1705-S2.E AMS MARR S3475.2

E2SHB 1705 - S AMD 452 By Senators Marr, Brown

PULLED 04/12/2007

Strike everything after the enacting clause and insert the following:

3 "<u>NEW SECTION.</u> Sec. 1. DEFINITIONS. The definitions in this 4 section apply throughout this chapter unless the context clearly 5 requires otherwise.

6 (1) "Authority" means a health sciences and services authority 7 created pursuant to this chapter.

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

9 (3) "Director" means the director of the higher education 10 coordinating board.

11 (4) "Health sciences and services" means biosciences that advance 12 new therapies and procedures to combat disease and promote public 13 health.

14 (5) "Local government" means a city, town, or county.

(6) "Sponsoring local government" means a city, town, or countythat creates a health sciences and services authority.

17 <u>NEW SECTION.</u> Sec. 2. PURPOSE. The health sciences and services 18 program is created to promote bioscience-based economic development and 19 advance new therapies and procedures to combat disease and promote 20 public health.

21 <u>NEW SECTION.</u> **Sec. 3.** CREATION. A local government must establish 22 by ordinance or resolution an authority. At a minimum, the ordinance 23 must:

24 (1) Specify the powers to be exercised by the authority;

(2) Reserve the local government's right to dissolve the authority
 after its contractual responsibilities have expired;

(3) Establish an administrative board, including: (a) The number
of board members; (b) the times and terms of appointment for each board

position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board;

5 (4) Establish the authority's boundaries, which must be contiguous6 tracts of land;

7 (5) Ensure that private and public funds provided to the authority8 will be segregated;

9 (6) Establish guidelines under which the authority may invest its 10 funds;

11 (7) Provide the requirements for auditing the records of the 12 authority; and

(8) Require the local government's legal counsel to also providelegal services to the authority.

15 <u>NEW SECTION.</u> Sec. 4. APPLICATIONS. (1) The higher education 16 coordinating board may approve applications submitted by local governments for an area's designation as a health sciences and services 17 authority under this chapter. The director shall determine the 18 division to review applications submitted by local governments under 19 this chapter. The application for designation shall be in the form and 20 21 manner and contain such information as the higher education coordinating board may prescribe, provided the application shall: 22

(a) Contain sufficient information to enable the director todetermine the viability of the proposal;

(b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;

(c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;

30 (d) Demonstrate that the public funds directed to programs or 31 facilities in the authority will leverage private sector resources and 32 contributions to activities to be performed;

(e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and (f) Demonstrate that the state has previously provided funds to
 health sciences and services programs or facilities in the applicant
 city, town, or county.

4 (2) The director shall determine the division to develop criteria 5 to evaluate the application. The criteria shall include:

6 (a) The presence of infrastructure capable of spurring development 7 of the area as a center of health sciences and services;

8 (b) The presence of higher education facilities where undergraduate 9 or graduate coursework or research is conducted; and

10 (c) The presence of facilities in which health services are 11 provided.

12 (3) There shall be no more than one authority statewide.

(4) An authority may only be created in a county with a populationof less than one million persons.

15 (5) The director may reject or approve an application. When 16 denying an application, the director must specify the application's 17 deficiencies. The decision regarding such designation as it relates to 18 a specific local government is final; however, a rejected application 19 may be resubmitted.

(6) Applications are due December 31, 2007, and must be processedwithin sixty days of submission.

(7) The director may, at his or her discretion, amend theboundaries of an authority upon the request of the local government.

(8) The higher education coordinating board may adopt any rules
 necessary to implement this act within one hundred twenty days of the
 effective date of this section.

(9) The higher education coordinating board must develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. A report to the legislature shall be due on a biennial basis beginning December 1, 2009. In addition, the higher education coordinating board shall develop evaluation criteria that enables the local governments to measure the effectiveness of the program.

34 <u>NEW SECTION.</u> **Sec. 5.** BOARD. (1) An authority shall be overseen 35 by a board with not more than fourteen members. The authority board 36 shall select the chair. Board members must have some experience with 1 the mission of the authority. The board members shall be appointed as 2 follows:

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(a) The governor shall appoint three members;

4 (b) The county legislative authority in which the authority resides5 shall appoint three members;

6 (c) The mayor of the city in which the authority is created, or the 7 mayor of the largest city within the authority if created by a county, 8 shall appoint three members; and

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(d) Up to five additional members may be appointed by the board.

