
SUBSTITUTE HOUSE BILL 1003

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Technology, Telecommunications & Energy
(originally sponsored by Representatives Morris, Linville, Wood,
Anderson, O'Brien and Sullivan)

READ FIRST TIME 03/10/03.

1 AN ACT Relating to investing in technology and biotechnical
2 research and technology transfer; reenacting and amending RCW
3 43.79A.040; adding a new section to chapter 28B.20 RCW; and adding a
4 new chapter to Title 70 RCW.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 promote growth in the technology sectors of our state's economy and to
8 particularly focus support on the creation and commercialization of
9 intellectual property in the technology, energy, and telecommunications
10 industries.

11 It is further the intent of the legislature to invest money
12 obtained by the attorney general from civil wrongdoing by technology,
13 energy, and telecommunications companies. The legislature finds that
14 in cases where the injured party or parties cannot be specifically
15 identified, money received from these companies may be beneficially
16 directed to research in technology, energy, and telecommunications that
17 will improve the state's economy and the lives of its citizens.

18 It is further the intent of the legislature to invest proceeds from

1 settlement money received from tobacco businesses into biotechnology
2 and health-related research to cure smoking-related illnesses.

3 NEW SECTION. **Sec. 2.** The biomedical research and technology
4 transfer account is created in the custody of the state treasurer.
5 Beginning with money received in 2003 through 2007, an amount equal to
6 ten percent of the annual receipts for the state of Washington under
7 the master tobacco settlement agreement from the tobacco settlement
8 account must be deposited into the account. Beginning in 2008, any
9 amount in excess of one hundred million dollars received annually by
10 the state of Washington under the master tobacco settlement agreement
11 from the tobacco settlement account must be deposited into the account.
12 Additionally, any court awards or court-approved or out-of-court
13 settlements from actions taken by the attorney general against tobacco
14 companies after the effective date of this act that are not
15 specifically awarded for the benefit of identifiable parties to the
16 legal action, or for court costs or attorneys' fees, or that are
17 otherwise directed for deposit by statute, must be deposited into the
18 account. Expenditures from the account may be used only for grants
19 awarded by the research and technology transfer commission and for
20 operation of the commission established under section 4 of this act.
21 Only the executive director of the Washington technology center or the
22 director's designee may authorize expenditures from the account. The
23 account is subject to allotment procedures under chapter 43.88 RCW, but
24 an appropriation is not required for expenditures.

25 NEW SECTION. **Sec. 3.** The investing in innovation trust fund is
26 created in the custody of the state treasurer.

27 (1) All court awards or court-approved or out-of-court regulatory
28 settlements from actions taken by the attorney general after January 1,
29 1998, in the areas of telecommunications, energy, and technology that
30 are not specifically awarded for the benefit of identifiable parties to
31 the legal action, or for court costs or attorneys' fees, or that are
32 otherwise directed for deposit by statute, must be deposited into the
33 trust fund.

34 (2) The trust fund may receive gifts, grants, and awards from
35 federal court actions.

1 (3) Money in the trust fund shall be invested by the state
2 investment board. The state investment board has the full power to
3 invest, reinvest, manage, contract, sell, or exchange investment money
4 in the investing in innovation trust fund. All investment and
5 operating costs associated with the investment of money shall be paid
6 pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these
7 expenses, the earnings from the investment of the money shall be
8 retained by the trust fund. All investments made by the state
9 investment board shall be made with the exercise of that degree of
10 judgment and care pursuant to RCW 43.33A.140 and the investment
11 policies established by the state investment board. As deemed
12 appropriate by the state investment board, money in the trust fund may
13 be commingled for investment with other funds subject to investment by
14 the board.

15 (4) The principal of the investing in innovation trust fund shall
16 not be invaded. For purposes of this section, only the first ten
17 million dollars deposited into the trust fund shall be considered the
18 principal.

19 (5) Other than as permitted by subsection (3) of this section, the
20 investment earnings from the investment of money in the trust fund may
21 be used only for grants awarded by the research and technology transfer
22 commission and for operation of the commission established under
23 section 4 of this act.

24 (6) Only the executive director of the Washington technology center
25 or the director's designee may authorize expenditures from the trust
26 fund.

27 NEW SECTION. **Sec. 4.** (1) The research and technology transfer
28 commission is created.

29 (2) The commission shall consist of the following members:

30 (a) The board of directors of the Washington technology center;

31 (b) One member from each of the two largest caucuses of the senate,
32 appointed by the president of the senate from members who serve on the
33 following standing committees or their successor committees: The
34 economic development and telecommunications committee and the health
35 and long-term care committee; and

36 (c) One member from each of the two largest caucuses of the house
37 of representatives, appointed by the speaker of the house of

1 representatives from members who serve on the following standing
2 committees or their successor committees: The technology,
3 telecommunications and energy committee; the trade and economic
4 development committee; and the health care committee.

5 (3) The executive director of the Washington technology center
6 shall act as the chair of the commission.

