
SUBSTITUTE SENATE BILL 6675

State of Washington

61st Legislature

2010 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Murray, Pflug, Shin, Kastama, Kohl-Welles, and Kilmer)

READ FIRST TIME 03/09/10.

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 our economy and foster
14 job creation in the emerging field of global health while improving the
15 health of people in our state and the world. The purpose of this act
16 is to create a funding mechanism and a grant program to ensure that
17 Washington remains competitive in global health innovation and to
18 guarantee that the development, manufacture, and delivery of global

1 health products will become an even more dynamic part of the state's
2 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 board of directors
7 appointed by the governor. The governor must make the appointments
8 after consultation with a state-wide alliance of global health
9 research, nonprofit, and private entities. The board consists of the
10 following members:

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

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

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

17 (iv) One member who is a former elected official.

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

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

24 (4) The board must solicit and receive gifts, grants, bequests,
25 royalty payments, licensing income, and other funds from businesses,
26 foundations, and the federal government to promote the development and
27 delivery of global health technologies and products. When required by
28 those providing the funds, all such funds received must be deposited in
29 the Washington global health technologies and product development
30 account created in section 3 of this act. For all other funds
31 received, the board must create and administer an account to carry out
32 the purposes of this section. Funds from the account created by the
33 board may be used solely for expenditures on activities required in
34 this section.

35 (5) The board must establish eligibility criteria for global health
36 technologies and product development grants and adopt policies and

1 procedures to facilitate the orderly process of grant application,
2 review, and reward.

3 (6) The board must make grants to entities pursuant to contract for
4 the development, production, promotion, and delivery of global health
5 technologies and products considering the following:

6 (a) The quality of the proposed research or the proposed technical
7 assistance in product development or production process design. Any
8 grant funds awarded for research activities must be awarded for
9 nonbasic research which will assist in commercialization or manufacture
10 of global health technologies;

11 (b) The potential for the grant recipient to improve global health
12 outcomes;

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

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

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

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

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

28 (8) Upon the recommendation of the Washington economic development
29 commission, the board may provide funding for the recruitment and
30 employment by public research and global health nonprofit institutions
31 in the state of global health researchers with a history of
32 commercialization of global health technologies.

33 NEW SECTION. **Sec. 3.** The Washington global health technologies
34 and product development account is created in the custody of the state
35 treasurer. Only the board of directors of the Washington global health
36 technologies and product development competitiveness program or the
37 board's designee may authorize expenditures from the account. All

1 receipts from the solicitations required in section 2 of this act must
2 be deposited in the account if such deposition is required by those
3 providing the funds. Expenditures from the account may be used only
4 for funding activities of the Washington global health technologies and
5 product development competitiveness program created in section 2 of
6 this act. The account is subject to the allotment procedures under
7 chapter 43.88 RCW, but an appropriation is not required for
8 expenditures. No state or local governmental funds may be deposited in
9 the account and moneys in the account do not constitute public funds
10 for the purposes of any constitutional or statutory limitation on the
11 use of public funds. Of the total amounts deposited into the account
12 the department of health may use up to three percent for management
13 services and administrative expenses related to the program.

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

16 (1) A person is allowed a credit against taxes due under this
17 chapter in an amount equal to fifty percent of contributions made in
18 any fiscal year directly to the Washington global health technologies
19 and product development account created in section 3 of this act. The
20 credit must be taken in a form and manner as required by the
21 department.

22 (2) A person claiming the credit under this section must make a
23 contribution to the Washington global health technologies and product
24 development account before claiming a credit under this section.

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

28 (4) Refunds may not be granted in the place of credits.

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

32 (6) Any amount of tax credit otherwise allowable under this section
33 not claimed by a person in any calendar year may be carried over and
34 claimed against the tax liability for the next succeeding calendar
35 year. Any credit remaining unused in the next succeeding calendar year
36 may be carried forward and claimed against the tax liability for the
37 second succeeding calendar year; and any credit not used in that second

1 succeeding calendar year may be carried over and claimed against the
2 tax liability for the third succeeding calendar year, but may not be
3 carried over for any calendar year thereafter.

4 (7) Credits under this section are available on a first in-time
5 basis. The department must disallow any credit, or portion thereof,
6 that would cause the total amount of credits claimed under this section
7 during any calendar year to exceed five million dollars. The
8 department must provide written notice to any person that has claimed
9 tax credits in excess of the five-million dollar limitation in this
10 subsection. The notice must indicate the amount of tax due and provide
11 that the tax be paid within thirty days from the date of such a notice.
12 The department may not assess penalties and interest as provided in
13 chapter 82.32 RCW on the amount due in the initial notice if the amount
14 due is paid by the due date specified in the notice, or any extension
15 thereof.

