



STATE OF WASHINGTON  
Office of the Governor

Governor's Life Sciences Summit

October 24, 2014

*Remarks as prepared*

Thank you, Chris, for the introduction. I want to thank you and the rest of the Washington Biotechnology and Biomedical Association for your hard work in organizing this 10<sup>th</sup> Annual Life Sciences Summit.

Good morning! It's a delight to be here today among the leaders, the innovators, the can-do problem-solvers whose work gives people and their families one of the most precious gifts in the world: the gift of life.

Advances in life sciences provide the ability to add productive and meaningful days, weeks, months, and years to our lives. This is something for which I am profoundly grateful.

Last week, my father passed away. He was a part of this sector. He taught biology at Garfield High. There is no doubt in my mind that the work of this community helped give him extra active and fun-filled years, which he lived to the fullest as a father, grandfather, great grandfather and steadfast Seahawk fan. And I want to thank you for that.

I have been attending this Summit for many years now. First as a member of Congress, then as a candidate for governor, and for the past two years I've had the honor of speaking to you as governor of the great state of Washington.

This year marks an important milestone: the 25<sup>th</sup> anniversary of the W.B.B.A. In preparing for today's Summit, I've been thinking about our state's past quarter century, as well as my own history during that time.





I've also thought about the future, and what I envision the next 25 years will bring for both this sector and for the state of Washington.

My public service career began over 25 years ago, when I was first elected to the state legislature.

The things that were important to Washingtonians then were not much different than what is important to us now: Good schools, a strong economy, and the promise of a bright future for our children and grandchildren. Those are things we can all agree on, whether we're Democrats or Republicans, from the east or west side of the Cascades, Cougars or Huskies.

During my time in Congress, I stood up for the biotech industry by supporting things like 12 years of data exclusivity.

Isn't it great that we won that battle together?

I also fought for passage of the Affordable Care Act, because I knew that one of the best ways to have both healthy communities AND a healthy economy is to make sure more people have access to affordable health care coverage.

And that's exactly what's happening in our state now. Thanks to the Affordable Care Act, more than 635,000 Washingtonians are now enrolled in new and more affordable health care plans.

Our uninsured rate has decreased from 16% to 11%.  
We should all be proud of that.

This state embraced Medicaid expansion from the get-go, a decision that has not only helped hundreds of thousands of Washingtonians get coverage – many for the first time – but is also saving our state at least \$300 million this biennium.





I want to thank you for helping to spread the word about our enrollment efforts.

As we move forward in the implementation process, I look forward to working with you and our larger health community in identifying ways to improve this important law.

Since becoming governor, we've worked together to achieve some important "firsts" for our state:

For the first time, the state Department of Commerce hired a Life Science and Global Health sector lead. Maura Little came on board last December, and she's working with both industry and state government to promote economic growth in the field.

For the first time, we are providing the industry with a portal that aggregates all state resources available to the life science and global health industry into a one-stop shop. The Washington State Life Science and Global Health Resource Center will launch next month, and that's exciting news.

And for the first time, the National Institutes of Health will hold their Annual Small Business Innovation Research and Small Business Technology Transfer Conference next fall here in Washington.

This is an incredible opportunity to build an even stronger relationship with the NIH, and to work with their teams on funding opportunities and best practices.

Through the Life Science Discovery Fund, the state has also helped fund the new mentorship program Chris mentioned earlier that is administered through the WBBA. We are thrilled to see young entrepreneurs connect with experienced mentors through the Washington Innovation Network.





As we reflect on and celebrate all of these accomplishments, there have also been some setbacks.

The Life Sciences Discovery Fund has been responsible for the advancement of groundbreaking, life-saving technologies throughout our state for the past eight years.

The Fund's single contribution to Dr. David Flum's Surgical Clinical Outcomes Assessment has helped the state save over \$67 million dollars alone.

In recent years, however, millions of dollars have been redirected from this Fund as a result of our state's budget challenges. This has hurt our ability to fund early stage technologies.

I understand how important it is to fund R&D at the early stage, so last session I chose to protect the Life Sciences Discovery Fund from a legislative cut.

The Research and Development Tax Credit and Sales Tax Deferral have been incentivizing companies to advance scientific research in our state. It is one of the tools used by many companies to help keep their doors open, to help hire staff and to build the necessary space to convert IP into product.

During the 2015 legislative session, I will work with the Legislature to examine tax incentives and higher education investments that support the continued growth and expansion of the high tech R & D.

So I've talked about where we've been over the past 25 years, and now I'd like to talk about where we're going.





This is a time of both challenges and opportunities for the state of Washington, and where we're headed depends a lot on the choices we make about the kind of future we want for our state.

I envision a future where health and wellness drive decisions, where payments incent higher quality and more efficient delivery of care. The 100 Person Wellness Project that many of you are involved in is helping guide the way towards this goal.

I envision a future where cures are more common than treatments. We're seeing a glimpse of that future, with the exciting advances in immunotherapy from Seattle's own Juno Therapeutics.

I envision a future where industrial biotechnology helps tackle the threat of climate change by replacing petroleum with bio fuels and reducing reliance on hazardous chemicals. Matrix Genetics is developing algae strains that could someday unlock the path to a world without petroleum.

And I envision Washington state emerging as the global leader in life science innovation and health care delivery by the year 2025.

We can do this, because it's who we are. We are leaders. We are innovators. We are entrepreneurs.

