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SENATE BILL 6675

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State of Washington                      61st Legislature                      2010 Regular Session

By Senators Murray, Pflug, Shin, Kastama, Kohl-Welles, and Kilmer

Read first time 01/21/10. Referred to Committee on Economic Development, Trade & Innovation.

1            AN ACT Relating to creating the Washington global health  
2 technologies and product development competitiveness program and  
3 allowing certain tax credits for program contributions; reenacting and  
4 amending RCW 43.84.092; adding a new section to chapter 82.04 RCW;  
5 adding a new section to chapter 48.14 RCW; adding a new chapter to  
6 Title 43 RCW; and providing expiration dates.

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

8            NEW SECTION.    **Sec. 1.** The legislature finds that the global health  
9 sector develops new technologies and products for the improvement of  
10 health delivery locally and worldwide and that Washington is home to  
11 the world's richest collection of global health research and education  
12 programs creating new and innovative technologies on a daily basis. It  
13 is the intent of the legislature to stimulate our economy and foster  
14 job creation in the emerging field of global health while improving the  
15 health of people in our state and the world. The purpose of this act  
16 is to create a funding mechanism and a grant program to ensure that  
17 Washington remains competitive in global health innovation and to  
18 guarantee that the development, manufacture, and delivery of global

1 health products will become an even more dynamic part of the state's  
2 economy.

3 NEW SECTION. **Sec. 2.** (1) The Washington global health  
4 technologies and product development competitiveness program is  
5 created.

6 (2)(a) The program must be administered by a board of directors  
7 appointed by the governor. The governor must make the appointments  
8 after consultation with a state-wide alliance of global health  
9 research, nonprofit, and private entities. The board consists of the  
10 following members:

11 (i) Three members representing private companies engaged in the  
12 provision of global health products or services;

13 (ii) Three members representing nonprofit organizations supporting  
14 global health research or providing global health products or services;

15 (iii) Three members representing public research institutions  
16 engaged in global health research and education; and

17 (iv) One member who is a former state-wide elected official.

18 (b) The governor must appoint the chair of the board from among the  
19 members. The governor must appoint the members to staggered terms and  
20 each appointment may not last more than three years, but an appointee  
21 may serve more than one term.

22 (3) The board must contract with the department of health for  
23 management services to assist the board in implementing the program.

24 (4) The board must solicit and receive gifts, grants, bequests,  
25 royalty payments, licensing income, and other funds from businesses,  
26 foundations, and the federal government to promote the development and  
27 delivery of global health technologies and products. All such funds  
28 received must be deposited in the Washington global health technologies  
29 and product development account created in section 3 of this act.

30 (5) The board must establish eligibility criteria for global health  
31 technologies and product development grants and adopt policies and  
32 procedures to facilitate the orderly process of grant application,  
33 review, and reward.

34 (6) The board must make grants to entities pursuant to contract for  
35 the development, production, promotion, and delivery of global health  
36 technologies and products considering the following:

1 (a) The quality of the proposed research or the proposed technical  
2 assistance in product development or production process design. Any  
3 grant funds awarded for research activities must be awarded for  
4 nonbasic research which will assist in commercialization or manufacture  
5 of global health technologies;

6 (b) The potential for the grant recipient to improve global health  
7 outcomes;

8 (c) The potential for the grant to leverage additional funding for  
9 the development of global health technologies;

10 (d) The potential for the grant to stimulate, or promote technical  
11 skills training for, employment in the development of global health  
12 technologies in the state;

13 (e) The willingness of the grant recipient, when appropriate, to  
14 enter into royalty or licensing income agreements with the board; and

15 (f) Any other factors, as the board determines.

16 (7) Grant contracts must specify that award recipients must conduct  
17 their research, development, and any subsequent production activities  
18 within Washington and that a failure to comply with this requirement  
19 will obligate the recipient to return the amount of the award plus  
20 interest as determined by the board.

21 (8) Upon the recommendation of the Washington economic development  
22 commission, the board may provide funding for the recruitment and  
23 employment by public research institutions in the state of global  
24 health researchers with a history of commercialization of global health  
25 technologies.

