

FINAL BILL REPORT

E2SHB 1705

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Synopsis as Enacted

Brief Description: Creating health sciences and services authorities.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Barlow, Ormsby, Kenney and Wood).

House Committee on Technology, Energy & Communications

House Committee on Finance

Senate Committee on Ways & Means

Background:

Special Purpose Districts.

Special purpose districts are limited purpose local governments established to perform a specialized function separate from a city, town, or county. Examples of functions include: electricity services, flood control, irrigation, parks and recreation, and water and sewer services. According to the Municipal Research and Services Center of Washington, there are an estimated 80 different special purpose districts in the state. Most often the governance structures are designated in statute. Most powers of a special purpose district are vested in a board of directors, board of trustees, or board of district directors.

Sales and Use Tax.

The sales tax is paid on each retail sale of most articles of tangible personal property, certain services, and extended warranties. The use tax is imposed on the use of articles of tangible personal property, certain services, and extended warranties when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Washington Higher Education Coordinating Board.

The Washington Higher Education Coordinating Board (Board) is a 10-member citizen board that provides planning, coordination, monitoring, and policy analysis for higher education in Washington. Also, the Board's responsibilities include development of a statewide strategic master plan for higher education and the development of recommendations on policy and budgetary issues for consideration by the Governor and the Legislature.

Summary:

Health Sciences and Services Authority.

A city, town, or county (local government) may establish by ordinance or resolution a Health Sciences and Services Authority (Authority) to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. A city and county may join together to create an Authority. "Health sciences and

services" means biosciences that advance new therapies and procedures to combat disease and promote public health. The ordinance or resolution must specify the powers of the Authority, establish an administrative board, clarify the geographic boundaries of an Authority and provide investment guidelines.

An Authority has all the general powers necessary to carry out its purposes and duties such as make and execute agreements and contracts, establish special funds, hire staff, leverage the Authority's public funds with moneys received from other public and private sources, hold funds received by the Authority in trust, and make grants to entities to promote bioscience-based economic development.

Board.

An Authority is overseen by a board with not more than 14 members. The Authority board selects the chair. Board members must have some experience with the mission of the Authority. The board members must be appointed as follows:

- the Governor appoints three members;
- the county legislative authority in which the authority resides appoints three members;
- the mayor of the city in which the authority is created, or the mayor of the largest city within the authority if created by a county, appoints three members; and
- up to five additional members may be appointed by the board.

Liability.

Members of the board, as well as other persons acting on behalf of the Authority, are not subject to personal liability resulting from their official duties. The state, the local government that created the Authority, and the Authority are not liable for any loss, damage, harm, or other consequences resulting from grants provided by the Authority or from programs, services, research, or other activities funded with such grants.

Higher Education Coordinating Board.

The Higher Education Coordinating Board (Board) is authorized to approve or reject applications submitted by local governments for an area's designation as an Authority. The application must be prescribed by the Board. Applications are due December 31, 2007, and must be processed within 60 days of submission. The Board is limited to approving one authority statewide with a population of less than one million persons. The Board may adopt any rules necessary to implement the Authority Program. The Board is responsible for developing evaluation and performance measures in order to evaluate the effectiveness of an Authority's activities. The Board is required to report to the Legislature on a biennial basis, beginning December 1, 2009.

Debt.

A local government that creates an Authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness. The bonds issued by a local government do not constitute an obligation of Washington, either general or special.

The ordinance adopted by the local government creating an Authority and authorizing the use of the excise tax indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated.

The general indebtedness incurred may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

Sales and Use Tax.

The legislative authority of a local jurisdiction that has created an Authority may impose a sales and use tax. The tax is in addition to other taxes authorized by law and collected from those persons who are taxable by the state. The rate of the tax shall not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax. The tax imposed is deducted from the amount of tax otherwise required to be collected or paid over to the Department of Revenue. The authority to impose an additional sales and use tax expires January 1, 2023.

Public Disclosure.

Financial, commercial, operations, and technical and research information and data submitted to or obtained by an Authority related to grant making is exempt from disclosure as part of the Public Records Act.

Votes on Final Passage:

House	68	29	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	46	0	(Senate amended)
House	70	28	(House concurred)

Effective: July 22, 2007
June 30, 2008 (Section 13)