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**SUBSTITUTE HOUSE BILL 2983**

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**State of Washington                      61st Legislature                      2010 Regular Session**

**By** House Community & Economic Development & Trade (originally sponsored by Representatives Kenney and Maxwell)

READ FIRST TIME 02/03/10.

1            AN ACT Relating to creating the Washington global health  
2 technologies and product development competitiveness program and  
3 allowing certain tax credits for program contributions; amending RCW  
4 43.79A.040; adding a new section to chapter 82.04 RCW; adding a new  
5 section to chapter 48.14 RCW; adding a new chapter to Title 43 RCW; and  
6 providing expiration dates.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8            NEW SECTION. **Sec. 1.** The legislature finds that the global health  
9 sector develops new technologies and products for the improvement of  
10 health delivery locally and worldwide and that Washington is home to  
11 the world's richest collection of global health research and education  
12 programs creating new and innovative technologies on a daily basis. It  
13 is the intent of the legislature to stimulate the state's economy and  
14 foster job creation in the emerging field of global health while  
15 improving the health of people in Washington state and the world. The  
16 purpose of this act is to create a funding mechanism and a grant  
17 program to ensure that Washington remains competitive in global health  
18 innovation and to guarantee that the development, manufacture, and

1 delivery of global health products will become an even more dynamic  
2 part of the state's economy.

3 NEW SECTION. **Sec. 2.** (1) The Washington global health  
4 technologies and product development competitiveness program is  
5 created.

6 (2)(a) The program must be administered by a nonprofit organization  
7 exempt from income taxation under 26 U.S.C. Sec. 501(c)(6) of the  
8 federal internal revenue code whose board of directors is appointed by  
9 the governor. The governor must make the appointments after  
10 consultation with a state-wide alliance of global health research,  
11 nonprofit, and private entities. The board consists of the following  
12 members:

13 (i) Three members representing private companies engaged in the  
14 provision of global health products or services;

15 (ii) Three members representing nonprofit organizations supporting  
16 global health research or providing global health products or services;

17 (iii) Three members representing public research institutions  
18 engaged in global health research and education; and

19 (iv) One member who is a former state-wide elected official.

20 (b) The governor must appoint the chair of the board from among the  
21 members. The governor must appoint the members to staggered terms and  
22 each appointment may not last more than three years, but an appointee  
23 may serve more than one term.

24 (3) The board must contract with the department of health for  
25 management services to assist the board in implementing the program.

26 (4) The board must solicit and receive gifts, grants, bequests,  
27 royalty payments, licensing income, and other funds from businesses,  
28 foundations, and the federal government to promote the development and  
29 delivery of global health technologies and products. All federal funds  
30 received must be deposited in the Washington global health technologies  
31 and product development account created in section 3 of this act. All  
32 remaining funds received must be deposited in an account that the board  
33 creates and administers to carry out the purposes of this section.  
34 Expenditures from the account created by the board may be used only for  
35 funding activities of the program created in this section. Of the  
36 total amounts deposited into these accounts, no more than three percent

1 of the total funds may be used for the department of health's  
2 management services and administrative expenses related to the program  
3 created in this section.

4 (5) The board must establish eligibility criteria for global health  
5 technologies and product development grants and adopt policies and  
6 procedures to facilitate the orderly process of grant application,  
7 review, and reward.

8 (6) In making grants to entities pursuant to contract for the  
9 development, production, promotion, and delivery of global health  
10 technologies and products, the board must consider the following:

11 (a) The quality of the proposed research or the proposed technical  
12 assistance in product development or production process design. Any  
13 grant funds awarded for research activities must be awarded for  
14 nonbasic research which will assist in commercialization or manufacture  
15 of global health technologies;

16 (b) The potential for the grant recipient to improve global health  
17 outcomes;

18 (c) The potential for the grant to leverage additional funding for  
19 the development of global health technologies and products;

20 (d) The potential for the grant to stimulate, or promote technical  
21 skills training for, employment in the development of global health  
22 technologies in the state;

23 (e) The willingness of the grant recipient, when appropriate, to  
24 enter into royalty or licensing income agreements with the board; and

25 (f) Any other factors, as the board determines.

