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**Technology, Telecommunications  
& Energy Committee**

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**HB 1003**

**Brief Description:** Creating the research and technology transfer commission.

**Sponsors:** Representatives Morris, Linville, Wood, Anderson, Conway, O'Brien, Kenney and Sullivan.

**Brief Summary of Bill**

- Creates the Research and Technology Transfer Commission to administer a grant program for research in technology, including biotechnology, telecommunications and energy.
- Creates the Biomedical Research and Technology Transfer Account to receive 10 percent of Washington's annual share of the Master Tobacco Settlement Agreement for biomedical research grants.
- Creates the Investing in Innovation Trust Fund to receive certain portions of money from enforcement actions by the Attorney General in the area of energy, telecommunications, and technology.

**Hearing Date:** 1/15/03

**Staff:** Pam Madson (786-7166).

**Background:**

Several factors are necessary to produce a desirable environment for a strong biotechnology and technology industry. Washington state and the Seattle area have been in a strong position to attract and retain technology companies. The state's strong technology research capability and an existing technology industry infrastructure are factors that are noted when compared to other areas.

Some states have enhanced their research capability in technology research by establishing

research funds using money awarded to that state from the Master Tobacco Settlement Agreement. For example, Ohio created the Biomedical Research and Technology Transfer Trust Fund that receives money from the state's annual allocation of tobacco settlement funds. Money from the trust fund supports competitive grants for biomedical research and technology transfer projects that will improve the health of Ohio citizens with an emphasis on tobacco-related illnesses.

Technology research is funded by a variety of sources. Basic biomedical research is funded by the National Institutes of Health. Pharmaceutical companies and their investors fund applied research and commercialization of new medicines and medical technologies. The U.S. Department of Energy provides funds for research in energy technology.

The Washington Technology Center facilitates collaboration between the state's research universities and the technology industry. Its mission is to "help Washington companies overcome the technical challenges of product development by linking them with the scientific and engineering resources of the state's universities." The Center is administered by a board of directors appointed by the Governor that includes 14 industry members, 8 university members and 4 ex officio members. Included in its duties are establishing priorities for the selection and funding of research projects and approving and allocating funding for research projects conducted by the Center.

The Washington State Investment Board invests nearly \$48 billion of assets for 33 separate funds. Fund categories include Retirement (Defined Benefit and Defined Contribution), Industrial Insurance, Deferred Compensation, Permanent Funds and Other Trust Funds (which include the GET College Tuition Program and the State Emergency Reserve Fund). Investment activities are conducted in accordance with investment policies and procedures designed to maximize return at a prudent level of risk.

In 1998 a national settlement was announced by 46 states against five major tobacco companies. Of that settlement, Washington is to receive approximately \$4 billion over a period of 25 years. Money was received beginning in the 1999-01 biennium and has been used to support tobacco prevention and control programs and as support for the Basic Health Plan and other health programs. In the 2002 legislative session, 29.2 percent of the revenue stream from the Master Settlement Agreement was securitized which made available to the state \$450 million.

The antitrust division of the Attorney General's Office enforces state and federal laws that protect consumers and businesses from anticompetitive practices such as price-fixing, monopolization and other conduct that interferes with fair competition. The consumer protection division of the Attorney General's Office enforces consumer protection laws that are designed to protect consumers from deceptive and unfair practices. Enforcement of consumer and antitrust laws includes investigation and litigation that recovers money on behalf of harmed consumers and businesses, imposes penalties and recovers enforcement costs and attorneys fees.

### **Summary of Bill:**

The Research and Technology Transfer Commission is created. Its membership includes 13 individuals: The executive director of the Washington Technology Center; four members of the legislature; the presidents of the University of Washington and Washington State University; the Attorney General; and five members appointed by the Governor, at least two of whom are experts in commercializing the results of technology research. The Commission is staffed by the Washington Technology Center.

The Commission makes strategic assessments of state investments in biomedical research and biomedical technology, and technology, telecommunications, and energy research. These investments must help create jobs and business opportunities, produce long-term improvements in public health with an emphasis on cancer-related research, and make telecommunications and energy technology more available and affordable. Biomedical and biotechnology grants may be awarded to qualifying universities, institutions, or individuals. Technology, telecommunications, and energy grants may be awarded to higher education research institutions in Washington state.

The Commission awards contracts or grants using criteria established by the Commission. The Commission must also use the investment assessments as guidance for awards. Priority is given to proposals that leverage additional funding.

Not more than 1 percent of available funds may be used to administer the program.

The funding for the program comes from two new accounts. Both accounts are non-appropriated accounts and the interest earned on the money in the accounts is retained by the account.

The Biomedical Research and Technology Transfer Account is created. The source of money for the account is 10 percent of the annual receipts for the state under the Master Tobacco Settlement Agreement. For 2003, the amount equals approximately \$12 million. Up to 10 percent of available funds from this account may be used to support commercialization opportunities in biomedical research in Washington state.

The second newly created fund is the Investing in Innovation Trust Fund. The source of money for this fund is that portion of court awards or settlements resulting from actions taken by the Attorney General in the area of technology, telecommunications, and energy that are not awarded to identifiable parties or for court costs and attorneys' fees, or are otherwise directed for deposit by statute. The trust fund principal shall consist of the first 10 million dollars deposited into the fund. The investment of the money in the fund is under the state investment board. The earnings from investment of the money in the trust fund may be used for research grants.

The Commission must establish benchmarks for the program and periodically review the program.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2003.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.