

# FINAL BILL REPORT

## E2SSB 5581

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### C 424 L 05

Synopsis as Enacted

**Brief Description:** Establishing the life sciences discovery fund authority.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Brown, Finkbeiner, Kohl-Welles, Rasmussen, Prentice, Hewitt, Fairley, Esser, Doumit, Keiser, Haugen, McAuliffe and Shin; by request of Governor Gregoire).

**Senate Committee on Labor, Commerce, Research & Development**  
**Senate Committee on Ways & Means**  
**House Committee on Technology, Energy & Communications**  
**House Committee on Appropriations**

**Background:** At Governor Locke's request, the legislature provided funds in 2003 to contract with an outside entity to develop a plan to direct state and private resources to Washington's universities and nonprofit research institutions and their industry partners to make the state a leader in the emerging field of predictive and preventive medicine. The plan, known as "Bio 21," developed by a committee comprised of scientists and staff from large research organizations, executives of biotech and technology companies, and venture capitalists among others, was designed to build upon Washington's existing assets in life sciences and information technology to generate new jobs and health care innovations. The plan was submitted to the Governor in January 2004 and this bill represents one of the plan's major recommendations.

**Summary:** The Life Sciences Discovery Fund Authority (Authority) is created as a public instrumentality and agency of the state. The powers of the Authority are vested in a board of trustees. The board of trustees is composed of two members of either the House Appropriations Committee or the House committee dealing with technology issues, one from each caucus, and two members of either the Senate Ways and Means Committee or the Senate committee dealing with technology issues, one from each caucus. Seven additional members are appointed by the Governor and confirmed by the Senate. The Open Public Meetings Act applies to board meetings. The Authority is subject to audit by the State Auditor and is advised by the Attorney General. The Authority staff are exempt from state civil service laws.

The Life Sciences Discovery Fund (Fund) is established as an account in the State Treasury, and retains its investment earnings. Only the board or the board's designee may authorize expenditures from the fund. The legislature is directed to transfer the strategic construction payments from the Tobacco Master Settlement agreement to the Fund.

The Authority also has the power to enter into agreements with public and private entities to receive funds. In exchange, the Authority promises to leverage those funds with amounts received from other public and private sources.

The Authority can also make grants to entities pursuant to contract for the promotion of life sciences research to be conducted within the state. The Authority must solicit requests for funding and evaluate the requests by considering the following factors:

- the quality of the proposed research;
- the potential to improve health outcomes and lower health care costs;
- the potential for leveraging additional funding;
- the potential to provide health care benefits or benefit human learning and development;
- the potential to stimulate health care delivery, biomedical manufacturing, and life sciences related employment in the state;
- the geographic diversity of the grantees within Washington;
- evidence of potential royalty income and contractual means to recapture such income; and
- evidence of public and private collaboration.

The income of the Fund is not subject to business and occupation taxes. Certain information in grant applications is exempt from public disclosure which, if revealed, would reasonably be expected to result in private loss to the providers of the information.

The Fund's executive director must report to the legislature by December 2005 on the potential to direct revenues into higher education, and by December 2006 on the potential returns on investment of public funds in the Fund, including potential job growth, royalty income, intellectual property rights and other significant long-term benefits to the state.

**Votes on Final Passage:**

Senate	45	4	
House	53	40	(House amended)
Senate	25	24	(Senate concurred)

**Effective:** May 12, 2005  
June 30, 2005 (Section 16)