
SUBSTITUTE SENATE BILL 5996

State of Washington

60th Legislature

2008 Regular Session

By Senate Economic Development, Trade & Management (originally sponsored by Senators Kastama, Shin, Zarelli, Kilmer, Kauffman, Brown, Tom, McAuliffe, and Rasmussen)

READ FIRST TIME 01/29/08.

1 AN ACT Relating to supporting commercialization of life sciences
2 research; and amending RCW 43.350.005, 43.350.010, 43.350.020,
3 43.350.030, 43.350.040, and 43.350.050.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.350.005 and 2005 c 424 s 1 are each amended to read
6 as follows:

7 The legislature declares that promoting the health of state
8 residents is a fundamental purpose of state government. The
9 legislature declares it to be a clear public purpose and governmental
10 function to promote life sciences research and development to foster a
11 preventive and predictive vision of the next generation of health-
12 related innovations, to enhance the competitive position of Washington
13 state in this vital sector of the economy, and to improve the quality
14 and delivery of health care for the people of Washington. The
15 legislature finds that public support for and promotion of life
16 sciences research and development will benefit the state and its
17 residents through improved health status and health outcomes, economic
18 development, and contributions to scientific knowledge, and such
19 research and development will lead to breakthroughs and improvements

1 that might not otherwise be discovered due to lack of existing market
2 incentives, especially in the area of regenerative medicine. The
3 legislature finds that public support for and promotion of life
4 sciences research and development has the potential to provide cures or
5 new treatments for many debilitating diseases that cost the state
6 millions of dollars each year. It is appropriate and consistent with
7 the intent of the master settlement agreement between the state and
8 tobacco product manufacturers to invest a portion of the revenues
9 derived therefrom by the state in life sciences research and
10 development, to leverage the revenues with other funds, and to
11 encourage cooperation and innovation among public and private
12 institutions involved in life sciences research and development. The
13 purpose of this chapter is to establish a life sciences discovery fund
14 authority, to grant that authority the power to contract with the state
15 to receive revenues under the master settlement agreement, and to
16 contract with other entities to receive other funds, and to disburse
17 those funds consistent with the purpose of this chapter. The life
18 sciences discovery fund is intended to promote the best available
19 research in life sciences disciplines through diverse Washington
20 institutions, promote commercialization, and ((~~to~~)) build upon existing
21 strengths in the area of biosciences and biomanufacturing in order to
22 spread the economic benefits across the state. The life sciences
23 discovery fund is also intended to foster improved health care outcomes
24 and improved agricultural production research across this state and the
25 world. The research and development investments of the life sciences
26 discovery fund are intended to further the goals of the "Bio 21" report
27 and to support future statewide, comprehensive strategies to lead the
28 nation in life sciences-related research, commercial development, and
29 employment.

30 **Sec. 2.** RCW 43.350.010 and 2005 c 424 s 2 are each amended to read
31 as follows:

32 The definitions in this section apply throughout this chapter
33 unless the context clearly requires otherwise.

34 (1) "Authority" means the life sciences discovery fund authority
35 created in this chapter.

36 (2) "Board" means the governing board of trustees of the authority.

1 (3) "Contribution agreement" means any agreement authorized under
2 this chapter in which a private entity or a public entity other than
3 the state agrees to provide to the authority contributions for the
4 purpose of promoting life sciences research and development.

5 (4) "Life sciences research and development" means advanced and
6 applied research (~~and~~), development, and commercialization intended
7 to improve human health, including scientific study of the developing
8 brain and human learning and development, and other areas of scientific
9 research and development vital to the state's economy.

10 (5) "Master settlement agreement" means the national master
11 settlement agreement and related documents entered into on November 23,
12 1998, by the state and the four principal United States tobacco product
13 manufacturers, as amended and supplemented, for the settlement of
14 litigation brought by the state against the tobacco product
15 manufacturers.

16 (6) "Public employee" means any person employed by the state of
17 Washington or any agency or political subdivision thereof.

18 (7) "Public facilities" means any public institution, public
19 facility, public equipment, or any physical asset owned, leased, or
20 controlled by the state of Washington or any agency or political
21 subdivision thereof.

