

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1003

Chapter 403, Laws of 2003

(partial veto)

58th Legislature
2003 Regular Session

INVESTING IN INNOVATION GRANTS

EFFECTIVE DATE: 7/27/03

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

FRANK CHOPP

Speaker of the House of Representatives

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

BRAD OWEN

President of the Senate

Approved May 20, 2003, with the
exception of section 3, which is vetoed.

GARY LOCKE

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.

CYNTHIA ZEHNDER

Chief Clerk

FILED

May 20, 2003 - 3:55 p.m.

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1003

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.*

**Sec. 3 was vetoed. See message at end of chapter.*

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.

Passed by the House April 22, 2003.

Passed by the Senate April 16, 2003.

Approved by the Governor May 20, 2003, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 20, 2003.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 3, Second
Substitute House Bill No. 1003 entitled:

"AN ACT Relating to investing in technology and biotechnical
research and technology transfer;"

This bill establishes the Investing in Innovation Grants Program,
which will enable the state to make investments in research and
technology that will create jobs and business opportunities.

Section 3 of the bill would have created an account to be spent
directly by the Washington Technology Center, which is a private non-
profit organization, not a state agency. Since the Washington State
Constitution provides that only public agencies may spend funds
directly from a state account, I have vetoed section 3.

For this reason, I have vetoed section 3 of Second Substitute House
Bill No. 1003.

With the exception of section 3, Second Substitute House Bill No.
1003 is approved."