

# FINAL BILL REPORT

## SB 5490

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Synopsis as Enacted

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

**Sponsors:** Senators Frockt, Brown, Hobbs and Mullet.

**Senate Committee on Financial Institutions, Economic Development & Trade**  
**House Committee on Innovation, Technology & Economic Development**

**Background:** In 2005 the Legislature created the Life Science Discovery Fund (LSDF). LSDF was managed by a board of trustees (Authority) consisting of four legislators and seven members appointed by the Governor. LSDF was established to make grants to entities for promoting life sciences in the state, with certain requirements regarding benefit to the state and quality of research. Under the Authority's granting conditions, some grantees are required to make payments back to LSDF for certain occurrences, including the commercialization or licensing of products or programs developed as a result of a grant.

LSDF was a recipient of the Tobacco Master Settlement Agreement (MSA), the agreement between the states and United States tobacco manufacturers to help reimburse the states for Medicaid costs caused by tobacco. The LSDF received strategic contribution amounts from the MSA from 2008 until 2017.

The Legislature directed LSDF in 2015 to be a self-sustaining entity by the end of fiscal year 2017, and correspondingly transferred available funds in the LSDF to the state general fund in the 2015 operating budget.

**Summary:** The Department of Commerce is directed to contract with a statewide nonprofit to provide services and award grants related to fostering growth of the state's life science sector and improving the health and economic well-being of Washington State residents. The statewide nonprofit will also monitor and collect LSDF grant payback funds. In considering new grant award funding, the selected nonprofit organization must consider the health benefit to the state's residents, and quality of research, amongst other measures.

The chosen nonprofit will develop policies and procedures to facilitate the orderly process of grant application, review, and reward. The nonprofit may create one or more advisory boards composed of scientists, industrialists, and others familiar with life sciences research to assist in grant evaluation.

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*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.*

Commerce shall take on the general powers granted to LSDF, including being sued in its name. The state, LSDF, and Commerce are not liable for any loss, damage, harm, or other consequence resulting directly or indirectly from grants made by LSDF or the research funded by LSDF grants. LSDF and its grants, are under the authority of Commerce and appropriation is not required for expenditure.

Certain statutes referencing the LSDF are repealed.

**Votes on Final Passage:**

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|--------|----|---|
| Senate | 46 | 1 |
| House  | 94 | 0 |

**Effective:** July 28, 2019