

SHB 1091 - S COMM AMD

By Committee on Economic Development, Trade & Management

NOT ADOPTED 04/09/2007

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that Washington is
4 home to some of the world's most innovative companies, researchers,
5 entrepreneurs, and workers. Talent and creativity exist in all areas
6 of Washington. The legislature further finds that economic potential
7 can be enhanced when the state facilitates partnerships between
8 talented leaders from research institutions, industry, and local
9 economic development and workforce development organizations to attract
10 additional talent and build on the strengths found in existing industry
11 clusters. Washington is a national leader in economic strategy based
12 on clusters of industries, promoting the connections among firms,
13 suppliers, customers, and public resources. It is the intent of the
14 legislature that Washington support innovation partnerships and
15 partnership zones around the state that will become globally recognized
16 as hubs of expertise, innovation, and commercialization and advance
17 Washington's position in the world economy.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW
19 to read as follows:

20 (1) The department of community, trade, and economic development
21 shall administer, with the advice of the Washington economic
22 development commission, an innovation partnership zone program
23 consisting of the designation of innovation partnership zones, the
24 awarding of innovation partnership grants, and the provision of
25 technical and planning assistance.

26 (2) On October 1st of each year, the director shall designate
27 innovation partnership zones. Applications for state designation of an
28 area as an innovation partnership zone may be submitted by associate

1 development organizations, port districts, workforce development
2 councils, cities, or counties. Applicants must demonstrate:

3 (a) The support of a local jurisdiction, a research institution, an
4 educational institution, an industry or cluster association, a
5 workforce development council, and an associate development
6 organization, port, or chamber of commerce;

7 (b) Evidence of planning for the innovation partnership zone;

8 (c) Identifiable boundaries for the zone within which the applicant
9 will concentrate efforts to connect innovative researchers,
10 entrepreneurs, investors, industry associations or clusters, and
11 training providers. The geographic area defined should lend itself to
12 a distinct identity and have the capacity to accommodate firm growth;

13 (d) The presence within the proposed innovation partnership zone of
14 research capacity, including research teams focused on emerging
15 technologies and their commercialization or faculty and researchers
16 that could increase their focus on commercialization of technology if
17 provided the appropriate technical assistance;

18 (e) Using labor market information from the employment security
19 department and local labor markets as well as data on revenue growth
20 rates, wage levels, and other factors, a concentration of firms within
21 the proposed innovation partnership zone that are important to the
22 economic prosperity of the state and have comparative competitive
23 advantage or the potential for comparative competitive advantage;

24 (f) Training capacity either within the zone or readily accessible
25 to the zone.

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW
27 to read as follows:

28 (1) The director shall disburse innovation partnership zone grants.
29 Innovation partnership zone grants must be used to improve the
30 commercialization facilities within an area designated as an innovation
31 partnership zone and be used to facilitate the collaboration between
32 research teams, industry, and workforce training providers that will
33 lead to the formation and financing of new innovative firms, the
34 commercialization of research results, and the movement of firms and
35 industry clusters into globally competitive niches. The grants will be
36 awarded only to applicants operating within a designated innovation

1 partnership zone consistent with the following criteria and such other
2 criteria as the director develops in consultation with the Washington
3 state economic development commission:

4 (a) Each grant must be matched by a commitment of financial support
5 from the private sector equal to or greater than fifty percent of the
6 requested grant amount;

7 (b) Eligible grant applicants may include associate development
8 organizations, port districts, workforce development councils,
9 educational or research institutions, and local jurisdictions;

10 (c) During the biennium ending June 30, 2009, no more than two
11 partnership zone grants shall be awarded to recipients in the central
12 Puget Sound region, a minimum of two such grants shall be awarded in
13 eastern Washington and a minimum of one such grant shall be awarded in
14 western Washington outside the central Puget Sound region;

15 (d) Applicants for innovation partnership zone grants must:

16 (i) Disclose the service delivery mechanisms to be used to allow
17 industry associations, cluster associations, and businesses to access
18 the technical assistance, advisory, research, and commercialization
19 capabilities of research teams within the zone;

20 (ii) Detail how training services will be coordinated and delivered
21 to industry associations, cluster associations, and businesses within
22 the zone; and

23 (iii) Describe the methods by which the applicant will facilitate
24 the competitiveness of firms, the commercialization of research, and
25 the upgrading of worker skills within the zone.

26 (2) The department may provide technical and planning assistance,
27 either directly or through grants, to prospective applicants for
28 innovation partnership zone grants who may need additional analyses or
29 assistance to meet the requirements of the designation process or the
30 criteria for selection as an innovation partnership zone grant
31 recipient. The department may reserve up to twenty-five percent of
32 innovation partnership zone grant funds available for the purposes of
33 this subsection.