22 (8) "Public funds" means any funds received or controlled by the
23 state of Washington or any agency or political subdivision thereof,
24 including, but not limited to, funds derived from federal, state, or
25 local taxes, gifts or grants from any source, public or private,
26 federal grants or payments, or intergovernmental transfers.

27 (9) "State agreement" means the agreement authorized under this
28 chapter in which the state provides to the authority the strategic
29 contribution payments required to be made by tobacco product
30 manufacturers to the state and the state's rights to receive such
31 payments, pursuant to the master settlement agreement, for the purpose
32 of promoting life sciences research and development.

33 (10) "Strategic contribution payments" means the payments
34 designated as such under the master settlement agreement, which will be
35 made to the state in the years 2008 through 2017.

36 (11) "Commercialization" means a sequence of steps, including
37 technology transfer, technical assistance in product development,

1 production process design, and technical skills development, necessary
2 to achieve market entry and general market competitiveness of new
3 innovative technologies, processes, and products.

4 **Sec. 3.** RCW 43.350.020 and 2005 c 424 s 3 are each amended to read
5 as follows:

6 (1) The life sciences discovery fund authority is created and
7 constitutes a public instrumentality and agency of the state, separate
8 and distinct from the state, exercising public and essential
9 governmental functions.

10 (2) The powers of the authority are vested in and shall be
11 exercised by a board of trustees consisting of: Two members of either
12 the house appropriations committee or the house committee dealing with
13 technology issues, one from each caucus, to be appointed by the speaker
14 of the house of representatives; two members of either the senate
15 committee on ways and means or the senate committee dealing with
16 technology issues, one from each caucus, to be appointed by the
17 president of the senate; and seven members appointed by the governor
18 with the consent of the senate, one of whom shall be appointed by the
19 governor as chair of the authority and who shall serve on the board and
20 as chair of the authority at the pleasure of the governor. At least
21 one member of the board shall be experienced in facilitating the
22 commercialization process. The respective officials shall make the
23 initial appointments no later than thirty days after May 12, 2005. The
24 term of the trustees, other than the chair, is four years from the date
25 of their appointment, except that the terms of three of the initial
26 gubernatorial appointees, as determined by the governor, are for two
27 years from the date of their appointment. A trustee appointed by the
28 governor may be removed by the governor for cause under RCW 43.06.070
29 and 43.06.080. The appropriate official shall fill any vacancy on the
30 board by appointment for the remainder of the unexpired term. The
31 trustees appointed by the governor shall be compensated in accordance
32 with RCW 43.03.240 and may be reimbursed, solely from the funds of the
33 authority, for expenses incurred in the discharge of their duties under
34 this chapter, subject to RCW 43.03.050 and 43.03.060. The trustees who
35 are legislators shall be reimbursed for travel expenses in accordance
36 with RCW 44.04.120.

37 (3) Seven members of the board constitute a quorum.

1 (4) The trustees shall elect a treasurer and secretary annually,
2 and other officers as the trustees determine necessary, and may adopt
3 bylaws or rules for their own government.

4 (5) Meetings of the board shall be held in accordance with the open
5 public meetings act, chapter 42.30 RCW, and at the call of the chair or
6 when a majority of the trustees so requests. Meetings of the board may
7 be held at any location within or out of the state, and trustees may
8 participate in a meeting of the board by means of a conference
9 telephone or similar communication equipment under RCW 23B.08.200.

10 (6) The authority is subject to audit by the state auditor.

11 (7) The attorney general must advise the authority and represent it
12 in all legal proceedings.

13 The authority shall collaborate with organizations with
14 commercialization expertise such as the Spokane intercollegiate
15 research and technology institute, the Washington technology center,
16 and Washington manufacturing services, and contract with such
17 organizations for the provision of technical assistance in
18 commercialization as appropriate.