26 (7) Grant contracts must specify that award recipients must conduct  
27 their research, development, and any subsequent production activities  
28 within Washington, with the exception of activities such as clinical  
29 trials that must be carried out in developing countries, and that a  
30 failure to comply with this requirement will obligate the recipient to  
31 return the amount of the award plus interest as determined by the  
32 board.

33 (8) Upon the recommendation of the Washington economic development  
34 commission, the board may provide funding for the recruitment and  
35 employment by public research institutions and global health nonprofit  
36 organizations in the state, of global health researchers with a history  
37 of commercialization of global health technologies.

1 (9) Each project receiving a grant under this section must report  
2 information to the board in the format and at the intervals as the  
3 board requires to provide accountability and to evaluate the  
4 effectiveness of the program. The information reported must include  
5 the amount of funding received; the funding, if any, leveraged by the  
6 grant; the number and types of jobs created as a result of the grant;  
7 and any other information that the board requires. The board must use  
8 the information to prepare an annual evaluation of the program for a  
9 report to the appropriate committees of the legislature and the  
10 governor, beginning December 1, 2012.

11 (10) Upon request of the citizen commission for performance  
12 measurement of tax preferences or the joint legislative audit and  
13 review committee, the board must provide information needed by the  
14 commission or committee to meet its responsibilities under chapter  
15 43.136 RCW.

16 NEW SECTION. **Sec. 3.** The Washington global health technologies  
17 and product development account is created in the custody of the state  
18 treasurer. Only the board of directors of the Washington global health  
19 technologies and product development competitiveness program or the  
20 board's designee may authorize expenditures from the account. All  
21 federal moneys received from the solicitations required in section 2 of  
22 this act must be deposited in the account. Expenditures from the  
23 account may be used only for funding activities of the Washington  
24 global health technologies and product development competitiveness  
25 program created in section 2 of this act. The account is subject to  
26 the allotment procedures under chapter 43.88 RCW, but an appropriation  
27 is not required for expenditures.

28 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW  
29 to read as follows:

30 (1) A person is allowed a credit against taxes due under this  
31 chapter in an amount equal to fifty percent of contributions made in  
32 any fiscal year directly to the Washington global health technologies  
33 and product development program created in section 2 of this act. The  
34 credit must be taken in a form and manner as required by the  
35 department.

1 (2) A person claiming the credit under this section must make a  
2 contribution to the Washington global health technologies and product  
3 development account before claiming a credit under this section. A  
4 credit may not be claimed under this section for any contribution for  
5 which a credit is claimed under section 5 of this act.

6 (3) The credit under this section may not exceed five hundred  
7 thousand dollars per fiscal year per person. The credit may not exceed  
8 the tax that would otherwise be due under this chapter.

9 (4) Refunds are not be granted in the place of credits.

10 (5) Except as provided under subsection (6) of this section, a tax  
11 credit claimed under this section may not be carried over to another  
12 year.

13 (6) Any amount of tax credit otherwise allowable under this section  
14 not claimed by a person in any calendar year may be carried over and  
15 claimed against the tax liability for the next succeeding calendar  
16 year. Any credit remaining unused in the next succeeding calendar year  
17 may be carried forward and claimed against the tax liability for the  
18 second succeeding calendar year; and any credit not used in that second  
19 succeeding calendar year may be carried over and claimed against the  
20 tax liability for the third succeeding calendar year, but may not be  
21 carried over for any calendar year thereafter.

22 (7) Credits under this section are available on a first in-time  
23 basis. The department must disallow any credit, or portion thereof,  
24 that would cause the total amount of credits claimed under this section  
25 during any calendar year to exceed five million dollars. The  
26 department must provide written notice to any person that has claimed  
27 tax credits in excess of the five-million dollar limitation in this  
28 subsection. The notice must indicate the amount of tax due and provide  
29 that the tax be paid within thirty days from the date of such a notice.  
30 The department may not assess penalties and interest as provided in  
31 chapter 82.32 RCW on the amount due in the initial notice if the amount  
32 due is paid by the due date specified in the notice, or any extension  
33 thereof.

