

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE HOUSE BILL 1003**

58th Legislature  
2003 Regular Session

Passed by the House April 22, 2003  
Yeas 87 Nays 10

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**Speaker of the House of Representatives**

Passed by the Senate April 16, 2003  
Yeas 48 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1003** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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SECOND SUBSTITUTE HOUSE BILL 1003

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AS AMENDED BY THE SENATE

Passed Legislature - 2003 Regular Session

State of Washington                      58th Legislature                      2003 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Morris, Linville, Wood, Anderson, O'Brien and Sullivan)

READ FIRST TIME 3/10/03.

1            AN ACT Relating to investing in technology and biotechnical  
2 research and technology transfer; amending RCW 28B.20.285 and  
3 28B.20.289; reenacting and amending RCW 43.79A.040; and adding a new  
4 chapter to Title 70 RCW.

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

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

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

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

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

16           NEW SECTION.    **Sec. 3.** The investing in innovation account is  
17 created in the custody of the state treasurer. Expenditures from the

1 account may be used only for grants awarded by the center and for  
2 administering the grant award program. Only the executive director of  
3 the Washington technology center or the director's designee may  
4 authorize expenditures from the account. The account is subject to  
5 allotment procedures under chapter 43.88 RCW, but an appropriation is  
6 not required for expenditures.

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

9 (2) The center shall periodically make strategic assessments of the  
10 types of state investments in research and technology in this state  
11 that would likely create jobs and business opportunities and produce  
12 the most beneficial long-term improvements to the lives and health of  
13 the citizens of the state. The assessments shall be available to the  
14 public and shall be used to guide decisions on awarding grants under  
15 this chapter.

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

- 17 (1) Develop criteria for the awarding of grants to qualifying  
18 universities, institutions, businesses, or individuals;
- 19 (2) Make decisions regarding distribution of grant funds and make  
20 grant awards; and
- 21 (3) In making grant awards, seek to provide a balance between  
22 research grant awards and commercialization grant awards.

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

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

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

32 (4) Up to fifty percent of available funds from the investing in  
33 innovation account may be used to support commercialization  
34 opportunities for research in Washington state through an organization

1 with commercialization expertise such as the Spokane intercollegiate  
2 research and technology institute.

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

5 NEW SECTION. **Sec. 7.** The board shall establish performance  
6 benchmarks against which the program will be evaluated. The grants  
7 program shall be reviewed periodically by the board. The board shall  
8 report annually to the appropriate standing committees of the  
9 legislature on grants awarded and as appropriate on program reviews  
10 conducted by the board.

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

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

16 **Sec. 9.** RCW 43.79A.040 and 2002 c 322 s 5, 2002 c 204 s 7, and  
17 2002 c 61 s 6 are each reenacted and amended to read as follows:

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

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

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

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

1 (b) The following accounts and funds shall receive their  
2 proportionate share of earnings based upon each account's or fund's  
3 average daily balance for the period: The Washington promise  
4 scholarship account, the college savings program account, the  
5 Washington advanced college tuition payment program account, the  
6 agricultural local fund, the American Indian scholarship endowment  
7 fund, the basic health plan self-insurance reserve account, the  
8 Washington state combined fund drive account, the Washington  
9 international exchange scholarship endowment fund, the developmental  
10 disabilities endowment trust fund, the energy account, the fair fund,  
11 the fruit and vegetable inspection account, the game farm alternative  
12 account, the grain inspection revolving fund, the juvenile  
13 accountability incentive account, the rural rehabilitation account, the  
14 stadium and exhibition center account, the youth athletic facility  
15 account, the self-insurance revolving fund, the sulfur dioxide  
16 abatement account, (~~and~~) the children's trust fund, and the investing  
17 in innovation account. However, the earnings to be distributed shall  
18 first be reduced by the allocation to the state treasurer's service  
19 fund pursuant to RCW 43.08.190.

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

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

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

33 A Washington technology center is created to be a collaborative  
34 effort between the state's universities, private industry, and  
35 government. The technology center shall be headquartered at the  
36 University of Washington. The mission of the technology center shall  
37 be to perform and commercialize research on a statewide basis that

1 benefits the intermediate and long-term economic vitality of the state  
2 of Washington, and to develop and strengthen university-industry  
3 relationships through the conduct of research that is primarily of  
4 interest to Washington-based companies or state economic development  
5 programs. The technology center shall:

6 (1) Perform and/or facilitate research supportive of state science  
7 and technology objectives, particularly as they relate to state  
8 industries;

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

11 (3) Provide substantial opportunities for training undergraduate  
12 and graduate students through direct involvement in research and  
13 industry interactions;

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

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

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

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

23 (1) The technology center shall be administered by the board of  
24 directors of the technology center.

25 (2) The board shall consist of the following members: Fourteen  
26 members from among individuals who are associated with or employed by  
27 technology-based industries and have broad business experience and an  
28 understanding of high technology; eight members from the state's  
29 universities with graduate science and engineering programs; the  
30 executive director of the Spokane Intercollegiate Research and  
31 Technology Institute or his or her designated representative; the  
32 provost of the University of Washington or his or her designated  
33 representative; the provost of the Washington State University or his  
34 or her designated representative; and the director of the department of  
35 community, trade, and economic development or his or her designated  
36 representative. The term of office for each board member, excluding  
37 the executive director of the Spokane Intercollegiate Research and

1 Technology Institute, the provost of the University of Washington, the  
2 provost of the Washington State University, and the director of the  
3 department of community, trade, and economic development, shall be  
4 three years. The executive director of the technology center shall be  
5 an ex officio, nonvoting member of the board. The board shall meet at  
6 least quarterly. Board members shall be appointed by the governor  
7 based on the recommendations of the existing board of the technology  
8 center, and the research universities. The governor shall stagger the  
9 terms of the first group of appointees to ensure the long term  
10 continuity of the board.

11 (3) The duties of the board include:

12 (a) Developing the general operating policies for the technology  
13 center;

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

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

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

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

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

26 (g) Coordinating with the University of Washington, Washington  
27 State University, and other participating institutions of higher  
28 education in the development of training, research, and development  
29 programs to be conducted at the technology center that shall be  
30 targeted to meet industrial needs;

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

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

37 (j) Reviewing annual progress reports on funded research projects

1 that are prepared by the advisory committees for each of the research  
2 centers;

3 ~~((+j))~~ (k) Providing an annual report to the governor and the  
4 legislature detailing the activities and performance of the technology  
5 center; and

6 ~~((+k))~~ (l) Submitting annually to the department of community,  
7 trade, and economic development an updated strategic plan and a  
8 statement of performance measured against the mission, roles, and  
9 contractual obligations of the technology center.

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

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