

# SENATE BILL REPORT

## SB 6675

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As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, February 1, 2010

**Title:** An act relating to creating the Washington global health technologies and product development competitiveness program and allowing certain tax credits for program contributions.

**Brief Description:** Creating the Washington global health technologies and product development competitiveness program and allowing certain tax credits for program contributions.

**Sponsors:** Senators Murray, Pflug, Shin, Kastama, Kohl-Welles and Kilmer.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 1/21/10, 2/01/10 [DPS-WM].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** That Substitute Senate Bill No. 6675 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

**Staff:** Jack Brummel (786-7428)

**Background:** Washington's global health care sector is responsible for approximately 50,000 jobs and over \$1.7 billion in salaries in the state. It also generates \$4.1 billion in business activity. The Legislative Committee on Economic Development and International Relations conducted a hearing in 2009 on the economic impact of the sector. It was suggested at the hearing that there was tremendous growth potential for the sector and that incentives for the sector and for commercialization activities would help the sector expand and create jobs.

**Summary of Bill (Recommended Substitute):** The Washington global health technologies and product development competitiveness program is created, to be administered by a board of directors appointed by the Governor. The board is to contract with the Department of Health for management services. The board's duties include soliciting funds from

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businesses, foundations and the federal government and making grants for development of global health technologies and products.

Grant award recipients must conduct their research, development, and production activities within Washington, except for clinical trials that must be carried out in developing countries. The board may provide funding for recruitment and employment of global health researchers at state research institutions upon the recommendation of the state Economic Development Commission.

The Washington global health technologies and product development account (WGHTPD account) is created. The WGHTPD account will be funded with monies from grantors or donors who require deposition of funds in a state account and will be used to support the grants for global health commercialization efforts. No state or local government funds may be deposited into the WGHTPD account. For all other funds received, the board will administer a separate account which will be used to support the operations of the grants program.

Businesses making contributions to the account are eligible for a 50 percent credit against their state business and occupation (B&O) taxes. Insurers making contributions to the account are eligible for a 50 percent credit against their insurance premium taxes. The credit claimed may not exceed the tax due and no entity may receive more than \$500,000 in credit per year. The total amount of credits claimed during any year may not exceed \$5 million for the B&O tax credit nor \$5 million for the insurance premium tax credit.

**EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute):** The requirement that grant award recipients must conduct their research, development, and production activities within Washington does not apply to clinical trials that must be carried out in developing countries. The board is to create an account for those funds that are not required to be put into the account in the custody of the State Treasurer. Technical changes are made.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: Production of global health technologies is taking place elsewhere even when the research and technology development takes place here. This is a mechanism to bring manufacturing and jobs in the global health sector to this state. There are a lot of opportunities for this. Organizations have worked in this field for as long as 30 years. We need to encourage this next step to take full advantage of this sector and create jobs in Washington. The University of Washington (UW) Department of Global Health was created four years ago. There is a lot of competition for the top talent in this field and this will help the state stay competitive.

**Persons Testifying:** PRO: Senator Murray, prime sponsor; Ralph Munro, Lisa Cohen, Global Health Alliance; Steve Hanson, UW; John Gardner, WSU.