34 (8) To claim a credit under this section, a person must  
35 electronically file with the department all returns, forms, and any  
36 other information required by the department, in an electronic format  
37 as provided or approved by the department. Any return, form, or  
38 information required to be filed in an electronic format under this

1 section is not filed until received by the department in an electronic  
2 format. As used in this subsection, "returns" has the same meaning as  
3 "return" in RCW 82.32.050.

4 (9) No application is necessary for the tax credit. The person  
5 must keep records necessary for the department to verify eligibility  
6 under this section.

7 (10) The Washington global health technologies and product  
8 development competitiveness program created in section 2 of this act  
9 must provide to the department, upon request, information needed to  
10 verify eligibility for credit under this section, including information  
11 regarding contributions received by the program.

12 (11) The department may not allow any credit under this section  
13 before July 1, 2010.

14 (12) This section expires June 30, 2018.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.14 RCW  
16 to read as follows:

17 (1) An insurer earns a credit against taxes due under this chapter  
18 in an amount equal to fifty percent of the contributions made by the  
19 insurer in any fiscal year directly to the Washington global health  
20 technologies and product development program created in section 2 of  
21 this act. A credit may not be claimed under this section for any  
22 contribution for which a credit is claimed under section 4 of this act.

23 (2) The credit under this section may not exceed five hundred  
24 thousand dollars per fiscal year per person.

25 (3) Any amount of tax credit otherwise allowable under this section  
26 not claimed by an insurer in any calendar year may be carried over and  
27 claimed against the tax liability for the next succeeding calendar  
28 year. Any credit remaining unused in the next succeeding calendar year  
29 may be carried forward and claimed against the tax liability for the  
30 second succeeding calendar year. Any credit not used in that second  
31 succeeding calendar year may be carried over and claimed against the  
32 tax liability for the third succeeding calendar year, but may not be  
33 carried over for any calendar year thereafter.

34 (4) Credits under this section are available on a first in-time  
35 basis. The commissioner must disallow any credit, or portion thereof,  
36 that would cause the total amount of credits claimed under this section  
37 during any calendar year to exceed five million dollars. The

1 commissioner must provide written notice to any person that has claimed  
2 tax credits in excess of the five-million dollar limitation in this  
3 subsection. The notice must indicate the amount of tax due and provide  
4 that the tax be paid within thirty days from the date of such a notice.  
5 The commissioner may not assess penalties and interest on the amount  
6 due in the initial notice if the amount due is paid by the due date  
7 specified in the notice, or any extension thereof.

8 (5) An insurer claiming the credit under this section is subject to  
9 all the requirements of chapter 82.32 RCW. The tax credit that may be  
10 applied against state premium tax liability in any one tax year may not  
11 exceed the state premium tax liability of the insurer for such tax  
12 year.

13 (6) No application is necessary for the tax credit under this  
14 section. An insurer claiming the tax credit under this section must  
15 keep records necessary for the commissioner to verify eligibility for  
16 the credit.

17 (7) The Washington global health technologies and product  
18 development competitiveness program created in section 2 of this act  
19 must provide to the commissioner, upon request, information needed to  
20 verify eligibility for credit under this section, including information  
21 regarding contributions received by the program.

22 (8) An insurer is not required to reduce the amount of tax pursuant  
23 to the state premium tax liability included by the insurer in  
24 connection with ratemaking for any insurance contract written in  
25 Washington because of a reduction in the insurer's tax liability based  
26 on the tax credit allowed under this act.

27 (9) If the taxes paid by an insurer with respect to its state  
28 premium tax liability constitute a credit against any other tax which  
29 is imposed by Washington, the insurer's credit against such other tax  
30 will not be reduced by virtue of the reduction in the insurer's tax  
31 liability based on the tax credit allowed under this act.

32 (10) The commissioner may not allow any credit under this section  
33 before July 1, 2010.

34 (11) This section expires June 30, 2018.

