

SENATE BILL REPORT

2SSB 6675

As Amended by House, March 22, 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: Senate Committee on Ways & Means (originally sponsored by 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].

Ways & Means: 3/08/10 [DP2S].

Passed Senate: 3/10/10, 46-1.

First Special Session: Passed Senate: 3/15/10, 43-1.

Passed House: 3/22/10, 89-8.

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)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6675 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Parlette, Pridemore, Rockefeller and Schoesler.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Dianne Criswell (786-7433)

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 Second Substitute Bill: 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 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.

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 (Economic Development, Trade & Innovation): 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 (Economic Development, Trade & Innovation): PRO: Senator Murray, prime sponsor; Ralph Munro, Lisa Cohen, Global Health Alliance; Steve Hanson, UW; John Gardner, WSU.

Staff Summary of Public Testimony (Ways & Means): No public hearing was held.

Persons Testifying (Ways & Means): N/A.

House Amendment(s): Specifies that the program must be administered by a nonprofit 501(c)(6) organization, but otherwise retains the board of directors' membership and its appointment by the Governor as it is in the underlying bill.

Modifies fiscal provisions in the underlying bill by: (1) requiring the board of the nonprofit organization to create and administer an account for deposit of any nonfederal and nonstate funds received; and (2) creating an account in the custody of the State Treasurer for deposit of any federal funds received and any state funds appropriated for the specific purposes of the program. Removes the prohibition on state and local government funds from being deposited in the treasury account and the statements that the moneys in the account do not constitute public funds.

For accountability, requires grantees to report prescribed information to the board and requires that the board use that information to prepare an annual evaluative report to the Legislature beginning in 2012.

Changes the management services/fiscal agency from the Department of Health to the Department of Commerce.