But we face some tough challenges.

Our state revenue collections are growing, but at a much slower pace than after previous recessions. While our economy is rebounding, revenue collections are not keeping up with the demands of a growing, aging population.

In part, that's because we have a jalopy tax system struggling in an internet economy.





Washington's revenue system, with its heavy reliance on sales taxes, does not do a good job of keeping pace with the overall economy.

There has been a shift in consumer spending to online purchases and to services that are taxed at a much lower rate than goods. Meanwhile, tax cuts the state has enacted over the years have dramatically altered our revenue system.

In 1995, Washington ranked 11<sup>th</sup> nationally in terms of state and local tax collections as a share of total personal income. By 2011 — the most recent year for which data is available — we had fallen to 35<sup>th</sup> and our tax collections were well below the national average.

The coming budget has a structural deficit of \$1 billion just to continue delivering the same level of services we're delivering today, and meet pressing needs in a few key areas.

On top of that, the state Supreme Court has ordered us to find nearly \$4 billion in the next four years for basic education -- and that doesn't even include anything for early learning or higher education.

Legislators are going to have to do some tough things to come up with a long-term and sustainable solution.

If they do commit to revenues to balance the budget, it will help us win approval for the R&D tax credit that I've long supported.

We need to work together to keep your industry strong and to make sure our children get the education they deserve, and which the constitution mandates.

I think everyone in this room can agree with me that the education of our children is critical to Washington's future. Our children are the future innovators, the future





entrepreneurs, the future leaders who will develop tomorrow's life-giving advances and promote the policies that encourage further discovery.

One of the best investments we can make in the life sciences sector – and in our economy – is to ensure that every child in the state of Washington receives a quality education that includes a strong foundation in STEM subjects – science, technology, engineering and math.

We know that our state leads the nation in concentration of STEM jobs, but we lag way behind in preparing our students with the skills to step into those jobs.

My STEM education bill that the Legislature passed last year is helping to close that gap. It brings together bright and talented leaders from business, education, labor and the nonprofit realm who are developing ways to prepare Washington students for STEM careers.

Second, we are competing against time. For the first time in our history, this generation of children is not predicted to live as long as the generation that came before. I'm sure you are as troubled by this as I am.

Last month, I launched the Healthiest Next Generation Initiative which brings together health and education leaders to tackle the challenge of increasing health in our children.

For example, school districts are partnering with private and public entities to purchase advanced-pedometer technology for kids. The partnership has purchased these for every 5th grader, and the kids love it. It's fun technology and the project has received a research grant to use the de-identified data collected for outcome purposes.

We are also competing against time in our environment.





Climate change and ocean acidification are clear and present dangers.

Climate change is projected to worsen our air pollution. Our dependence on polluting fossil fuels puts our health at risk.

Unchecked, climate change means more asthma, a harder time for those suffering from lung and heart disease.

Nationally, fossil fuel combustion, especially coal, is a leading cause of local outdoor air pollution which, according to World Health Organization figures, is estimated to cause over 3 million premature deaths a year worldwide—through increasing the risk of heart disease and lung cancer.

I am going to be proposing a carbon reduction plan before the end of the year. That will create a demand for bio-based products that your industry could fill.

To move things forward, we need more investment capital. We need more executive talent. We need more lab space. And we need your help.

We are embarking upon an era of choice that will define our future.

I was able to spend two more years with my dad because of a choice made by someone who dreamed of a better life-giving treatment.

My son Connor has been able to spend his life seeing the world as many of us are able to today because of a choice made by someone who dreamed of a better way to conduct corneal transplantations.

Airlines are reducing their carbon emissions by experimenting with biofuels. Earlier this year Boeing announced a breakthrough in the development of a biojet fuel from a shrub plant called a halophyte.





Most of us in this room have lived better lives based on a choice made years ago by individuals who dreamed of a world with less suffering.

It IS a choice, and I am committed to working with you and this industry on ways to advance scientific knowledge from concept to product.

Innovation is in our DNA in Washington state. But we must nurture commercialization to achieve our vision of becoming the global leader in life science innovation and health care delivery.

So I'm asking you today to stand with me in supporting three particular ways that will help us achieve this vision.

First, I hope you'll stand with me in supporting Middle Earth, which as I know you've heard today, will bring key players together to solve some of today's most challenging health care problems.

What I like about Middle Earth is that organizations ranging from the W.B.B.A. to groups like Cambia's Grove are working together to both improve our health care and do it in a way that is affordable.

Second, I hope you'll stand with me next legislative session to advance a budget that will not only fully fund the needs of our education system but also promote a robust business climate that will accelerate your innovations in the marketplace.

We have a difficult year ahead of us and your voices are critical in ensuring our legislators understand the policies and incentives that can drive innovations for years to come in our region.





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And third, I hope you will stand with me in creating a healthier tomorrow for our children and grandchildren. Please become more engaged in our Healthiest Next Generation Initiative, the Washington State Health Care Innovation Plan and our efforts to curb carbon pollution.

We are seeking ideas on how to solve some of our greatest challenges and our industrial biotechnology subsector can play an important role.

I look forward to standing with you as we work towards our vision for Washington state to be the global leader in life science discovery and health care delivery.

Thank you giving me your time today. And thank you for all the work you do that's giving dads and moms, sons and daughters, and sisters and brothers more time with their loved ones.

Here's to the next 25 years!