10 (2) A simple majority of the board members shall constitute a 11 quorum.

12 (3) The board shall annually elect a secretary and any other13 officers it deems necessary.

(4) The local government shall designate an individual with 14 financial experience to serve as treasurer. The individual may be a 15 16 city or county treasurer, city or county auditor, or a private party. 17 If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local 18 government deems necessary to protect the authority. The treasurer 19 shall have the power to create and maintain funds, issue warrants, and 20 21 invest funds in its possession.

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(5) The board may adopt bylaws or rules for their own governance.

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

29 <u>NEW SECTION.</u> Sec. 6. POWERS AND DUTIES. (1) The authority has 30 all the general powers necessary to carry out its purposes and duties 31 and to exercise its specific powers, including the authority may:

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(a) Sue and be sued in its own name;

33 (b) Make and execute agreements, contracts, and other instruments, 34 with any public or private entity or person, in accordance with this 35 chapter;

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(c) Employ, contract with, or engage independent counsel, financial

1 advisors, auditors, other technical or professional assistants, and 2 such other personnel as are necessary or desirable to implement this 3 chapter;

4 (d) Establish such special funds, and control deposits to and
5 disbursements from them, as it finds convenient for the implementation
6 of this chapter;

7 (e) Enter into contracts with public and private entities for 8 research to be conducted in this state;

9 (f) Delegate any of its powers and duties if consistent with the 10 purposes of this chapter;

(g) Exercise any other power reasonably required to implement the purposes of this chapter; and

(h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

17 (2) In addition to other powers and duties prescribed in this18 chapter, the authority is empowered to:

(a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, promote bioscience-based economic development, and advance new therapies and procedures to combat disease and promote public health;

(b) Solicit and receive gifts, grants, and bequests, and enter into 24 25 contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage 26 27 those moneys with the revenue generated by the tax authorized under section 11 of this act and contributions from other public entities and 28 private entities, in order to use those moneys to promote bioscience-29 30 based economic development and advance new therapies and procedures to 31 combat disease and promote public health;

32 (c) Hold funds received by the authority in trust for their use 33 pursuant to this chapter to promote bioscience-based economic 34 development and advance new therapies and procedures to combat disease 35 and promote public health;

36 (d) Manage its funds, obligations, and investments as necessary and 37 consistent with its purpose, including the segregation of revenues into 38 separate funds and accounts;

(e) Make grants to entities pursuant to contract to promote 1 2 bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. 3 Grant agreements shall specify the deliverables to be provided by the 4 5 recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will б 7 receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public 8 health, safety, and welfare. The authority shall solicit requests for 9 10 funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve 11 12 health outcomes, with particular attention to the likelihood that it 13 will also lower health care costs, substitute for a more costly 14 diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage 15 additional funding; (iv) its potential to provide health care benefits; 16 17 (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration; 18

(f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

(g) Adopt policies and procedures to facilitate the orderly processof grant application, review, and reward.

(3) The records of the authority shall be subject to audit by theoffice of the state auditor.

NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 11 of this act and subject to the following requirements:

33 (a) The ordinance adopted by the local government creating the 34 authority and authorizing the use of the excise tax in section 11 of 35 this act indicates an intent to incur this indebtedness and the maximum 36 amount of this indebtedness that is contemplated; and (b) The local government includes this statement of the intent in
 all notices.

3 (2) The general indebtedness incurred under this section may be 4 payable from other tax revenues, the full faith and credit of the 5 sponsoring local government, and nontax income, revenues, fees, and 6 rents from the public improvements, as well as contributions, grants, 7 and nontax money available to the local government for payment of costs 8 of the grants and other programs or associated debt service on the 9 general indebtedness.

10 <u>NEW SECTION.</u> Sec. 8. LIMITATION ON BONDS ISSUED. The bonds 11 issued by a local government under section 7 of this act shall not 12 constitute an obligation of the state of Washington, either general or 13 special.

14 <u>NEW SECTION.</u> Sec. 9. LIABILITY. (1) Members of the board, as 15 well as other persons acting on behalf of the authority, while acting 16 within the scope of their employment or agency, shall not be subject to 17 personal liability resulting from their official duties conferred on 18 them under this chapter.

19 (2) The state, the local government that created the authority, and 20 the authority shall not be liable for any loss, damage, harm, or other 21 consequences resulting directly or indirectly from grants provided by 22 the authority or from programs, services, research, or other activities 23 funded with such grants.