19 **Sec. 4.** RCW 43.350.030 and 2005 c 424 s 4 are each amended to read
20 as follows:

21 In addition to other powers and duties prescribed in this chapter,
22 the authority is empowered to:

23 (1) Use public moneys in the life sciences discovery fund,
24 leveraging those moneys with amounts received from other public and
25 private sources in accordance with contribution agreements, to promote
26 life sciences research and development;

27 (2) Solicit and receive gifts, grants, and bequests, and enter into
28 contribution agreements with private entities and public entities other
29 than the state to receive moneys in consideration of the authority's
30 promise to leverage those moneys with amounts received through
31 appropriations from the legislature and contributions from other public
32 entities and private entities, in order to use those moneys to promote
33 life sciences research and development. Nonstate moneys received by
34 the authority for this purpose shall be deposited in the life sciences
35 discovery fund created in RCW 43.350.070;

36 (3) Hold funds received by the authority in trust for their use

1 pursuant to this chapter to promote life sciences research and
2 development;

3 (4) Manage its funds, obligations, and investments as necessary and
4 as consistent with its purpose including the segregation of revenues
5 into separate funds and accounts;

6 (5) Make grants to entities pursuant to contract for the promotion
7 of life sciences research and development to be conducted in the state.
8 Grant agreements shall specify deliverables to be provided by the
9 recipient pursuant to the grant. The authority shall solicit requests
10 for funding and evaluate the requests by reference to factors such as:

11 (a) The quality of the proposed research or the proposed technical
12 assistance in product development or production process design; (b) its
13 potential to improve health outcomes, with particular attention to the
14 likelihood that it will also lower health care costs, substitute for a
15 more costly diagnostic or treatment modality, or offer a breakthrough
16 treatment for a particular disease or condition; (c) its potential for
17 leveraging additional funding; (d) its potential to provide health care
18 benefits or benefit human learning and development; (e) its potential
19 to stimulate ((the)) or promote technical skills training for health
20 care delivery, biomedical manufacturing, and life sciences related
21 employment in the state; (f) the geographic diversity of the grantees
22 within Washington; (g) evidence of potential royalty income and
23 contractual means to recapture such income for purposes of this
24 chapter; and (h) evidence of public and private collaboration;

25 (6) Create one or more advisory boards composed of scientists,
26 industrialists, and others familiar with life sciences research and
27 development; ((and))

28 (7) Adopt policies and procedures to facilitate the orderly process
29 of grant application, review, and reward; and

30 (8) Upon the recommendation of the Washington economic development
31 commission, provide funding for the recruitment of life sciences
32 researchers to public research institutions in the state who have a
33 history of commercialization of new technologies.

34 **Sec. 5.** RCW 43.350.040 and 2005 c 424 s 5 are each amended to read
35 as follows:

36 The authority has all the general powers necessary to carry out its
37 purposes and duties and to exercise its specific powers. In addition

1 to other powers specified in this chapter, the authority may: (1) Sue
2 and be sued in its own name; (2) make and execute agreements,
3 contracts, and other instruments, with any public or private person or
4 entity, in accordance with this chapter; (3) employ, contract with, or
5 engage independent counsel, financial advisors, auditors, other
6 technical or professional assistants, and such other personnel as are
7 necessary or desirable to implement this chapter; (4) establish such
8 special funds, and controls on deposits to and disbursements from them,
9 as it finds convenient for the implementation of this chapter; (5)
10 enter into contracts with public and private entities for life sciences
11 research and development to be conducted in the state; (6) adopt rules,
12 consistent with this chapter; (7) delegate any of its powers and duties
13 if consistent with the purposes of this chapter; (8) exercise any other
14 power reasonably required to implement the purposes of this chapter;
15 and (9) hire staff and pay administrative costs.

16 **Sec. 6.** RCW 43.350.050 and 2005 c 424 s 6 are each amended to read
17 as follows:

18 Members of the board and persons acting on behalf of the authority,
19 while acting within the scope of their employment or agency, are not
20 subject to personal liability resulting from carrying out the powers
21 and duties conferred on them under this chapter. Neither the state nor
22 the authority is liable for any loss, damage, harm, or other
23 consequence resulting directly or indirectly from grants made by the
24 authority or by any life sciences research and development funded by
25 such grants.

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