

2SHB 1003 - S COMM AMD

By Committee on Technology & Communications

NOT ADOPTED 04/16/2003

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to
4 promote growth in the technology sectors of our state's economy and to
5 particularly focus support on the creation and commercialization of
6 intellectual property in the technology, energy, and telecommunications
7 industries.

8 NEW SECTION. **Sec. 2.** The definitions in this section apply
9 throughout this chapter unless the context clearly requires otherwise.

10 (1) "Center" means the Washington technology center established
11 under RCW 28B.20.283 through 28B.20.295.

12 (2) "Board" means the board of directors for the center.

13 NEW SECTION. **Sec. 3.** The investing in innovation account is
14 created in the custody of the state treasurer. Expenditures from the
15 account may be used only for grants awarded by the center and for
16 administering the grant award program. Only the executive director of
17 the Washington technology center or the director's designee may
18 authorize expenditures from the account. The account is subject to
19 allotment procedures under chapter 43.88 RCW, but an appropriation is
20 not required for expenditures.

21 NEW SECTION. **Sec. 4.** (1) The investing in innovation grants
22 program is established.

23 (2) The center shall periodically make strategic assessments of the
24 types of state investments in research and technology in this state
25 that would likely create jobs and business opportunities and produce
26 the most beneficial long-term improvements to the lives and health of

1 the citizens of the state. The assessments shall be available to the
2 public and shall be used to guide decisions on awarding grants under
3 this chapter.

4 NEW SECTION. **Sec. 5.** The board shall:

- 5 (1) Develop criteria for the awarding of grants to qualifying
6 universities, institutions, or individuals;
- 7 (2) Make decisions regarding distribution of grant funds and make
8 grant awards; and
- 9 (3) In making grant awards, seek to provide a balance between
10 research grant awards and commercialization grant awards.

11 NEW SECTION. **Sec. 6.** (1) The board may accept grant proposals and
12 establish a competitive process for the awarding of grants.

13 (2) The board shall establish a peer review committee to include
14 board members, scientists, engineers, and individuals with specific
15 recognized expertise. The peer review committee shall provide to the
16 board an independent peer review of all proposals determined to be
17 competitive for a grant award that are submitted to the board.

18 (3) In the awarding of grants, priority shall be given to proposals
19 that leverage additional private and public funding resources.

20 (4) Up to fifty percent of available funds from the investing in
21 innovation account may be used to support commercialization
22 opportunities for research in Washington state.

23 (5) The center may not be a direct recipient of grant awards under
24 this act.

25 NEW SECTION. **Sec. 7.** The board shall establish performance
26 benchmarks against which the program will be evaluated. The grants
27 program shall be reviewed periodically by the board. The board shall
28 report annually to the appropriate standing committees of the
29 legislature on grants awarded and as appropriate on program reviews
30 conducted by the board.

31 NEW SECTION. **Sec. 8.** (1) The center shall administer the
32 investing in innovation grants program.

1 (2) Not more than one percent of the available funds from the
2 investing in innovation account may be used for administrative costs of
3 the program.

4 **Sec. 9.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and
5 2002 c 61 s 6 are each reenacted and amended to read as follows:

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

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

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

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

24 (b) The following accounts and funds shall receive their
25 proportionate share of earnings based upon each account's or fund's
26 average daily balance for the period: The Washington promise
27 scholarship account, the college savings program account, the
28 Washington advanced college tuition payment program account, the
29 agricultural local fund, the American Indian scholarship endowment
30 fund, the basic health plan self-insurance reserve account, the
31 Washington state combined fund drive account, the Washington
32 international exchange scholarship endowment fund, the developmental
33 disabilities endowment trust fund, the energy account, the fair fund,
34 the fruit and vegetable inspection account, the game farm alternative
35 account, the grain inspection revolving fund, the juvenile
36 accountability incentive account, the rural rehabilitation account, the

1 stadium and exhibition center account, the youth athletic facility
2 account, the self-insurance revolving fund, the sulfur dioxide
3 abatement account, (~~and~~) the children's trust fund, and the investing
4 in innovation account. However, the earnings to be distributed shall
5 first be reduced by the allocation to the state treasurer's service
6 fund pursuant to RCW 43.08.190.

7 (c) The following accounts and funds shall receive eighty percent
8 of their proportionate share of earnings based upon each account's or
9 fund's average daily balance for the period: The advanced right of way
10 revolving fund, the advanced environmental mitigation revolving
11 account, the city and county advance right-of-way revolving fund, the
12 federal narcotics asset forfeitures account, the high occupancy vehicle
13 account, the local rail service assistance account, and the
14 miscellaneous transportation programs account.

