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SUBSTITUTE HOUSE BILL 1705

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Barlow, Ormsby, Kenney and Wood)

READ FIRST TIME 02/15/07.

AN ACT Relating to the creation of health sciences and services authorities; reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.32 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing an effective date; and providing an expiration date.

- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 10 (1) "Authority" means a health sciences and services authority 11 created pursuant to this chapter.
- 12 (2) "Board" means the governing board of trustees of an authority.
- 13 (3) "Department" means the department of community, trade, and economic development.
- 15 (4) "Director" means the director of the department of community, 16 trade, and economic development.
- 17 (5) "Health sciences and services" means biosciences that advance 18 new therapies and procedures to combat disease and promote public 19 health.

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- 1 (6) "Local government" means a city, town, or county.
- 2 (7) "Sponsoring local government" means a city, town, or county
- 3 that creates a health sciences and services authority.
- 4 <u>NEW SECTION.</u> **Sec. 2.** PURPOSE. The health sciences and services
- 5 program is created to promote bioscience-based economic development and
- 6 advance new therapies and procedures to combat disease and promote
- 7 public health.
- 8 <u>NEW SECTION.</u> **Sec. 3.** CREATION. (1) A local government must
- 9 establish by ordinance or resolution an authority. At a minimum, the
- 10 ordinance must:
- 11 (a) Specify the powers to be exercised by the authority;
- 12 (b) Reserve the local government's right to dissolve the authority
- 13 after its contractual responsibilities have expired;
- 14 (c) Establish an administrative board, including: (i) The number
- of board members; (ii) the times and terms of appointment for each
- 16 board position; (iii) the amount of compensation, if any, to be paid to
- 17 board members; (iv) the procedures for removing board members and
- 18 filing vacancies; and (v) the qualifications for the appointment of
- 19 individuals to the board;
- 20 (d) Establish the authority's boundaries, which must be contiguous
- 21 tracts of land;
- (e) Ensure that private and public funds provided to the authority
- 23 will be segregated;
- 24 (f) Establish guidelines under which the authority may invest its
- 25 funds;
- 26 (g) Provide the requirements for auditing the records of the
- 27 authority; and
- 28 (h) Require the local government's legal counsel to also provide
- 29 legal services to the authority.
- 30 (2) If a city intends to impose the sales and use tax pursuant to
- 31 section 12 of this act and is located within a county that also intends
- 32 to impose the sales and use tax pursuant to section 12 of this act, the
- 33 two local governments must enter into an agreement, duly authorized by
- 34 an ordinance or a resolution, for the joint creation and administration
- 35 of the authority. The agreement must address all responsibilities and
- 36 liabilities for each local government.

NEW SECTION. Sec. 4. APPLICATIONS. (1) The department may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director shall determine the division to review applications submitted by local governments under this chapter. The application for designation shall be in the form and manner and contain such information as the department may prescribe, provided the application shall:

- (a) Contain sufficient information to enable the director to determine the viability of the proposal;
 - (b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;
 - (c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;
 - (d) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;
 - (e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and
- (f) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.
- (2) The director shall determine the division to develop criteria to evaluate the application. The criteria shall include:
- (a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;
- (b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and
- (c) The presence of facilities in which health services are provided.
 - (3) There shall be no more than two authorities statewide.
- (4) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to

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a specific local government is final; however, a rejected application may be resubmitted.

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- (5) Applications are due July 1, 2008, and must be processed within sixty days of submission.
 - (6) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.
 - (7) The department may adopt any rules necessary to implement this act within one hundred twenty days of the effective date of this act.
- 9 (8) The department must develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. A report to the legislature shall be due on a biennial basis beginning December 1, 2009. In addition, the department shall develop evaluation criteria that enables the local governments to measure the effectiveness of the program.
- NEW SECTION. Sec. 5. BOARD. (1) An authority shall be overseen by a board with not more than fourteen members. Board members shall be appointed by the sponsoring local government and must reside within the jurisdiction of the local government that created the authority. The authority board shall select the chair.
- 21 (2) A simple majority of the board members shall constitute a 22 quorum.
- 23 (3) The board shall annually elect a secretary and any other 24 officers it deems necessary.
 - (4) The local government shall designate an individual with financial experience to serve as treasurer. The individual may be a city or county treasurer, city or county auditor, or a private party. If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local government deems necessary to protect the authority. The treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession.
 - (5) The board may adopt bylaws or rules for their own governance.
- 34 (6) Meetings of the board shall be held in accordance with the open 35 public meetings act, chapter 42.30 RCW, and at the call of the chair or 36 when a majority of the board so requests. Meetings of the board may be

- held at any location and board members may participate in a meeting of 1
- 2 the board by means of a conference telephone or similar communication
- equipment under RCW 23B.08.200. 3

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- 4 <u>NEW SECTION.</u> **Sec. 6.** POWERS AND DUTIES. (1) The authority has all the general powers necessary to carry out its purposes and duties 5 and to exercise its specific powers, including the authority may: 6
 - (a) Sue and be sued in its own name;
- (b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this 9 10 chapter;
 - (c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;
 - (d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;
 - (e) Enter into contracts with public and private entities for research to be conducted in this state;
 - (f) Delegate any of its powers and duties if consistent with the purposes of this chapter;
 - (g) Exercise any other power reasonably required to implement the purposes of this chapter; and
 - (h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.
 - (2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:
 - (a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, promote bioscience-based economic development, and advance new therapies and procedures to combat disease and promote public health;
 - (b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage

those moneys with the revenue generated by the tax authorized pursuant to section 12 of this act and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

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- (c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;
- (d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;
- (e) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;
- (f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and
- (g) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.
- 36 (3) The records of the authority shall be subject to audit by the 37 office of the state auditor.

NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 12 of this act and subject to the following requirements:

- (a) The ordinance adopted by the local government creating the authority and authorizing the use of the excise tax in section 12 of this act indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and
- 12 (b) The local government includes this statement of the intent in all notices.
- (2) The general indebtedness incurred under subsection (1) of this section 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.
- NEW SECTION. Sec. 8. LIMITATION ON BONDS ISSUED. The bonds issued by a local government under section 7 of this act shall not constitute an obligation of the state of Washington, either general or special.
- NEW SECTION. Sec. 9. LIABILITY. (1) Members of the board, as well as other persons acting on behalf of the authority, while acting within the scope of their employment or agency, shall not be subject to personal liability resulting from their official duties conferred on them under this chapter.
 - (2) The state, the local government that created the authority, and the authority shall not be liable for any loss, damage, harm, or other consequences resulting directly or indirectly from grants provided by the authority or from programs, services, research, or other activities funded with such grants.

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- 1 <u>NEW SECTION.</u> **Sec. 10.** DISSOLUTION. The board may petition the
- 2 sponsoring local government to be dissolved upon a showing that it has
- 3 no reason to exist and that any assets it retains must be returned to
- 4 the state treasurer.
- 5 <u>NEW SECTION.</u> **Sec. 11.** A new section is added to chapter 82.04 RCW
- 6 to read as follows:
- 7 This chapter does not apply to grants made by a health sciences and
- 8 services authority under this act.
- 9 <u>NEW SECTION.</u> **Sec. 12.** A new section is added to chapter 82.32 RCW
- 10 to read as follows:
- 11 The department shall distribute, on a quarterly basis, to a local
- 12 government with a health sciences and services authority an amount
- 13 equal to .015 percent of the proceeds generated by the taxes authorized
- 14 under chapters 82.08 and 82.12 RCW within that local government's
- 15 jurisdiction during the previous quarter. The amounts received under
- 16 this section may only be used in accordance with section 6 of this act
- 17 or to finance and retire the indebtedness incurred pursuant to section
- 18 7 of this act, in whole or in part.
- 19 Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c
- 20 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c
- 21 171 s 8 are each reenacted and amended to read as follows:
- The following financial, commercial, and proprietary information is
- 23 exempt from disclosure under this chapter:
- 24 (1) Valuable formulae, designs, drawings, computer source code or
- object code, and research data obtained by any agency within five years
- 26 of the request for disclosure when disclosure would produce private
- 27 gain and public loss;
- 28 (2) Financial information supplied by or on behalf of a person,
- 29 firm, or corporation for the purpose of qualifying to submit a bid or
- 30 proposal for (a) a ferry system construction or repair contract as
- 31 required by RCW 47.60.680 through 47.60.750 or (b) highway construction
- 32 or improvement as required by RCW 47.28.070;
- 33 (3) Financial and commercial information and records supplied by
- 34 private persons pertaining to export services provided under chapters

43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

- (4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;
- (5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;
- (6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;
 - (7) Financial and valuable trade information under RCW 51.36.120;
- (8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;
- (9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;
- (10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;
- (b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

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(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

- (12)(a) When supplied to and in the records of the department of community, trade, and economic development:
- (i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and
- (ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;
- (b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;
- (c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;
- (d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;
- (13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;
- (14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if

revealed, would reasonably be expected to result in private loss to the providers of this information;

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- (15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;
- (16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ((and))
- (17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit((\cdot));
- 15 (b) Farm plans developed under chapter 90.48 RCW and not under the 16 federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 17 42.56.610 and 90.64.190; and
- (18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.
- Sec. 14. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 388 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:
 - The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:
 - (1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;
- 33 (2) Financial information supplied by or on behalf of a person, 34 firm, or corporation for the purpose of qualifying to submit a bid or 35 proposal for (a) a ferry system construction or repair contract as 36 required by RCW 47.60.680 through 47.60.750 or (b) highway construction 37 or improvement as required by RCW 47.28.070;

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(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

- (4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;
- (5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;
- (6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;
 - (7) Financial and valuable trade information under RCW 51.36.120;
- (8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;
- (9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;
- (10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;
- (11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes

of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

- (12)(a) When supplied to and in the records of the department of community, trade, and economic development:
- (i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and
- (ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;
- (b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;
- (c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;
- (d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;
- (13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;
- (14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information; (15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

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- 1 (16) Any production records, mineral assessments, and trade secrets 2 submitted by a permit holder, mine operator, or landowner to the 3 department of natural resources under RCW 78.44.085; ((and))
- 4 (17)(a) Farm plans developed by conservation districts, unless 5 permission to release the farm plan is granted by the landowner or 6 operator who requested the plan, or the farm plan is used for the 7 application or issuance of a permit((\cdot,\cdot));
- 8 (b) Farm plans developed under chapter 90.48 RCW and not under the 9 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to 10 RCW 42.56.610 and 90.64.190; and
- 11 (18) Financial, commercial, operations, and technical and research
 12 information and data submitted to or obtained by a health sciences and
 13 services authority in applications for, or delivery of, grants under
 14 sections 1 through 6 of this act, to the extent that such information,
 15 if revealed, would reasonably be expected to result in private loss to
 16 providers of this information.
- NEW SECTION. Sec. 15. CAPTIONS. Captions used in this act are not any part of the law.
- NEW SECTION. Sec. 16. SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.
- NEW SECTION. Sec. 17. CODIFICATION. Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW.
- NEW SECTION. Sec. 18. EXPIRATION DATE. Section 13 of this act expires June 30, 2008.
- NEW SECTION. Sec. 19. EFFECTIVE DATE. Section 14 of this act takes effect June 30, 2008.

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