

CERTIFICATION OF ENROLLMENT

SENATE BILL 5490

Chapter 83, Laws of 2019

66th Legislature
2019 Regular Session

LIFE SCIENCES DISCOVERY FUND--TRANSFER

EFFECTIVE DATE: July 28, 2019

Passed by the Senate March 4, 2019
Yeas 46 Nays 1

KAREN KEISER

President of the Senate

Passed by the House April 10, 2019
Yeas 94 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Approved April 19, 2019 11:29 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5490** as passed by Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

April 22, 2019

**Secretary of State
State of Washington**

SENATE BILL 5490

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By Senators Frockt, Brown, Hobbs, and Mullet

Read first time 01/23/19. Referred to Committee on Financial Institutions, Economic Development & Trade.

1 AN ACT Relating to transferring duties of the life sciences
2 discovery fund; amending RCW 43.350.040, 43.350.050, and 43.350.070;
3 adding new sections to chapter 43.330 RCW; recodifying RCW
4 43.350.040, 43.350.050, and 43.350.070; and repealing RCW 43.350.005,
5 43.350.010, 43.350.020, 43.350.030, 43.350.060, 43.350.901, and
6 43.350.903.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330
9 RCW to read as follows:

10 (1) The department must contract with a statewide nonprofit
11 organization to either provide services or make grants, or both, to
12 entities pursuant to a contract to foster growth of the state's life
13 science sector and to improve the health and economic well-being of
14 its residents. The statewide nonprofit organization must be a
15 statewide organization established with a primary mission of growing
16 and sustaining the life science ecosystem within the state of
17 Washington by supporting life science entrepreneurs and connecting
18 life science researchers, and biopharmaceutical, medical device,
19 digital health, and health information technology companies to the
20 resources they need to accelerate life science innovation.

1 (2) The department may also contract with the organization
2 selected under subsection (1) of this section to monitor and collect
3 life science discovery fund grant payback funds.

4 (3) Grant agreements made pursuant to subsection (1) of this
5 section must specify deliverables to be provided by the recipient
6 under the grant. The nonprofit organization selected pursuant to
7 subsection (1) of this section must evaluate requests for funding by
8 reference to factors such as: (a) The quality of the proposed
9 research or project; (b) its potential to improve health outcomes,
10 with particular attention to the likelihood that it will also lower
11 health care costs, provide a substitute for a more costly diagnostic
12 or treatment modality, or offer a breakthrough treatment for a
13 particular disease or condition; (c) the potential for leveraging
14 additional funding; (d) the potential to provide health care benefits
15 or a benefit to human learning and development; (e) the potential to
16 stimulate the health care delivery, biomedical manufacturing, and
17 life sciences related employment in the state; (f) the ability to
18 provide critical life science infrastructure; (g) the potential for
19 attracting new investment or catalytic partnerships in the life
20 sciences; (h) the geographic diversity of the grantees within
21 Washington; and (i) evidence of public and private collaboration.

22 (4) Before conducting a significant grant competition, the
23 nonprofit organization selected under subsection (1) of this section
24 must adopt policies and procedures to facilitate the orderly process
25 of grant application, review, and reward; and may create one or more
26 advisory boards composed of scientists, industrialists, and others
27 familiar with life sciences research to assist in grant evaluation.

28 **Sec. 2.** RCW 43.350.040 and 2005 c 424 s 5 are each amended to
29 read as follows:

30 ~~((The authority has all the general powers necessary to carry out
31 its purposes and duties and to exercise its specific powers. In
32 addition to other powers specified in this chapter, the authority))~~
33 In carrying out its duties under section 1 of this act, the
34 department may: (1) Sue and be sued ~~((in its own name))~~ on behalf of
35 the life sciences discovery fund; (2) make and execute agreements,
36 contracts, and other instruments, with any public or private person
37 or entity ~~((, in accordance with this chapter))~~; (3) employ, contract
38 with, or engage independent counsel, financial advisors, auditors,
39 other technical or professional assistants, and such other personnel

