

---

**SUBSTITUTE HOUSE BILL 2833**

---

**State of Washington                      65th Legislature                      2018 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Morris, Schmick, and Hudgins)

READ FIRST TIME 02/06/18.

1            AN ACT Relating to transferring duties of the life sciences  
2 discovery fund; amending RCW 43.350.040, 43.350.050, and 43.350.070;  
3 adding new sections to chapter 43.330 RCW; recodifying RCW  
4 43.350.040, 43.350.050, and 43.350.070; repealing RCW 43.350.005,  
5 43.350.010, 43.350.020, 43.350.030, 43.350.060, 43.350.901, and  
6 43.350.903; and providing an effective date.

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

8            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.330  
9 RCW to read as follows:

10            (1) The department must contract with a statewide nonprofit  
11 organization to either provide services or make grants, or both, to  
12 entities pursuant to a contract to foster growth of the state's life  
13 science sector and to improve the health and economic well-being of  
14 its residents. The statewide nonprofit organization must be a  
15 statewide organization established with a primary mission of growing  
16 and sustaining the life science ecosystem within the state of  
17 Washington by supporting life science entrepreneurs and connecting  
18 life science researchers, and biopharmaceutical, medical device,  
19 digital health, and health information technology companies to the  
20 resources they need to accelerate life science innovation.

1 (2) The department may also contract with the organization  
2 selected under subsection (1) of this section to monitor and collect  
3 life science discovery fund grant payback funds.

4 (3) Grant agreements made pursuant to subsection (1) of this  
5 section must specify deliverables to be provided by the recipient  
6 under the grant. The nonprofit organization selected pursuant to  
7 subsection (1) of this section must evaluate requests for funding by  
8 reference to factors such as: (a) The quality of the proposed  
9 research or project; (b) its potential to improve health outcomes,  
10 with particular attention to the likelihood that it will also lower  
11 health care costs, provide a substitute for a more costly diagnostic  
12 or treatment modality, or offer a breakthrough treatment for a  
13 particular disease or condition; (c) the potential for leveraging  
14 additional funding; (d) the potential to provide health care benefits  
15 or a benefit to human learning and development; (e) the potential to  
16 stimulate the health care delivery, biomedical manufacturing, and  
17 life sciences related employment in the state; (f) the ability to  
18 provide critical life science infrastructure; (g) the potential for  
19 attracting new investment or catalytic partnerships in the life  
20 sciences; (h) the geographic diversity of the grantees within  
21 Washington; and (i) evidence of public and private collaboration.

22 (4) Before conducting a significant grant competition, the  
23 nonprofit organization selected under subsection (1) of this section  
24 must adopt policies and procedures to facilitate the orderly process  
25 of grant application, review, and reward; and may create one or more  
26 advisory boards composed of scientists, industrialists, and others  
27 familiar with life sciences research to assist in grant evaluation.

28 **Sec. 2.** RCW 43.350.040 and 2005 c 424 s 5 are each amended to  
29 read as follows:

30 ~~((The authority has all the general powers necessary to carry out  
31 its purposes and duties and to exercise its specific powers. In  
32 addition to other powers specified in this chapter, the authority))~~  
33 In carrying out its duties under section 1 of this act, the  
34 department may: (1) Sue and be sued ~~((in its own name))~~ on behalf of  
35 the life sciences discovery fund; (2) make and execute agreements,  
36 contracts, and other instruments, with any public or private person  
37 or entity~~((, in accordance with this chapter))~~; (3) employ, contract  
38 with, or engage independent counsel, financial advisors, auditors,  
39 other technical or professional assistants, and such other personnel

1 as ~~((are))~~ necessary ~~((or desirable to implement this chapter))~~; (4)  
2 establish such special funds, and controls on deposits to and  
3 disbursements from them~~((, as it finds convenient for the~~  
4 ~~implementation of this chapter;~~ (5) ~~enter into contracts with public~~  
5 ~~and private entities for life sciences research to be conducted in~~  
6 ~~the state;~~ (6)); and (5) adopt rules~~((, consistent with this~~  
7 ~~chapter;~~ (7) ~~delegate any of its powers and duties if consistent with~~  
8 ~~the purposes of this chapter;~~ (8) ~~exercise any other power reasonably~~  
9 ~~required to implement the purposes of this chapter; and (9) hire~~  
10 ~~staff and pay administrative costs))~~ for the implementation of this  
11 act.

