
**Innovation, Technology & Economic
Development Committee**

SB 5490

Brief Description: Transferring duties of the life sciences discovery fund.

Sponsors: Senators Frockt, Brown, Hobbs and Mullet.

Brief Summary of Bill

- Transfers duties and powers of the Life Sciences Discovery Fund Authority to the Department of Commerce (Commerce).
- Directs Commerce to contract with a statewide nonprofit organization with a life science focus to receive funds previously allocated to the Life Sciences Discovery Fund, to grow the life science sector and improve the health of the state's residents.

Hearing Date: 3/20/19

Staff: Kyle Raymond (786-7190).

Background:

The Life Sciences Discovery Fund (LSDF) was created in 2005 to promote life science research in Washington. The Life Sciences Discovery Fund Authority (Authority) was created and empowered to leverage revenues from the LSDF to provide grant opportunities for life sciences research and development.

The LSDF was managed by the Authority, which was governed by a board of trustees consisting of four legislators and seven members appointed by the Governor. The Authority solicited and reviewed grant applications until funding ceased in 2017. Under the Authority's granting conditions, some grantees will be required to make payments back to the Fund for certain occurrences, including the commercialization or licensing of products or programs developed as a result of a grant.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The LSDF received funding, in part, from the Tobacco Master Settlement Agreement (MSA). The MSA is an agreement between state governments and tobacco manufacturers in the United States that helps reimburse states for additional Medicaid costs resulting from the adverse health effects of tobacco. The Legislature transferred funds from MSA strategic contribution payments to the LSDF from 2008 through 2017. The LSDF also received revenues from other public and private sources.

Summary of Bill:

The Legislature transfers powers and duties from the Authority to Commerce. Commerce may execute contracts on behalf of the Authority and manage and collect LSDF monies. Additionally, the Authority's limited liability provisions apply to the Commerce.

Commerce is required to contract with a statewide nonprofit organization to provide services and grants to entities for the purpose of fostering growth in the state's life science sector and promoting the health of state's residents. The statewide nonprofit may receive funds previously administered by the Authority, and will also monitor and collect LSDF grant payback funds. The statewide nonprofit must adopt policies and procedures to facilitate future life science-related grant making, and must adhere to certain criteria for the issuance of any future grants.

Commerce is authorized to make expenditures from the LSDF for the purpose of transferring funds to the designated statewide nonprofit organization. Also, Commerce may expend additional amounts from the Fund for its administrative costs, which are limited to actual costs incurred to select its nonprofit designee and monitor and collect grant payback funds. Neither the state, nor Commerce, is liable for any loss, damage, or harm resulting from grants made by the Authority or any life science research funded by such a grant.

Certain LSDF statutes are repealed.

Appropriation: None.

Fiscal Note: Available for companion House Bill 1335.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.