

(i) that the grantee secure matching funds from sources other than the Institute equal to at least 20 percent of the award. Applications of equivalent merit, as determined by the Scientific and Medical Research Funding Working Group, considering research opportunities to be conducted in the proposed research facility, shall receive priority to the extent that they provide higher matching fund amounts. The Scientific and Medical Research Facilities Working Group may recommend waiving the matching fund requirement in extraordinary cases of high merit or urgency;

(ii) that capital equipment costs and capital equipment loans be allocated when equipment costs can be recovered in part by the grantee from other users of the equipment.

(2) Make recommendations to the ICOC on oversight procedures to ensure grantees' compliance with the terms of an award.

125281.13 Appropriation and Allocation of Funding.

(a) Monies in the California Stem Cell Research and Cures Fund shall be allocated as follows:

(1) No less than 97 percent of the proceeds of the bonds authorized pursuant to section 125282.05, after allocation of bond proceeds to purposes described in subsections (a) (iv) and (a) (v) of section 125282.03, shall be used for grants and grant oversight as provided in this chapter.

(A) Not less than 90 percent of the amount used for grants shall be used for research grants, with no more than the following amounts—as stipulated below—to be committed during the first ten years of grant-making by the Institute with each year's commitments to be advanced over a period of one to seven years, except that any such funds that are not committed may be carried over to one or more following years. The maximum amount of research funding to be allocated annually as follows: Year 1, 5.6%; Year 2, 9.4%; Year 3, 9.4%; Year 4, 11.3%; Year 5, 11.3%; Year 6, 11.3%; Year 7, 11.3%; Year 8, 11.3%; Year 9, 11.3%; and Year 10, 7.5%.

(B) Not more than three percent of the proceeds of bonds authorized by section 125282.05 may be used by the Institute for research and research facilities implementation costs, including the development, administration and oversight of the grant-making process and the operations of the working groups.

(2) Not more than three percent of the proceeds of the bonds authorized pursuant to section 125282.05 shall be used for the costs of general administration of the Institute.

(3) In any single year any new research funding to any single grantee for any program year is limited to no more than two percent of the total bond authorization under this Chapter. This limitation shall be considered separately for each new proposal without aggregating any prior year approvals that may fund research activities. This requirement shall be determinative, unless 65 percent of a quorum of the ICOC approves a higher limit for that grantee.

(4) Recognizing the priority of immediately building facilities that ensure the independence of the scientific and medical research of the Institute, up to 10 percent of the proceeds of the bonds authorized pursuant to section 125282.05, net of costs described in clauses (a) (ii), (a) (iv) and (a) (v) of section 125282.03 shall be allocated for grants to build scientific and medical research facilities of non-profit entities which are intended to be constructed in the first five years.

(5) The Institute shall limit indirect costs to 25 percent of a research award, excluding amounts included in a facilities award, except that the indirect cost limitation may be increased by that amount by which the grantee provides matching funds in excess of 20 percent of the grant amount.

(b) To enable the Institute to commence operating during the first six months following the adoption of this measure, there is hereby appropriated from the General Fund as a temporary start-up loan to the Institute three million dollars (\$3,000,000) for initial administrative and implementation costs. All loans to the Institute pursuant to this appropriation shall be repaid to the General Fund within twelve months of each loan draw from the proceeds of bonds sold pursuant to section 125282.05.

(c) The Institute's funding schedule is designed to create a positive tax revenue stream for the state of California during the Institute's first five calendar years of operations, without drawing funds from the state general fund for principal and interest payments for those first five calendar years.

ARTICLE 2.

CALIFORNIA STEM CELL RESEARCH AND CURES BOND ACT OF 2004

125282.01. This article shall be known, and may be cited, as the California Stem Cell Research and Cures Bond Act of 2004.

125282.02. As used in this article, the following terms have the following meaning:

(a) "Act" means the California Stem Cell Research and Cures Act" constituting Chapter 3 (commencing with Section 125281.01) of Part 5 of Division 106 of the Health and Safety Code.

(b) "Board" or "Institute" means the California Institute for Regenerative Medicine designated in accordance with subdivision (b) of Section 125282.07.

(c) "Committee" means the California Stem Cell Research and Cures Finance Committee created pursuant to subdivision (a) of Section 125282.07.

(d) "Fund" means the California Stem Cell Research and Cures Fund created pursuant to Section 125282.04.

(e) "Interim Debt" means any interim loans pursuant to Sections 125281.13 (b), 125282.11 and 25282.12, bond anticipation notes or commercial paper notes issued

to make deposits into the Fund and which will be paid from the proceeds of bonds issued pursuant to this article.

125282.03. (a) Notwithstanding Section 13340 of the Government Code or any other provision of law, moneys in the Fund are appropriated without regard to fiscal years to the Institute for the purpose of (i) making grants or loans to fund research and construct facilities for research, all as described in and pursuant to the Act, (ii) paying general administrative costs of the Institute (not to exceed 3% of the net proceeds of each sale of bonds), (iii) paying the annual administration costs of the Interim Debt or bonds after December 31 of the fifth full calendar year after this article takes effect, (iv) paying the costs of issuing Interim Debt, paying the annual administration costs of the Interim Debt until and including December 31 of the fifth full calendar year after this article takes effect, and paying interest on Interim Debt, if such Interim Debt is incurred or issued on or prior to December 31 of the fifth full calendar year after this article takes effect, and (v) paying the costs of issuing bonds, paying the annual administration costs of the bonds until and including December 31 of the fifth full calendar year after this article takes effect, and paying interest on bonds that accrues on or prior to December 31 of the fifth full calendar year after this article takes effect (except that such limitation does not apply to premium and accrued interest as provided in Section 125282.13). In addition, moneys in the Fund or other proceeds of the sale of bonds authorized by this article may be used to pay principal of or redemption premium on any Interim Debt issued prior to the issuance of bonds authorized by this article. Moneys deposited in the Fund from the proceeds of Interim Debt may be used to pay general administrative costs of the Institute without regard to the 3% limit set forth in (ii) above, so long as such 3% limit is satisfied for each issue of bonds.

(b) Repayment of principal and interest on any loans made by the Institute pursuant to this article shall be deposited in the Fund and used to make additional grants and loans for the purposes of this Act or for paying continuing costs of the annual administration of outstanding bonds.

125282.04. The proceeds of Interim Debt and bonds issued and sold pursuant to this article shall be deposited in the State Treasury to the credit of the California Stem Cell Research and Cures Fund, which is hereby created in the State Treasury, except to the extent that proceeds of the issuance of bonds are used directly to repay Interim Debt.

125282.05. Bonds in the total amount of three billion dollars (\$3,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 125282.14, or as much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this article and to be used and sold for carrying out the purposes of Section 125282.03 and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and shall constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of