26 NEW SECTION. **Sec. 3.** The Washington global health technologies  
27 and product development account is created in the custody of the state  
28 treasurer. Only the board of directors of the Washington global health  
29 technologies and product development competitiveness program or the  
30 board's designee may authorize expenditures from the account. All  
31 receipts from the solicitations required in section 2 of this act must  
32 be deposited in the account. Expenditures from the account may be used  
33 only for funding activities of the Washington global health  
34 technologies and product development competitiveness program created in  
35 section 2 of this act. The account is subject to the allotment  
36 procedures under chapter 43.88 RCW, but an appropriation is not  
37 required for expenditures. No state or local governmental funds may be

1 deposited in the account and moneys in the account do not constitute  
2 public funds for the purposes of any constitutional or statutory  
3 limitation on the use of public funds. Of the total amounts deposited  
4 into the account the department of health may use up to three percent  
5 for management services and administrative expenses related to the  
6 program.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW  
8 to read as follows:

9 (1) A person is allowed a credit against taxes due under this  
10 chapter in an amount equal to fifty percent of contributions made in  
11 any fiscal year directly to the Washington global health technologies  
12 and product development account created in section 3 of this act. The  
13 credit must be taken in a form and manner as required by the  
14 department.

15 (2) A person claiming the credit under this section must make a  
16 contribution to the Washington global health technologies and product  
17 development account before claiming a credit under this section.

18 (3) The credit under this section may not exceed five hundred  
19 thousand dollars per fiscal year per person. The credit may not exceed  
20 the tax that would otherwise be due under this chapter.

21 (4) Refunds are not be granted in the place of credits.

22 (5) Except as provided under subsection (6) of this section, a tax  
23 credit claimed under this section may not be carried over to another  
24 year.

25 (6) Any amount of tax credit otherwise allowable under this section  
26 not claimed by a person in any calendar year may be carried over and  
27 claimed against the tax liability for the next succeeding calendar  
28 year. Any credit remaining unused in the next succeeding calendar year  
29 may be carried forward and claimed against the tax liability for the  
30 second succeeding calendar year; and any credit not used in that second  
31 succeeding calendar year may be carried over and claimed against the  
32 tax liability for the third succeeding calendar year, but may not be  
33 carried over for any calendar year thereafter.

34 (7) Credits under this section are available on a first in-time  
35 basis. The department must disallow any credit, or portion thereof,  
36 that would cause the total amount of credits claimed under this section  
37 during any calendar year to exceed five million dollars. The

1 department must provide written notice to any person that has claimed  
2 tax credits in excess of the five-million dollar limitation in this  
3 subsection. The notice must indicate the amount of tax due and provide  
4 that the tax be paid within thirty days from the date of such a notice.  
5 The department may not assess penalties and interest as provided in  
6 chapter 82.32 RCW on the amount due in the initial notice if the amount  
7 due is paid by the due date specified in the notice, or any extension  
8 thereof.

9 (8) To claim a credit under this section, a person must  
10 electronically file with the department all returns, forms, and any  
11 other information required by the department, in an electronic format  
12 as provided or approved by the department. Any return, form, or  
13 information required to be filed in an electronic format under this  
14 section is not filed until received by the department in an electronic  
15 format. As used in this subsection, "returns" has the same meaning as  
16 "return" in RCW 82.32.050.

17 (9) No application is necessary for the tax credit. The person  
18 must keep records necessary for the department to verify eligibility  
19 under this section.

20 (10) The Washington global health technologies and product  
21 development competitiveness program created in section 2 of this act  
22 must provide to the department, upon request, information needed to  
23 verify eligibility for credit under this section, including information  
24 regarding contributions received by the program.

25 (11) The department may not allow any credit under this section  
26 before July 1, 2010.

27 (12) This section expires June 30, 2018.

28 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.14 RCW  
29 to read as follows:

30 (1) An insurer earns a vested credit against taxes due under this  
31 chapter in an amount equal to fifty percent of the contributions made  
32 by the insurer in any fiscal year directly to the Washington global  
33 health technologies and product development account created in section  
34 3 of this act.

35 (2) Any amount of tax credit otherwise allowable under this  
36 section not claimed by an insurer in any calendar year may be carried  
37 over and claimed against the tax liability for the next succeeding

1 calendar year. Any credit remaining unused in the next succeeding  
2 calendar year may be carried forward and claimed against the tax  
3 liability for the second succeeding calendar year. Any credit not used  
4 in that second succeeding calendar year may be carried over and claimed  
5 against the tax liability for the third succeeding calendar year, but  
6 may not be carried over for any calendar year thereafter.

7 (3) Credits are available on a first in-time basis. The  
8 commissioner must disallow any credit, or portion thereof, that would  
9 cause the total amount of credits claimed under this section during any  
10 calendar year to exceed five million dollars. The commissioner must  
11 provide written notice to any person that has claimed tax credits in  
12 excess of the five-million dollar limitation in this subsection. The  
13 notice must indicate the amount of tax due and provide that the tax be  
14 paid within thirty days from the date of such a notice. The  
15 commissioner may not assess penalties and interest on the amount due in  
16 the initial notice if the amount due is paid by the due date specified  
17 in the notice, or any extension thereof.