1 as ((are)) necessary (~~(or desirable to implement this chapter)~~); (4)
2 establish such special funds, and controls on deposits to and
3 disbursements from them(~~(, as it finds convenient for the~~
4 ~~implementation of this chapter;~~ (5) ~~enter into contracts with public~~
5 ~~and private entities for life sciences research to be conducted in~~
6 ~~the state;~~ (6)); and (5) adopt rules(~~(, consistent with this~~
7 ~~chapter;~~ (7) ~~delegate any of its powers and duties if consistent with~~
8 ~~the purposes of this chapter;~~ (8) ~~exercise any other power reasonably~~
9 ~~required to implement the purposes of this chapter;~~ and (9) ~~hire~~
10 ~~staff and pay administrative costs~~) for the implementation of this
11 act.

12 **Sec. 3.** RCW 43.350.050 and 2005 c 424 s 6 are each amended to
13 read as follows:

14 Members of the governing board of trustees of the life sciences
15 discovery fund authority and persons acting on behalf of the
16 authority, while acting within the scope of their employment or
17 agency, are not subject to personal liability resulting from carrying
18 out the powers and duties conferred on them under ((~~this~~)) former
19 chapter 43.350 RCW. ((~~Neither~~)) The state ((~~nor~~)), the life sciences
20 discovery fund authority ((~~is~~)), and the department are not liable
21 for any loss, damage, harm, or other consequence resulting directly
22 or indirectly from grants made by the authority or by any life
23 sciences research funded by such grants.

24 **Sec. 4.** RCW 43.350.070 and 2018 c 299 s 924 are each amended to
25 read as follows:

26 The life sciences discovery fund is created in the custody of the
27 state treasurer. Only the ((~~board or the board's~~)) department or the
28 department's designee may authorize expenditures from the fund.
29 Expenditures from the fund may be made only for purposes of ((~~this~~
30 ~~chapter~~)) section 1 of this act. Administrative expenses of the
31 ((~~authority~~)) department, including staff support, ((~~may be paid only~~
32 ~~from the fund~~)) are limited to actual costs incurred by the
33 department in designating the nonprofit organization and in
34 monitoring and collecting grant payback funds. Revenues to the fund
35 consist of transfers made by the legislature from strategic
36 contribution payments deposited in the tobacco settlement account
37 under RCW 43.79.480, moneys received pursuant to contribution
38 agreements entered into pursuant to former RCW 43.350.030, moneys

1 received from gifts, grants, and bequests, and interest earned on the
2 fund. (~~During the 2015-2017 fiscal biennium, the legislature may~~
3 ~~transfer to other state funds or accounts such amounts as represent~~
4 ~~the excess balance of the life sciences discovery fund.~~) During the
5 2017-2019 fiscal biennium, the legislature may make appropriations
6 from the fund to the department of commerce for providing life
7 sciences research grants. The fund is subject to allotment procedures
8 under chapter 43.88 RCW, but an appropriation is not required for
9 expenditures.

10 NEW SECTION. Sec. 5. RCW 43.350.040, 43.350.050, and 43.350.070
11 are each recodified as sections in chapter 43.330 RCW.

12 NEW SECTION. Sec. 6. The following acts or parts of acts are
13 each repealed:

- 14 (1) RCW 43.350.005 (Findings—Purpose—Intent) and 2005 c 424 s 1;
15 (2) RCW 43.350.010 (Definitions) and 2005 c 424 s 2;
16 (3) RCW 43.350.020 (Life sciences discovery fund authority) and
17 2005 c 424 s 3;
18 (4) RCW 43.350.030 (Authority—Trust powers) and 2016 sp.s. c 9 s
19 2, 2015 2nd sp.s. c 4 s 1503, 2015 c 71 s 3, & 2005 c 424 s 4;
20 (5) RCW 43.350.060 (Dissolving the authority) and 2005 c 424 s 7;
21 (6) RCW 43.350.901 (Liberal construction—2005 c 424) and 2005 c
22 424 s 20; and
23 (7) RCW 43.350.903 (Effective dates—2005 c 424) and 2005 c 424 s
24 24.

Passed by the Senate March 4, 2019.
Passed by the House April 10, 2019.
Approved by the Governor April 19, 2019.
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