

HOUSE BILL REPORT

2SSB 6675

As Reported by House Committee On:
Finance

Title: An act relating to creating the Washington global health technologies and product development competitiveness program and allowing certain tax credits for program contributions.

Brief Description: Creating the Washington global health technologies and product development competitiveness program and allowing certain tax credits for program contributions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Murray, Pflug, Shin, Kastama, Kohl-Welles and Kilmer).

Brief History:

Committee Activity:

Finance: 3/18/10 [DPA].

**Brief Summary of Second Substitute Bill
(As Amended by House)**

- Creates a Washington Global Health Technologies and Product Development Competitiveness Program.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 5 members: Representatives Hunter, Chair; Parker, Assistant Ranking Minority Member; Conway, Santos and Springer.

Minority Report: Do not pass. Signed by 2 members: Representatives Hasegawa, Vice Chair; Condotta.

Staff: Jeffrey Mitchell (786-7139).

Background:

Washington's Global Health Sector.

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.

According to a 2009 summary report by the Legislative Committee on Economic Development and International Relations, Washington's global health sector is responsible for approximately 50,000 primary and secondary high-paying jobs, over \$1.7 billion in salaries, and \$4.1 billion in business activity. A November 2009 Berk and Associates study conducted for the Washington Global Health Alliance (WGHA) reported that WGHA partner organizations are currently involved in more than 480 global health projects in 92 countries focusing on issues including infectious diseases, non-communicable diseases and conditions, and exposure to environmental toxins. The study identified global health expertise as being distributed statewide, but with facilities concentrated in Seattle, Richland, and Pullman.

Summary of Amended Bill:

The Washington Global Health Technologies and Product Development Competitiveness Program (Program) is created, to be administered by a nonprofit 501 (c) (6) organization whose 10 member board of directors (Board) is appointed by the Governor. The Board's membership and terms of appointment are specified. The Board is to contract with the Department of Commerce for management services.

The Board's duties include soliciting funds from businesses, foundations, and the federal government, and making grants for development, production, promotion, and delivery of global health technologies and products. The Board must establish grant eligibility criteria. A list of factors to be considered by the Board in making grants is provided. Grant award recipients must conduct their research, development, and production activities within Washington, except for any clinical trials that are required to be carried out in developing countries. The Board may provide funding for recruitment and employment of global health researchers at state research institutions upon the recommendation of the Washington Economic Development Commission.

The Washington Global Health Technologies and Product Development Account (WGHTPD Account) is created in the custody of the State Treasurer. All federal funds received and all state funds specifically appropriated for the Program must be deposited in the WGHTPD Account. The WGHTPD Account will receive its proportionate share of earnings from the State Treasury monthly. In addition, the Board is to create and administer a separate account for nonfederal and nonstate funds received. Only the Board or the Board's designee may authorize expenditures from these accounts, and expenditures may only fund Program activities. The Department of Commerce may use up to 3 percent of the total funds deposited in the two accounts for administrative expenses.

Required accountability measures include reports by the grantees to the Board and annual evaluative reports by the Board to the Legislature beginning in 2012.

Amended Bill Compared to Second Substitute Bill:

The striking amendment: (1) specifies that the Program must be administered by a nonprofit 501 (c) (6) organization; (2) requires the Board to create and administer an account for

deposit of any nonfederal and nonstate funds received; (3) creates an account in the custody of the State Treasurer for deposit of any federal funds received and any state funds appropriated for the specific purposes of the Program; (4) removes underlying bill language that (a) prohibits state and local government funds from being deposited in the Treasury account and (b) that states that moneys in the WGHTPD Account do not constitute public funds; (5) directs reports from grantees and the Board; and (6) changes the management services/fiscal agent from the Department of Health to the Department of Commerce.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 19, 2010.

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

Staff Summary of Public Testimony:

(In support) The goal of this bill is to bring companies to Washington to manufacture devices that are beneficial to global health and create jobs that do not exist today. An example is the black dot monitor on this vaccine vial. Despite being invented by PATH in Seattle, three billion of these have been manufactured in New Jersey. Among other inventions developed in our state that we would like to have manufactured here are a water filtration device, a baby respirator, and a point of care diagnostics "health on a card." We would like to see a compromise between the Senate and House policy bills and budget proposals so that we can get this moving. We think that the language in the draft striking amendment provides the safeguards and flexibility to make this work. Washington has become a center for global health. We can manufacture products that will reduce our own citizen's costs and at the same time, forward our place in the world. This bill should be part of the jobs package.

(Opposed) None.

Persons Testifying: Ralph Munro, Global Health Alliance; Senator Pflug; and Larry Ganders, Washington State University.

Persons Signed In To Testify But Not Testifying: None.