18 (4) An insurer taking the credit under this section is subject to  
19 all the requirements of chapter 82.32 RCW. The tax credit that may be  
20 applied against state premium tax liability in any one tax year may not  
21 exceed the state premium tax liability of the certified investor for  
22 such tax year. All unused tax credits against state premium tax  
23 liability may be carried forward indefinitely and used in any  
24 subsequent year until the tax credits are utilized in full.

25 (5) No application is necessary for the tax credit under this  
26 section. An insurer taking the tax credit under this section must keep  
27 records necessary for the commissioner to verify eligibility for the  
28 credit.

29 (6) The Washington global health technologies and product  
30 development competitiveness program created in section 2 of this act  
31 must provide to the commissioner, upon request, information needed to  
32 verify eligibility for credit under this section, including information  
33 regarding contributions received by the program.

34 (7) An insurer claiming a tax credit against state premium tax  
35 liability earned through a donation to the Washington global health  
36 technologies account is not required to pay any additional retaliatory  
37 tax levied pursuant to RCW 48.14.040 as a result of claiming that tax  
38 credit.

1 (8) An insurer is not required to reduce the amount of tax pursuant  
2 to the state premium tax liability included by the insurer in  
3 connection with ratemaking for any insurance contract written in  
4 Washington because of a reduction in the insurer's tax liability based  
5 on the tax credit allowed under this act.

6 (9) If the taxes paid by an insurer with respect to its state  
7 premium tax liability constitute a credit against any other tax which  
8 is imposed by Washington, the certified investor's credit against such  
9 other tax will not be reduced by virtue of the reduction in the  
10 insurer's tax liability based on the tax credit allowed under this act.

11 (10) This section expires June 30, 2018.

12 **Sec. 6.** RCW 43.84.092 and 2009 c 479 s 31, 2009 c 472 s 5, and  
13 2009 c 451 s 8 are each reenacted and amended to read as follows:

14 (1) All earnings of investments of surplus balances in the state  
15 treasury shall be deposited to the treasury income account, which  
16 account is hereby established in the state treasury.

17 (2) The treasury income account shall be utilized to pay or receive  
18 funds associated with federal programs as required by the federal cash  
19 management improvement act of 1990. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for refunds or allocations of interest earnings required by  
22 the cash management improvement act. Refunds of interest to the  
23 federal treasury required under the cash management improvement act  
24 fall under RCW 43.88.180 and shall not require appropriation. The  
25 office of financial management shall determine the amounts due to or  
26 from the federal government pursuant to the cash management improvement  
27 act. The office of financial management may direct transfers of funds  
28 between accounts as deemed necessary to implement the provisions of the  
29 cash management improvement act, and this subsection. Refunds or  
30 allocations shall occur prior to the distributions of earnings set  
31 forth in subsection (4) of this section.

32 (3) Except for the provisions of RCW 43.84.160, the treasury income  
33 account may be utilized for the payment of purchased banking services  
34 on behalf of treasury funds including, but not limited to, depository,  
35 safekeeping, and disbursement functions for the state treasury and  
36 affected state agencies. The treasury income account is subject in all

1 respects to chapter 43.88 RCW, but no appropriation is required for  
2 payments to financial institutions. Payments shall occur prior to  
3 distribution of earnings set forth in subsection (4) of this section.

4 (4) Monthly, the state treasurer shall distribute the earnings  
5 credited to the treasury income account. The state treasurer shall  
6 credit the general fund with all the earnings credited to the treasury  
7 income account except:

8 The following accounts and funds shall receive their proportionate  
9 share of earnings based upon each account's and fund's average daily  
10 balance for the period: The aeronautics account, the aircraft search  
11 and rescue account, the budget stabilization account, the capitol  
12 building construction account, the Cedar River channel construction and  
13 operation account, the Central Washington University capital projects  
14 account, the charitable, educational, penal and reformatory  
15 institutions account, the cleanup settlement account, the Columbia  
16 river basin water supply development account, the common school  
17 construction fund, the county arterial preservation account, the county  
18 criminal justice assistance account, the county sales and use tax  
19 equalization account, the data processing building construction  
20 account, the deferred compensation administrative account, the deferred  
21 compensation principal account, the department of licensing services  
22 account, the department of retirement systems expense account, the  
23 developmental disabilities community trust account, the drinking water  
24 assistance account, the drinking water assistance administrative  
25 account, the drinking water assistance repayment account, the Eastern  
26 Washington University capital projects account, the education  
27 construction fund, the education legacy trust account, the election  
28 account, the energy freedom account, the energy recovery act account,  
29 the essential rail assistance account, The Evergreen State College  
30 capital projects account, the federal forest revolving account, the  
31 ferry bond retirement fund, the freight congestion relief account, the  
32 freight mobility investment account, the freight mobility multimodal  
33 account, the grade crossing protective fund, the public health services  
34 account, the health system capacity account, the personal health  
35 services account, the high capacity transportation account, the state  
36 higher education construction account, the higher education  
37 construction account, the highway bond retirement fund, the highway  
38 infrastructure account, the highway safety account, the high occupancy



