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HOUSE BILL 1003

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By Representatives Morris, Linville, Wood, Anderson, O'Brien and Sullivan

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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.** The biomedical research and technology  
7 transfer account is created in the custody of the state treasurer. An  
8 amount equal to ten percent of the annual receipts for the state of  
9 Washington under the master tobacco settlement agreement from the  
10 tobacco settlement account must be deposited into the account.  
11 Expenditures from the account may be used only for grants awarded by  
12 the research and technology transfer commission and for operation of  
13 the commission established under section 3 of this act. Only the  
14 executive director of the Washington technology center or the  
15 director's designee may authorize expenditures from the account. The  
16 account is subject to allotment procedures under chapter 43.88 RCW, but  
17 an appropriation is not required for expenditures.

1        NEW SECTION.    **Sec. 2.**    The investing in innovation trust fund is  
2    created in the custody of the state treasurer.

3        (1) All court awards or court-approved or out-of-court regulatory  
4    settlements from actions taken by the attorney general in the areas of  
5    telecommunications, energy, and technology that are not specifically  
6    awarded for the benefit of identifiable parties to the legal action, or  
7    for court costs or attorneys' fees, or that are otherwise directed for  
8    deposit by statute, must be deposited into the trust fund.

9        (2) Moneys in the trust fund shall be invested by the state  
10   investment board.    The state investment board has the full power to  
11   invest, reinvest, manage, contract, sell, or exchange investment moneys  
12   in the technology, telecommunications, and energy trust fund.    All  
13   investment and operating costs associated with the investment of money  
14   shall be paid pursuant to RCW 43.33A.160 and 43.84.160.    With the  
15   exception of these expenses, the earnings from the investment of the  
16   money shall be retained by the trust fund.    All investments made by the  
17   state investment board shall be made with the exercise of that degree  
18   of judgment and care pursuant to RCW 43.33A.140 and the investment  
19   policies established by the state investment board.    As deemed  
20   appropriate by the state investment board, moneys in the trust fund may  
21   be commingled for investment with other funds subject to investment by  
22   the board.

23        (3) The principal of the technology, telecommunications, and energy  
24   trust fund shall not be invaded.    For purposes of this section, only  
25   the first ten million dollars deposited into the trust fund shall be  
26   considered the principal.

27        (4) Other than as permitted by subsection (2) of this section, the  
28   investment earnings from the investment of money in the trust fund may  
29   be used only for grants awarded by the research and technology transfer  
30   commission and for operation of the commission established under  
31   section 3 of this act.

32        (5) Only the executive director of the Washington technology center  
33   or the director's designee may authorize expenditures from the trust  
34   fund.

35        NEW SECTION.    **Sec. 3.**    (1) The research and technology transfer  
36   commission is created.

37        (2) The commission shall consist of thirteen members as follows:

1 (a) The executive director of the Washington technology center, or  
2 the director's designee, who shall serve as an ex officio member;

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

8 (c) One member from each of the two largest caucuses of the house  
9 of representatives, appointed by the speaker of the house of  
10 representatives from members who serve on the following standing  
11 committees or their successor committees: The technology,  
12 telecommunications, and energy committee; the trade and economic  
13 development committee; and the health care committee;

14 (d) The presidents, or the presidents' designees, of the University  
15 of Washington and Washington State University;

16 (e) The attorney general or the attorney general's designee; and

17 (f) Five members appointed by the governor, at least two of whom  
18 are experts in commercializing the results of technology research.

19 Before making appointments, the governor shall solicit  
20 recommendations for member candidates from state cancer research  
21 facilities, statewide cancer research advocacy groups, statewide  
22 biotechnology organizations, other sources familiar with experts in the  
23 field of biomedical research, the telecommunications industry, the  
24 energy industry, and other sources familiar with experts in the field  
25 of telecommunications and energy. Members appointed by the governor  
26 shall serve for a term of five years and shall continue to serve until  
27 the member's successor is appointed. Vacancies shall be filled in the  
28 same manner that the original appointments were made.

29 (3) The commission shall select a chair from among its members.