NEW SECTION. Sec. 10. DISSOLUTION. The board may petition the sponsoring local government to be dissolved upon a showing that it has no reason to exist and that any assets it retains must be returned to the state treasurer.

28 <u>NEW SECTION.</u> Sec. 11. A new section is added to chapter 82.14 RCW 29 to read as follows:

30 (1) The legislative authority of a local jurisdiction that has 31 created a health sciences and services authority under section 3 of 32 this act may impose a sales and use tax in accordance with the terms of 33 this chapter. The tax is in addition to other taxes authorized by law 34 and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax shall not exceed 0.015 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

5 (2) The tax imposed under subsection (1) of this section shall be 6 deducted from the amount of tax otherwise required to be collected or 7 paid over to the department under chapter 82.08 or 82.12 RCW. The 8 department of revenue shall perform the collection of the tax on behalf 9 of the authority at no cost to the authority.

10 (3) The amounts received under this section may only be used in 11 accordance with section 6 of this act or to finance and retire the 12 indebtedness incurred pursuant to section 7 of this act, in whole or in 13 part.

Sec. 12. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 16 171 s 8 are each reenacted and amended to read as follows:

17 The following financial, commercial, and proprietary information is 18 exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

32 (4) Financial and commercial information and records supplied by 33 businesses or individuals during application for loans or program 34 services provided by chapters 15.110, 43.163, 43.160, 43.330, and 35 43.168 RCW, or during application for economic development loans or 36 program services provided by any local agency; (5) Financial information, business plans, examination reports, and
 any information produced or obtained in evaluating or examining a
 business and industrial development corporation organized or seeking
 certification under chapter 31.24 RCW;

5 (6) Financial and commercial information supplied to the state 6 investment board by any person when the information relates to the 7 investment of public trust or retirement funds and when disclosure 8 would result in loss to such funds or in private loss to the providers 9 of this information;

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(7) Financial and valuable trade information under RCW 51.36.120;

11 (8) Financial, commercial, operations, and technical and research 12 information and data submitted to or obtained by the clean Washington 13 center in applications for, or delivery of, program services under 14 chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011; 1 (12)(a) When supplied to and in the records of the department of 2 community, trade, and economic development:

(i) Financial and proprietary information collected from any person
and provided to the department of community, trade, and economic
development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person 6 7 and provided to the department of community, trade, and economic development or the office of the governor in connection with the 8 siting, recruitment, expansion, retention, or relocation of that 9 person's business and until a siting decision is made, identifying 10 information of any person supplying information under this subsection 11 and the locations being considered for siting, relocation, or expansion 12 13 of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

17 (c) For the purposes of this subsection, "siting decision" means 18 the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained
by the department of ecology or the authority created under chapter
70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

33 (15) Financial and commercial information provided as evidence to 34 the department of licensing as required by RCW 19.112.110 or 35 19.112.120, except information disclosed in aggregate form that does 36 not permit the identification of information related to individual fuel 37 licensees; (16) Any production records, mineral assessments, and trade secrets
 submitted by a permit holder, mine operator, or landowner to the
 department of natural resources under RCW 78.44.085; ((and))

4 (17)(a) Farm plans developed by conservation districts, unless 5 permission to release the farm plan is granted by the landowner or 6 operator who requested the plan, or the farm plan is used for the 7 application or issuance of a permit((-)):

8 (b) Farm plans developed under chapter 90.48 RCW and not under the 9 federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 10 42.56.610 and 90.64.190; and

11 (18) Financial, commercial, operations, and technical and research 12 information and data submitted to or obtained by a health sciences and 13 services authority in applications for, or delivery of, grants under 14 sections 1 through 6 of this act, to the extent that such information, 15 if revealed, would reasonably be expected to result in private loss to 16 providers of this information.

Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person,
firm, or corporation for the purpose of qualifying to submit a bid or
proposal for (a) a ferry system construction or repair contract as
required by RCW 47.60.680 through 47.60.750 or (b) highway construction
or improvement as required by RCW 47.28.070;

31 (3) Financial and commercial information and records supplied by 32 private persons pertaining to export services provided under chapters 33 43.163 and 53.31 RCW, and by persons pertaining to export projects 34 under RCW 43.23.035;

35 (4) Financial and commercial information and records supplied by36 businesses or individuals during application for loans or program

1 services provided by chapters 15.110, 43.163, 43.160, 43.330, and 2 43.168 RCW, or during application for economic development loans or 3 program services provided by any local agency;

4 (5) Financial information, business plans, examination reports, and
5 any information produced or obtained in evaluating or examining a
6 business and industrial development corporation organized or seeking
7 certification under chapter 31.24 RCW;

8 (6) Financial and commercial information supplied to the state 9 investment board by any person when the information relates to the 10 investment of public trust or retirement funds and when disclosure 11 would result in loss to such funds or in private loss to the providers 12 of this information;

13 (7) Financial and valuable trade information under RCW 51.36.120;

14 (8) Financial, commercial, operations, and technical and research 15 information and data submitted to or obtained by the clean Washington 16 center in applications for, or delivery of, program services under 17 chapter 70.95H RCW;

18 (9) Financial and commercial information requested by the public 19 stadium authority from any person or organization that leases or uses 20 the stadium and exhibition center as defined in RCW 36.102.010;

(10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

34 (12)(a) When supplied to and in the records of the department of 35 community, trade, and economic development:

(i) Financial and proprietary information collected from any person
 and provided to the department of community, trade, and economic
 development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person 1 2 and provided to the department of community, trade, and economic development or the office of the governor in connection with the 3 siting, recruitment, expansion, retention, or relocation of that 4 person's business and until a siting decision is made, identifying 5 information of any person supplying information under this subsection 6 7 and the locations being considered for siting, relocation, or expansion of a business; 8

9 (b) When developed by the department of community, trade, and 10 economic development based on information as described in (a)(i) of 11 this subsection, any work product is not exempt from disclosure;

12 (c) For the purposes of this subsection, "siting decision" means13 the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained
by the department of ecology or the authority created under chapter
70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research 22 information and data submitted to or obtained by the life sciences 23 24 discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if 25 revealed, would reasonably be expected to result in private loss to the 26 27 providers of this information; (15) Financial and commercial information provided as evidence to the department of licensing as 28 required by RCW 19.112.110 or 19.112.120, except information disclosed 29 in aggregate form that does not permit the identification of 30 information related to individual fuel licensees; 31

32 (16) Any production records, mineral assessments, and trade secrets 33 submitted by a permit holder, mine operator, or landowner to the 34 department of natural resources under RCW 78.44.085; ((and))

35 (17)(a) Farm plans developed by conservation districts, unless 36 permission to release the farm plan is granted by the landowner or 37 operator who requested the plan, or the farm plan is used for the 38 application or issuance of a permit((-)); 1 (b) Farm plans developed under chapter 90.48 RCW and not under the 2 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to 3 RCW 42.56.610 and 90.64.190; and

4 (18) Financial, commercial, operations, and technical and research 5 information and data submitted to or obtained by a health sciences and 6 services authority in applications for, or delivery of, grants under 7 sections 1 through 6 of this act, to the extent that such information, 8 if revealed, would reasonably be expected to result in private loss to

9 providers of this information.

10 <u>NEW SECTION.</u> Sec. 14. CAPTIONS. Captions used in this act are 11 not any part of the law.

12 <u>NEW SECTION.</u> Sec. 15. SEVERABILITY. If any provision of this act 13 or its application to any person or circumstance is held invalid, the 14 remainder of the act or the application of the provision to other 15 persons or circumstances is not affected.

16 <u>NEW SECTION.</u> Sec. 16. CODIFICATION. Sections 1 through 10 of 17 this act constitute a new chapter in Title 35 RCW.

18 <u>NEW SECTION.</u> Sec. 17. EXPIRATION DATE. Section 12 of this act 19 expires June 30, 2008.

20 <u>NEW SECTION.</u> Sec. 18. EFFECTIVE DATE. Section 13 of this act 21 takes effect June 30, 2008."

<u>E2SHB 1705</u> - S AMD By Senators Marr, Brown

PULLED 04/12/2007

On page 1, line 2 of the title, after "authorities;" strike the remainder of the title and insert "reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.14 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing 1 an effective date; and providing an expiration date."

EFFECT: The credit against the state sales tax is increased from .0075 percent to .015 percent. The creation of a health sciences and services authority is limited to counties with less than one million persons. Technical changes are made to the sales tax credited against the state portion of the tax.

The Higher Education Coordinating Board is responsible for approval of an application to create a Health Sciences and Services Authority instead of CTED. The manner in which the board members are appointed are changed.

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