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

18 **Sec. 10.** RCW 28B.20.285 and 1992 c 142 s 3 are each amended to
19 read as follows:

20 A Washington technology center is created to be a collaborative
21 effort between the state's universities, private industry, and
22 government. The technology center shall be headquartered at the
23 University of Washington. The mission of the technology center shall
24 be to perform and commercialize research on a statewide basis that
25 benefits the intermediate and long-term economic vitality of the state
26 of Washington, and to develop and strengthen university-industry
27 relationships through the conduct of research that is primarily of
28 interest to Washington-based companies or state economic development
29 programs. The technology center shall:

30 (1) Perform and/or facilitate research supportive of state science
31 and technology objectives, particularly as they relate to state
32 industries;

33 (2) Provide leading edge collaborative research and technology
34 transfer opportunities primarily to state industries;

35 (3) Provide substantial opportunities for training undergraduate

1 and graduate students through direct involvement in research and
2 industry interactions;

3 (4) Emphasize and develop nonstate support of the technology
4 center's research activities; (~~and~~)

5 (5) Administer the investing in innovation grants program; and

6 (6) Provide a forum for effective interaction between the state's
7 technology-based industries and its academic research institutions
8 through promotion of faculty collaboration with industry, particularly
9 within the state.

10 **Sec. 11.** RCW 28B.20.289 and 1995 c 399 s 26 are each amended to
11 read as follows:

12 (1) The technology center shall be administered by the board of
13 directors of the technology center.

14 (2) The board shall consist of the following members: Fourteen
15 members from among individuals who are associated with or employed by
16 technology-based industries and have broad business experience and an
17 understanding of high technology; eight members from the state's
18 universities with graduate science and engineering programs; the
19 executive director of the Spokane Intercollegiate Research and
20 Technology Institute or his or her designated representative; the
21 provost of the University of Washington or his or her designated
22 representative; the provost of the Washington State University or his
23 or her designated representative; and the director of the department of
24 community, trade, and economic development or his or her designated
25 representative. The term of office for each board member, excluding
26 the executive director of the Spokane Intercollegiate Research and
27 Technology Institute, the provost of the University of Washington, the
28 provost of the Washington State University, and the director of the
29 department of community, trade, and economic development, shall be
30 three years. The executive director of the technology center shall be
31 an ex officio, nonvoting member of the board. The board shall meet at
32 least quarterly. Board members shall be appointed by the governor
33 based on the recommendations of the existing board of the technology
34 center, and the research universities. The governor shall stagger the
35 terms of the first group of appointees to ensure the long term
36 continuity of the board.

1 (3) The duties of the board include:

2 (a) Developing the general operating policies for the technology
3 center;

4 (b) Appointing the executive director of the technology center;

5 (c) Approving the annual operating budget of the technology center;

6 (d) Establishing priorities for the selection and funding of
7 research projects that guarantee the greatest potential return on the
8 state's investment;

9 (e) Approving and allocating funding for research projects
10 conducted by the technology center, based on the recommendations of the
11 advisory committees for each of the research centers;

12 (f) In cooperation with the department of community, trade, and
13 economic development, developing a biennial work plan and five-year
14 strategic plan for the technology center that are consistent with the
15 statewide technology development and commercialization goals;

16 (g) Coordinating with the University of Washington, Washington
17 State University, and other participating institutions of higher
18 education in the development of training, research, and development
19 programs to be conducted at the technology center that shall be
20 targeted to meet industrial needs;

21 (h) Assisting the department of community, trade, and economic
22 development in the department's efforts to develop state science and
23 technology public policies and coordinate publicly funded programs;

24 (i) Performing the duties required under chapter 70.-- RCW
25 (sections 1 through 8 of this act) relating to the investing in
26 innovation grants program;

27 (j) Reviewing annual progress reports on funded research projects
28 that are prepared by the advisory committees for each of the research
29 centers;

30 (~~(j)~~) (k) Providing an annual report to the governor and the
31 legislature detailing the activities and performance of the technology
32 center; and

33 (~~(k)~~) (l) Submitting annually to the department of community,
34 trade, and economic development an updated strategic plan and a
35 statement of performance measured against the mission, roles, and
36 contractual obligations of the technology center.

1 NEW SECTION. **Sec. 12.** Sections 1 through 8 of this act constitute
2 a new chapter in Title 70 RCW."

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3 On page 1, line 2 of the title, after "transfer;" strike the
4 remainder of the title and insert "amending RCW 28B.20.285 and
5 28B.20.289; reenacting and amending RCW 43.79A.040; and adding a new
6 chapter to Title 70 RCW."

EFFECT: (1) The Research and Technology Transfer Commission is removed and many of its duties are transferred to the Washington Technology Center and its board of directors.

(2) The WTC must make strategic assessments of the types of state investments most likely to (a) create jobs and business opportunities, and (b) produce long-term improvements to the public health of Washington citizens.

(3) The WTC board must establish a process, including a peer review committee, for awarding innovation grants to qualifying universities, institutions, or individuals. In awarding innovation grants, the board must balance research and commercialization. The WTC may not be a direct recipient of an innovation grant.

(4) The percentage of available funds in the Investing in Innovation Account that may be used for commercialization opportunities is raised from 10 percent to 50 percent.

(5) The scope of the innovation grant program is broadened from biomedical and certain health-related research to all research.

(6) Definitions of "center" and "board" are added.

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