30 (4) Members of the commission, other than legislative members,  
31 shall be reimbursed for travel expenses under RCW 43.03.050 and  
32 43.03.060. Legislative members shall be reimbursed for travel expenses  
33 under RCW 44.04.120.

34 NEW SECTION. **Sec. 4.** The purpose of the commission is to provide  
35 advice and oversight of the grant program, including the development of  
36 criteria for the award of contracts or grants to qualifying

1 universities, institutions, or individuals. The commission will make  
2 decisions regarding distribution of these grant funds and will make  
3 grant awards.

4 NEW SECTION. **Sec. 5.** (1) The commission shall periodically make  
5 strategic assessments of the types of state investments in biomedical  
6 research and biotechnology in this state that would likely create jobs  
7 and business opportunities and produce the most beneficial long-term  
8 improvements to the public health of the citizens of the state. One  
9 area of focus for the commission shall be the biomedical research and  
10 biotechnology proposals that address cancer and cancer-related  
11 illnesses.

12 (2) The commission shall periodically make strategic assessments of  
13 the types of state investments at any research institution of higher  
14 education in Washington state in technology, telecommunications, and  
15 energy research that would likely create jobs and business  
16 opportunities and would make telecommunications technology and energy  
17 technology more universally available, reliable, or affordable.

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

20 NEW SECTION. **Sec. 6.** The commission shall establish a competitive  
21 process for the award of grants and when appropriate shall provide for  
22 peer review of proposals. Priority shall be given to proposals that  
23 leverage additional private and public funding resources. Up to ten  
24 percent of available funds from the biomedical research and technology  
25 transfer account may be used to support a commercial development fund  
26 to support commercialization opportunities for biomedical research in  
27 Washington state.

28 NEW SECTION. **Sec. 7.** The grants program shall be reviewed  
29 periodically. The commission shall establish performance benchmarks  
30 against which the program will be evaluated.

31 NEW SECTION. **Sec. 8.** Not more than one percent of the available  
32 funds may be used for administrative costs of the commission and the  
33 implementation of its duties.

1           **Sec. 9.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and  
2 2002 c 61 s 6 are each reenacted and amended to read as follows:

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

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

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

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

21           (b) The following accounts and funds shall receive their  
22 proportionate share of earnings based upon each account's or fund's  
23 average daily balance for the period: The Washington promise  
24 scholarship account, the college savings program account, the  
25 Washington advanced college tuition payment program account, the  
26 agricultural local fund, the American Indian scholarship endowment  
27 fund, the basic health plan self-insurance reserve account, the  
28 Washington state combined fund drive account, the Washington  
29 international exchange scholarship endowment fund, the developmental  
30 disabilities endowment trust fund, the energy account, the fair fund,  
31 the fruit and vegetable inspection account, the game farm alternative  
32 account, the grain inspection revolving fund, the juvenile  
33 accountability incentive account, the rural rehabilitation account, the  
34 stadium and exhibition center account, the youth athletic facility  
35 account, the self-insurance revolving fund, the sulfur dioxide  
36 abatement account, ~~((and))~~ the children's trust fund, the biomedical  
37 research and technology transfer account, and the investing in

1 innovation trust fund. However, the earnings to be distributed shall  
2 first be reduced by the allocation to the state treasurer's service  
3 fund pursuant to RCW 43.08.190.

4 (c) The following accounts and funds shall receive eighty percent  
5 of their proportionate share of earnings based upon each account's or  
6 fund's average daily balance for the period: The advanced right of way  
7 revolving fund, the advanced environmental mitigation revolving  
8 account, the city and county advance right-of-way revolving fund, the  
9 federal narcotics asset forfeitures account, the high occupancy vehicle  
10 account, the local rail service assistance account, and the  
11 miscellaneous transportation programs account.

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

15 NEW SECTION. Sec. 10. A new section is added to chapter 28B.20  
16 RCW to read as follows:

17 The Washington technology center shall provide staff support for  
18 the research and technology transfer commission.

19 NEW SECTION. Sec. 11. Sections 1 through 8 of this act constitute  
20 a new chapter in Title 70 RCW.

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