
**Technology, Energy &
Communications Committee**

HB 1623

Brief Description: Establishing the life sciences discovery fund.

Sponsors: Representatives Sommers, Anderson, Morris, Armstrong, Hinkle, Kenney, Priest, Linville, Kessler, Hunt, Williams, Chase, Kilmer, Hunter and Hudgins; by request of Governor Gregoire.

Brief Summary of Bill

- Creates a Life Science Discovery Fund Authority (Authority) as an agency of the state.
- Allows the Authority to receive funds under the master settlement agreement and leverage those funds with amounts received from public and private sources to promote life sciences research.
- Allows the Authority to make grants to entities for the promotion of life science research to be conducted in the state.

Hearing Date: 2/10/05

Staff: Kara Durbin (786-7133).

Background:

In 2001, at the request of Governor Locke, leaders from Washington's research institutions, industry, government, and the community developed the framework of a strategic initiative (known as "Bio 21") that would capitalize on existing assets at the convergence of the life sciences and information technology. Bio 21 calls for the state to direct a combination of public and private funds to the research sector through fiscal year 2018 to support research and commercialization of life science and information technology. In 2003, the Legislature provided funds from the master tobacco settlement agreement to support further development of this initiative.

The Tobacco Master Settlement Agreement is an agreement between 46 states, the District of Columbia, six territories, and five major tobacco product manufacturers. Under the agreement, participating manufacturers agree to make specified payments to the state and agree to abide by extensive public health restrictions on the advertisement, promotion, and marketing of cigarettes. In exchange, the state agreed to release the participating manufacturers from claims by the states.

Of that settlement, Washington is expected to receive approximately \$4 billion over a period of 25 years. Money was received under the settlement beginning in the 1999-2001 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.

Summary of Bill:

Authority Created:

The Life Sciences Discovery Fund Authority (Authority) is created as a public instrumentality and agency of the state. The powers of the Authority are vested in a board of trustees. The seven member board of trustees is to be appointed by the Governor and confirmed by the Senate. The board meetings are subject to the Open Public Meetings Act.

The Authority can enter into an agreement with the state to receive the state's strategic contribution payments from 2008 to 2017 under the master settlement agreement. In return for the right to receive the strategic contribution payments, the Authority pledges to leverage the revenues with amounts received from other public and private sources and to collectively hold those funds in trust to promote life sciences and related research. The strategic contribution payments do not have to be transferred to the Authority if it does not have a commitment for \$20 million in nonstate contributions with \$10 million in contributions already received.

Agreements:

The Authority also has the power to enter into agreements with private and public entities other than the state to receive funds. In return, the Authority pledges to leverage those funds with money received in accordance with the state agreement as well as money received from other public and private sources, and to collectively hold those funds in trust to promote life sciences and related research.

Grants:

In addition, the Authority has the power to make grants to entities pursuant to a contract for the promotion of life sciences research to be conducted in the state. The authority shall solicit requests for funding and evaluate the requests by considering the following factors:

- ⋅ the quality of the proposed research;
- ⋅ the potential for leveraging additional funding;
- ⋅ the potential to provide health care benefits;
- ⋅ the potential to stimulate health care delivery, biomedical manufacturing, and life sciences related employment in the state;
- ⋅ the geographic diversity of the grantees within Washington; and
- ⋅ evidence of public and private collaboration.

In addition to considering these factors, the Authority has the power to adopt policies and procedures to facilitate the process of reviewing and awarding grants. The Authority can also create one or more advisory boards consisting of scientists, industrialists, and others familiar with life science research.

"Life science research" defined:

"Life science research" is defined as advanced and applied research and development related to health care outcomes, particularly in areas such as diagnosis and treatment of disease, medical devices and imaging, and software for use in clinical settings. This can include laboratory and clinical research and proof of concept development.

Miscellaneous:

The income of the Life Sciences Discovery Fund is not subject to business and occupation taxes. Certain information in grant applications is exempt from public disclosure which, if revealed, would reasonably be expected to result in private loss to the providers of the information.

Appropriation: None.

Fiscal Note: Requested on February 7, 2005.

Effective Date: The bill has an emergency clause and takes effect immediately, except section 13 of this act which takes effect June 30, 2005.