16 (8) To claim a credit under this section, a person must
17 electronically file with the department all returns, forms, and any
18 other information required by the department, in an electronic format
19 as provided or approved by the department. Any return, form, or
20 information required to be filed in an electronic format under this
21 section is not filed until received by the department in an electronic
22 format. As used in this subsection, "returns" has the same meaning as
23 "return" in RCW 82.32.050.

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

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

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

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

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

37 (1) An insurer earns a credit against taxes due under this chapter

1 in an amount equal to fifty percent of the contributions made by the
2 insurer in any fiscal year directly to the Washington global health
3 technologies and product development account created in section 3 of
4 this act.

5 (2) The credit under this section may not exceed five hundred
6 thousand dollars per fiscal year per insurer. The credit may not
7 exceed the tax that would otherwise be due. Any amount of tax credit
8 otherwise allowable under this section not claimed by an insurer in any
9 calendar year may be carried over and claimed against the tax liability
10 for the next succeeding calendar year. Any credit remaining unused in
11 the next succeeding calendar year may be carried forward and claimed
12 against the tax liability for the second succeeding calendar year. Any
13 credit not used in that second succeeding calendar year may be carried
14 over and claimed against the tax liability for the third succeeding
15 calendar year, but may not be carried over for any calendar year
16 thereafter.

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

28 (4) An insurer claiming the credit under this section is subject to
29 all the requirements of chapter 82.32 RCW. The tax credit that may be
30 applied against state premium tax liability in any one tax year may not
31 exceed the state premium tax liability of the insurer for such tax
32 year.

33 (5) No application is necessary for the tax credit under this
34 section. An insurer claiming the tax credit under this section must
35 keep records necessary for the commissioner to verify eligibility for
36 the credit.

37 (6) The Washington global health technologies and product
38 development competitiveness program created in section 2 of this act

1 must provide to the commissioner, upon request, information needed to
2 verify eligibility for credit under this section, including information
3 regarding contributions received by the program.

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

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

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

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

17 (1) Money in the treasurer's trust fund may be deposited, invested,
18 and reinvested by the state treasurer in accordance with RCW 43.84.080
19 in the same manner and to the same extent as if the money were in the
20 state treasury.

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

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

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

35 (b) The following accounts and funds shall receive their
36 proportionate share of earnings based upon each account's or fund's
37 average daily balance for the period: The Washington promise

1 scholarship account, the college savings program account, the
2 Washington advanced college tuition payment program account, the
3 agricultural local fund, the American Indian scholarship endowment
4 fund, the foster care scholarship endowment fund, the foster care
5 endowed scholarship trust fund, the students with dependents grant
6 account, the basic health plan self-insurance reserve account, the
7 contract harvesting revolving account, the Washington state combined
8 fund drive account, the commemorative works account, the Washington
9 international exchange scholarship endowment fund, the toll collection
10 account, the developmental disabilities endowment trust fund, the
11 energy account, the fair fund, the family leave insurance account, the
12 food animal veterinarian conditional scholarship account, the fruit and
13 vegetable inspection account, the future teachers conditional
14 scholarship account, the game farm alternative account, the GET ready
15 for math and science scholarship account, the Washington global health
16 technologies and product development account, the grain inspection
17 revolving fund, the juvenile accountability incentive account, the law
18 enforcement officers' and firefighters' plan 2 expense fund, the local
19 tourism promotion account, the pilotage account, the produce railcar
20 pool account, the regional transportation investment district account,
21 the rural rehabilitation account, the stadium and exhibition center
22 account, the youth athletic facility account, the self-insurance
23 revolving fund, the sulfur dioxide abatement account, the children's
24 trust fund, the Washington horse racing commission Washington bred
25 owners' bonus fund and breeder awards account, the Washington horse
26 racing commission class C purse fund account, the individual
27 development account program account, the Washington horse racing
28 commission operating account (earnings from the Washington horse racing
29 commission operating account must be credited to the Washington horse
30 racing commission class C purse fund account), the life sciences
31 discovery fund, the Washington state heritage center account, the
32 reduced cigarette ignition propensity account, and the reading
33 achievement account. However, the earnings to be distributed shall
34 first be reduced by the allocation to the state treasurer's service
35 fund pursuant to RCW 43.08.190.

36 (c) The following accounts and funds shall receive eighty percent
37 of their proportionate share of earnings based upon each account's or
38 fund's average daily balance for the period: The advanced right-of-way

1 revolving fund, the advanced environmental mitigation revolving
2 account, the city and county advance right-of-way revolving fund, the
3 federal narcotics asset forfeitures account, the high occupancy vehicle
4 account, the local rail service assistance account, and the
5 miscellaneous transportation programs account.

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

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

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