recommendation for the General Appropriation Act for FY08 of \$1.5 million for the Technology Research Collaborative

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 University of New Mexico (UNM)
 Economic Development Department (EDD)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 550 appropriates \$3,526.1 thousand from the general fund for expenditures in fiscal year 2008 to 2011 to the board of regents at the University of New Mexico to create the center for isotopes in medicine.

FISCAL IMPLICATIONS

The appropriation of \$3,526.1 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2011

shall revert to the general fund.

HPC discusses the center is currently receiving funds from the federal government, including Department of Energy, Defense and Health and Human Services; State of New Mexico; University of New Mexico; Los Alamos National Laboratory (LANL) and pharmaceutical industry contacts. UNM notes the United States Department of Energy provided grant funding for education and training.

HED notes this proposal was submitted for consideration, but was not included in the HED budget request for higher education.

SIGNIFICANT ISSUES

There is a longstanding partnership between the University of New Mexico (UNM) College of Pharmacy (COP) Radiopharmacy Program, the UNM Cancer Research and Treatment Center (CRTC) and Los Alamos National Laboratory (LANL). On March 8, 2005, the Executive co-signed an agreement to formally establish the first medical isotopes center in the United States as a partnership between UNM and LANL.

According to HED, this branch of nuclear medicine uses radiation to provide diagnostic information about the functioning of specific organs or to treat disease. The use of radiopharmaceuticals in diagnosis is growing at over 10 percent per year.

Unique medically useful radioisotopes will soon be available from the LANL Isotope Production Facility (IPF). HPC notes making drugs with these isotopes is difficult because of rapid decay; in some cases, in a couple of days. UNM notes LANL is limited in its ability to develop medically useful formulations and products because it has large-scale production facilities which cannot develop dosage forms used in medical laboratories and clinics.

The center plans to develop the products and markets for these radioisotopes, specifically to develop radiochemical procedures using novel isotopes and formations, focusing initially on cancer detection and therapy with the UNM CRTC, to test these novel radiopharmaceuticals in appropriate cell culture and animals models leading to development of new drugs. UNM College of Pharmacy is an established world leader in the training and certification of scientists qualified to formulate and develop novel radiopharmaceuticals, as well as to test them in animal models and advance them to clinic trails. The center plans to hire an internationally renowned clinical imaging scientist for this project.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 34 and House Bill 132 would appropriate \$12 million for the Technology Research Collaborative (TRC).

The TRC was established in state statute in 2005 pursuant to Senate Bill 169. There are 10 member institutions throughout the state to encourage collaboration between research universities and national laboratories. The TRC mission is to collaborate in the acceleration of new technology business formations and expansions that will benefit applied research programs. New Mexico Institute of Mining and Technology (NMIMT) is currently serving as fiscal agent for TRC.

The Blue Ribbon Task Force on Higher Education formula funding in January 2003 recommended incentive funds for higher education, including research incentive funding. The 2003 legislature established in state statute all incentive funds requested by the task force. Appropriations to these funds have been slow, and in the case of the Technology Enhancement Fund, no funds have been appropriated specifically to the fund.

In the case of research, rather than funding the Technology Enhancement Fund, the Legislature provided direct funding for TRC. State appropriations are as follows:

- 2005 session: \$1.1 million, nonrecurring
- 2006 session: \$2.0 million, nonrecurring

The initial four funding grants for the 2005 appropriations were based on the following award criteria: Strategic value, commercial feasibility, economic potential, collaboration, management and matching resource requirement. Total TRC grant awards from 2005 appropriations totaled \$996.8 thousand, which included \$348.0 thousand to the University of New Mexico Health Sciences Center and Los Alamos National Laboratory for radiopharmaceutical isotopes for medical diagnostic applications.

The next round of TRC grant awards will be announced approximately February 15, 2007.

The LFC recommendation for higher education for FY08 includes \$1.5 million in recurring funding for the TRC in place of the technology enhancement fund, to advance the concepts envisioned by the Blue Ribbon Task Force on Higher Education.

POSSIBLE QUESTIONS

1. To what extent are federal funds available for this purpose? What is the outlook for this funding source?
2. To what extent are indirect cost share funds available for this purpose?
3. How is the grant funding provided from the 2005 appropriation to the Technology Research Collaborative being utilized?
4. Will this project receive funding from the next round of Technology Research Collaborative grants?

AW/yr