
SENATE BILL 5192

State of Washington

58th Legislature

2003 Regular Session

By Senators Zarelli and Oke

Read first time 01/17/2003. Referred to Committee on Financial Services, Insurance & Housing.

1 AN ACT Relating to Washington technology investments; adding a new
2 section to chapter 43.33A RCW; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that (1) the state
5 investment board is required by law to maximize returns on the
6 investment of public funds at a prudent level of risk, (2) the economic
7 vitality of the state, including higher levels of employment and
8 commercial activity, can be stimulated by the investment of public
9 funds in Washington companies, and (3) the goals of maximizing
10 investment returns, promoting job creation, and strengthening the
11 state's economy are compatible and mutually beneficial. Therefore, the
12 legislature declares that the state investment board should sustain a
13 level of capital investment in Washington companies to foster
14 employment growth and position the state as a leader in emerging
15 technologies, while maintaining a prudent level of risk.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.33A RCW
17 to read as follows:

18 (1) The state investment board shall maintain a portion of the

1 board's investment portfolio, that shall be at least seventy-five
2 million dollars in the technology investment account, an account that
3 shall be maintained separately and apart from other moneys invested by
4 the board. The board may make investments from the account that help
5 attract or assist technology businesses in the state. The earnings on
6 the account shall be accounted for separately from other investments
7 made by the board.

8 (2) Investments required under this section must be made in a
9 manner consistent with investment or management criteria established by
10 the board or its executive director. This criteria must balance the
11 need to maximize return on investment, at a prudent level of risk, with
12 the objective of promoting growth of Washington companies, including
13 those that engage in the research, development, or manufacture of
14 emerging technologies.

15 (3) Moneys in the account shall be invested by the state investment
16 board to provide venture capital to technology businesses seeking to
17 locate or expand in this state by placing money with Washington venture
18 capital firms for investment by the venture capital firms in technology
19 businesses.

20 (4) As used in this section:

21 (a) "Venture capital" means equity financing that is provided for
22 starting up, expanding, or relocating a company, or related purposes
23 such as financing for seed capital, research and development,
24 introduction of a product or process into the marketplace, or similar
25 needs requiring risk capital.

26 (b) "Technology business" means a company that has as its principal
27 function the providing of services including computer, information
28 transfer, communication, distribution, processing, administrative,
29 laboratory, experimental, developmental, technical, testing services,
30 manufacture of goods or materials, the processing of goods or materials
31 by physical or chemical change, computer-related activities, robotics,
32 energy, biological or pharmaceutical industrial activity, or
33 technology-oriented or emerging industrial activity.

34 (c) "Washington venture capital firm" means an entity that has a
35 majority of its employees in this state or that has at least one
36 managing partner domiciled in this state that has made significant
37 capital investments in Washington companies and that provides equity
38 financing for starting up or expanding a company, or related purposes

1 such as financing for seed capital, research and development,
2 introduction of a product or process into the marketplace, or similar
3 needs requiring risk capital.

4 (5) Any fund created by a Washington venture capital firm in which
5 the state investment board places money under this section shall be
6 required by the state investment board to seek investments in
7 technology businesses seeking to locate or expand in this state.

8 (6) The state investment board may implement the requirements of
9 this section over a three-year period by investing approximately one-
10 third of the technology investment account in each of the three years
11 following the effective date of this section.

12 (7) The state investment board shall report annually to the
13 legislative fiscal and economic development committees on the
14 implementation of this section and its impact on economic development
15 in this state.

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