1 toll lanes operations account, the industrial insurance premium refund  
2 account, the judges' retirement account, the judicial retirement  
3 administrative account, the judicial retirement principal account, the  
4 local leasehold excise tax account, the local real estate excise tax  
5 account, the local sales and use tax account, the medical aid account,  
6 the mobile home park relocation fund, the motor vehicle fund, the  
7 motorcycle safety education account, the multimodal transportation  
8 account, the municipal criminal justice assistance account, the  
9 municipal sales and use tax equalization account, the natural resources  
10 deposit account, the oyster reserve land account, the pension funding  
11 stabilization account, the perpetual surveillance and maintenance  
12 account, the public employees' retirement system plan 1 account, the  
13 public employees' retirement system combined plan 2 and plan 3 account,  
14 the public facilities construction loan revolving account beginning  
15 July 1, 2004, the public health supplemental account, the public  
16 transportation systems account, the public works assistance account,  
17 the Puget Sound capital construction account, the Puget Sound ferry  
18 operations account, the Puyallup tribal settlement account, the real  
19 estate appraiser commission account, the recreational vehicle account,  
20 the regional mobility grant program account, the resource management  
21 cost account, the rural arterial trust account, the rural Washington  
22 loan fund, the site closure account, the small city pavement and  
23 sidewalk account, the special category C account, the special wildlife  
24 account, the state employees' insurance account, the state employees'  
25 insurance reserve account, the state investment board expense account,  
26 the state investment board commingled trust fund accounts, the state  
27 patrol highway account, the state route number 520 corridor account,  
28 the supplemental pension account, the Tacoma Narrows toll bridge  
29 account, the teachers' retirement system plan 1 account, the teachers'  
30 retirement system combined plan 2 and plan 3 account, the tobacco  
31 prevention and control account, the tobacco settlement account, the  
32 transportation 2003 account (nickel account), the transportation  
33 equipment fund, the transportation fund, the transportation improvement  
34 account, the transportation improvement board bond retirement account,  
35 the transportation infrastructure account, the transportation  
36 partnership account, the traumatic brain injury account, the tuition  
37 recovery trust fund, the University of Washington bond retirement fund,  
38 the University of Washington building account, the urban arterial trust

1 account, the volunteer firefighters' and reserve officers' relief and  
2 pension principal fund, the volunteer firefighters' and reserve  
3 officers' administrative fund, the Washington fruit express account,  
4 the Washington global health technologies and product development  
5 account, the Washington judicial retirement system account, the  
6 Washington law enforcement officers' and firefighters' system plan 1  
7 retirement account, the Washington law enforcement officers' and  
8 firefighters' system plan 2 retirement account, the Washington public  
9 safety employees' plan 2 retirement account, the Washington school  
10 employees' retirement system combined plan 2 and 3 account, the  
11 Washington state health insurance pool account, the Washington state  
12 patrol retirement account, the Washington State University building  
13 account, the Washington State University bond retirement fund, the  
14 water pollution control revolving fund, and the Western Washington  
15 University capital projects account. Earnings derived from investing  
16 balances of the agricultural permanent fund, the normal school  
17 permanent fund, the permanent common school fund, the scientific  
18 permanent fund, and the state university permanent fund shall be  
19 allocated to their respective beneficiary accounts. All earnings to be  
20 distributed under this subsection (4) shall first be reduced by the  
21 allocation to the state treasurer's service fund pursuant to RCW  
22 43.08.190.

23 (5) In conformance with Article II, section 37 of the state  
24 Constitution, no treasury accounts or funds shall be allocated earnings  
25 without the specific affirmative directive of this section.

26 NEW SECTION. **Sec. 7.** Sections 1 through 3 of this act constitute  
27 a new chapter in Title 43 RCW.

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