12 **Sec. 3.** RCW 43.350.050 and 2005 c 424 s 6 are each amended to  
13 read as follows:

14 Members of the governing board of trustees of the life sciences  
15 discovery fund authority and persons acting on behalf of the  
16 authority, while acting within the scope of their employment or  
17 agency, are not subject to personal liability resulting from carrying  
18 out the powers and duties conferred on them under ~~((this))~~ former  
19 chapter 43.350 RCW. ~~((Neither))~~ The state ~~((nor)),~~ the life sciences  
20 discovery fund authority ~~((is)),~~ and the department are not liable  
21 for any loss, damage, harm, or other consequence resulting directly  
22 or indirectly from grants made by the authority or by any life  
23 sciences research funded by such grants.

24 **Sec. 4.** RCW 43.350.070 and 2016 sp.s. c 36 s 937 are each  
25 amended to read as follows:

26 The life sciences discovery fund is created in the custody of the  
27 state treasurer. Only the ~~((board or the board's))~~ department or the  
28 department's designee may authorize expenditures from the fund.  
29 Expenditures from the fund may be made only for purposes of ~~((this~~  
30 ~~chapter))~~ section 1 of this act. Administrative expenses of the  
31 ~~((authority))~~ department, including staff support, ~~((may be paid only~~  
32 ~~from the fund))~~ are limited to actual costs incurred by the  
33 department in designating the nonprofit organization and in  
34 monitoring and collecting grant payback funds. Revenues to the fund  
35 consist of transfers made by the legislature from strategic  
36 contribution payments deposited in the tobacco settlement account  
37 under RCW 43.79.480, moneys received pursuant to contribution  
38 agreements entered into pursuant to former RCW 43.350.030, moneys

1 received from gifts, grants, and bequests, and interest earned on the  
2 fund. (~~During the 2015-2017 fiscal biennium, the legislature may~~  
3 ~~transfer to other state funds or accounts such amounts as represent~~  
4 ~~the excess balance of the life sciences discovery fund.~~) The fund is  
5 subject to allotment procedures under chapter 43.88 RCW, but an  
6 appropriation is not required for expenditures.

7 NEW SECTION. Sec. 5. RCW 43.350.040, 43.350.050, and 43.350.070  
8 are each recodified as sections in chapter 43.330 RCW.

9 NEW SECTION. Sec. 6. The following acts or parts of acts are  
10 each repealed:

11 (1) RCW 43.350.005 (Findings—Purpose—Intent) and 2005 c 424 s 1;

12 (2) RCW 43.350.010 (Definitions) and 2005 c 424 s 2;

13 (3) RCW 43.350.020 (Life sciences discovery fund authority) and  
14 2005 c 424 s 3;

15 (4) RCW 43.350.030 (Authority—Trust powers) and 2016 sp.s. c 9 s  
16 2, 2015 2nd sp.s. c 4 s 1503, 2015 c 71 s 3, & 2005 c 424 s 4;

17 (5) RCW 43.350.060 (Dissolving the authority) and 2005 c 424 s 7;

18 (6) RCW 43.350.901 (Liberal construction—2005 c 424) and 2005 c  
19 424 s 20; and

20 (7) RCW 43.350.903 (Effective dates—2005 c 424) and 2005 c 424 s  
21 24.

22 NEW SECTION. Sec. 7. This act takes effect July 1, 2018.

--- END ---