35 **Sec. 6.** RCW 43.79A.040 and 2009 c 87 s 4 are each amended to read  
36 as follows:

37 (1) Money in the treasurer's trust fund may be deposited, invested,

1 and reinvested by the state treasurer in accordance with RCW 43.84.080  
2 in the same manner and to the same extent as if the money were in the  
3 state treasury.

4 (2) All income received from investment of the treasurer's trust  
5 fund shall be set aside in an account in the treasury trust fund to be  
6 known as the investment income account.

7 (3) The investment income account may be utilized for the payment  
8 of purchased banking services on behalf of treasurer's trust funds  
9 including, but not limited to, depository, safekeeping, and  
10 disbursement functions for the state treasurer or affected state  
11 agencies. The investment income account is subject in all respects to  
12 chapter 43.88 RCW, but no appropriation is required for payments to  
13 financial institutions. Payments shall occur prior to distribution of  
14 earnings set forth in subsection (4) of this section.

15 (4)(a) Monthly, the state treasurer shall distribute the earnings  
16 credited to the investment income account to the state general fund  
17 except under (b) and (c) of this subsection.

18 (b) The following accounts and funds shall receive their  
19 proportionate share of earnings based upon each account's or fund's  
20 average daily balance for the period: The Washington promise  
21 scholarship account, the college savings program account, the  
22 Washington advanced college tuition payment program account, the  
23 agricultural local fund, the American Indian scholarship endowment  
24 fund, the foster care scholarship endowment fund, the foster care  
25 endowed scholarship trust fund, the students with dependents grant  
26 account, the basic health plan self-insurance reserve account, the  
27 contract harvesting revolving account, the Washington state combined  
28 fund drive account, the commemorative works account, the Washington  
29 international exchange scholarship endowment fund, the toll collection  
30 account, the developmental disabilities endowment trust fund, the  
31 energy account, the fair fund, the family leave insurance account, the  
32 food animal veterinarian conditional scholarship account, the fruit and  
33 vegetable inspection account, the future teachers conditional  
34 scholarship account, the game farm alternative account, the GET ready  
35 for math and science scholarship account, the Washington global health  
36 technologies and product development account, the grain inspection  
37 revolving fund, the juvenile accountability incentive account, the law  
38 enforcement officers' and firefighters' plan 2 expense fund, the local



1 tourism promotion account, the pilotage account, the produce railcar  
2 pool account, the regional transportation investment district account,  
3 the rural rehabilitation account, the stadium and exhibition center  
4 account, the youth athletic facility account, the self-insurance  
5 revolving fund, the sulfur dioxide abatement account, the children's  
6 trust fund, the Washington horse racing commission Washington bred  
7 owners' bonus fund and breeder awards account, the Washington horse  
8 racing commission class C purse fund account, the individual  
9 development account program account, the Washington horse racing  
10 commission operating account (earnings from the Washington horse racing  
11 commission operating account must be credited to the Washington horse  
12 racing commission class C purse fund account), the life sciences  
13 discovery fund, the Washington state heritage center account, the  
14 reduced cigarette ignition propensity account, and the reading  
15 achievement account. However, the earnings to be distributed shall  
16 first be reduced by the allocation to the state treasurer's service  
17 fund pursuant to RCW 43.08.190.

18 (c) The following accounts and funds shall receive eighty percent  
19 of their proportionate share of earnings based upon each account's or  
20 fund's average daily balance for the period: The advanced right-of-way  
21 revolving fund, the advanced environmental mitigation revolving  
22 account, the city and county advance right-of-way revolving fund, the  
23 federal narcotics asset forfeitures account, the high occupancy vehicle  
24 account, the local rail service assistance account, and the  
25 miscellaneous transportation programs account.

26 (5) In conformance with Article II, section 37 of the state  
27 Constitution, no trust accounts or funds shall be allocated earnings  
28 without the specific affirmative directive of this section.

29 NEW SECTION. **Sec. 7.** Sections 1 through 3 of this act constitute  
30 a new chapter in Title 43 RCW.

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