7 NEW SECTION. **Sec. 5.** The purpose of the commission is to provide
8 advice and oversight of the grant program, including the development of
9 criteria for the award of contracts or grants to qualifying
10 universities, institutions, or individuals. The commission will make
11 decisions regarding distribution of these grant funds and will make
12 grant awards.

13 NEW SECTION. **Sec. 6.** (1) The commission shall periodically make
14 strategic assessments of the types of state investments in biomedical
15 research and biotechnology in this state that would likely create jobs
16 and business opportunities and produce the most beneficial long-term
17 improvements to the public health of the citizens of the state. One
18 area of focus for the commission shall be the biomedical research and
19 biotechnology proposals that address cancer, cardiovascular, and
20 smoking-related illnesses.

21 (2) The commission shall periodically make strategic assessments of
22 the types of state investments at any research institution of higher
23 education in Washington state in technology, telecommunications, and
24 energy research that would likely create jobs and business
25 opportunities and would make telecommunications technology and energy
26 technology more universally available, reliable, or affordable.

27 (3) The assessments shall be available to the public and shall be
28 used by the commission to guide its decisions on awarding grants.

29 NEW SECTION. **Sec. 7.** The commission shall establish a competitive
30 process for the award of grants and when appropriate shall provide for
31 peer review of proposals. Priority shall be given to proposals that
32 leverage additional private and public funding resources. Up to ten
33 percent of available funds from the biomedical research and technology
34 transfer account may be used to support a commercial development fund

1 to support commercialization opportunities for biomedical research in
2 Washington state.

3 NEW SECTION. **Sec. 8.** The grants program shall be reviewed
4 periodically. The commission shall establish performance benchmarks
5 against which the program will be evaluated. The commission shall
6 report on program reviews to the following standing committees: The
7 house of representatives committees on technology, telecommunications
8 and energy, trade and economic development, and health care; and the
9 senate committees on economic development and communications and health
10 and long-term care.

11 NEW SECTION. **Sec. 9.** Not more than one percent of the available
12 funds may be used for administrative costs of the commission and the
13 implementation of its duties.

14 **Sec. 10.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and
15 2002 c 61 s 6 are each reenacted and amended to read as follows:

16 (1) Money in the treasurer's trust fund may be deposited, invested,
17 and reinvested by the state treasurer in accordance with RCW 43.84.080
18 in the same manner and to the same extent as if the money were in the
19 state treasury.

20 (2) All income received from investment of the treasurer's trust
21 fund shall be set aside in an account in the treasury trust fund to be
22 known as the investment income account.

23 (3) The investment income account may be utilized for the payment
24 of purchased banking services on behalf of treasurer's trust funds
25 including, but not limited to, depository, safekeeping, and
26 disbursement functions for the state treasurer or affected state
27 agencies. The investment income account is subject in all respects to
28 chapter 43.88 RCW, but no appropriation is required for payments to
29 financial institutions. Payments shall occur prior to distribution of
30 earnings set forth in subsection (4) of this section.

31 (4)(a) Monthly, the state treasurer shall distribute the earnings
32 credited to the investment income account to the state general fund
33 except under (b) and (c) of this subsection.

34 (b) The following accounts and funds shall receive their
35 proportionate share of earnings based upon each account's or fund's

1 average daily balance for the period: The Washington promise
2 scholarship account, the college savings program account, the
3 Washington advanced college tuition payment program account, the
4 agricultural local fund, the American Indian scholarship endowment
5 fund, the basic health plan self-insurance reserve account, the
6 Washington state combined fund drive account, the Washington
7 international exchange scholarship endowment fund, the developmental
8 disabilities endowment trust fund, the energy account, the fair fund,
9 the fruit and vegetable inspection account, the game farm alternative
10 account, the grain inspection revolving fund, the juvenile
11 accountability incentive account, the rural rehabilitation account, the
12 stadium and exhibition center account, the youth athletic facility
13 account, the self-insurance revolving fund, the sulfur dioxide
14 abatement account, ((and)) the children's trust fund, the biomedical
15 research and technology transfer account, and the investing in
16 innovation trust fund. However, the earnings to be distributed shall
17 first be reduced by the allocation to the state treasurer's service
18 fund pursuant to RCW 43.08.190.

19 (c) The following accounts and funds shall receive eighty percent
20 of their proportionate share of earnings based upon each account's or
21 fund's average daily balance for the period: The advanced right of way
22 revolving fund, the advanced environmental mitigation revolving
23 account, the city and county advance right-of-way revolving fund, the
24 federal narcotics asset forfeitures account, the high occupancy vehicle
25 account, the local rail service assistance account, and the
26 miscellaneous transportation programs account.

27 (5) In conformance with Article II, section 37 of the state
28 Constitution, no trust accounts or funds shall be allocated earnings
29 without the specific affirmative directive of this section.

30 NEW SECTION. **Sec. 11.** A new section is added to chapter 28B.20
31 RCW to read as follows:

32 The Washington technology center shall provide staff support for
33 the research and technology transfer commission.

34 NEW SECTION. **Sec. 12.** Sections 1 through 9 of this act constitute

1 a new chapter in Title 70 RCW.

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