34 (3) The department shall assist successful innovation partnership
35 zone grant applicants in identifying and accessing any appropriate
36 private, federal, or state program that provides funding for planning,
37 infrastructure, technical assistance, or training.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330 RCW
2 to read as follows:

3 (1) The Washington state economic development commission shall,
4 with the advice of an innovation partnership advisory group selected by
5 the commission, have oversight responsibility for the implementation of
6 the state's efforts to further innovation partnerships throughout the
7 state. The commission shall:

8 (a) Provide information and advice to the department of community,
9 trade, and economic development to assist in the implementation of the
10 innovation partnership zone program, including criteria to be used in
11 the selection of grant applicants for funding;

12 (b) Document clusters of companies throughout the state that have
13 comparative competitive advantage or the potential for comparative
14 competitive advantage, using the process and criteria for identifying
15 strategic clusters developed by the working group specified in
16 subsection (2) of this section;

17 (c) Conduct an innovation opportunity analysis to identify (i) the
18 strongest current intellectual assets and research teams in the state
19 focused on emerging technologies and their commercialization, and (ii)
20 faculty and researchers that could increase their focus on
21 commercialization of technology if provided the appropriate technical
22 assistance and resources;

23 (d) Based on its findings and analysis, and in conjunction with the
24 higher education coordinating board and research institutions:

25 (i) Develop a plan to build on existing, and develop new,
26 intellectual assets and innovation research teams in the state in
27 research areas where there is a high potential to commercialize
28 technologies. The commission shall present the plan to the governor
29 and legislature by December 31, 2007. The higher education
30 coordinating board shall be responsible for implementing the plan in
31 conjunction with the publicly funded research institutions in the
32 state. The plan shall address the following elements and such other
33 elements as the commission deems important:

34 (A) Specific mechanisms to support, enhance, or develop innovation
35 research teams and strengthen their research and commercialization
36 capacity in areas identified as useful to strategic clusters and
37 innovative firms in the state;

1 (B) Identification of the funding necessary for laboratory
2 infrastructure needed to house innovation research teams;

3 (C) Specification of the most promising research areas meriting
4 enhanced resources and recruitment of significant entrepreneurial
5 researchers to join or lead innovation research teams;

6 (D) The most productive approaches to take in the recruitment, in
7 the identified promising research areas, of a minimum of ten
8 significant entrepreneurial researchers over the next ten years to join
9 or lead innovation research teams;

10 (E) Steps to take in solicitation of private sector support for the
11 recruitment of entrepreneurial researchers and the commercialization
12 activity of innovation research teams; and

13 (F) Mechanisms for ensuring the location of innovation research
14 teams in innovation partnership zones;

15 (ii) Provide direction for the development of comprehensive
16 entrepreneurial assistance programs at research institutions. The
17 programs may involve multidisciplinary students, faculty,
18 entrepreneurial researchers, entrepreneurs, and investors in building
19 business models and evolving business plans around innovative ideas.
20 The programs may provide technical assistance and the support of an
21 entrepreneur-in-residence to innovation research teams and offer
22 entrepreneurial training to faculty, researchers, undergraduates, and
23 graduate students. Curriculum leading to a certificate in
24 entrepreneurship may also be offered;

25 (e) Develop performance measures to be used in evaluating the
26 performance of innovation research teams, the implementation of the
27 plan and programs under (d)(i) and (ii) of this subsection, and the
28 performance of innovation partnership zone grant recipients, including
29 but not limited to private investment measures, business initiation
30 measures, job creation measures, and measures of innovation such as
31 licensing of ideas in research institutions, patents, or other
32 recognized measures of innovation. The performance measures developed
33 shall be consistent with the economic development commission's
34 comprehensive plan for economic development and its standards and
35 metrics for program evaluation. The commission shall report to the
36 legislature and the governor by December 31, 2008, on the measures
37 developed; and

1 (f) Using the performance measures developed, perform a biennial
2 assessment and report, the first of which shall be due December 31,
3 2012, on:

4 (i) Commercialization of technologies developed at state
5 universities, found at other research institutions in the state, and
6 facilitated with public assistance at existing companies;

7 (ii) Outcomes of the funding of innovation research teams and
8 recruitment of significant entrepreneurial researchers;

9 (iii) Comparison with other states of Washington's outcomes from
10 the innovation research teams and efforts to recruit significant
11 entrepreneurial researchers; and

12 (iv) Outcomes of the grants for innovation partnership zones.

13 The report shall include recommendations for modifications of this act
14 and of state commercialization efforts that would enhance the state's
15 economic competitiveness.

16 (2) The economic development commission and the workforce training
17 and education coordinating board shall jointly convene a working group
18 to:

19 (a) Specify the process and criteria for identification of substate
20 geographic concentrations of firms or employment in an industry and the
21 industry's customers, suppliers, supporting businesses, and
22 institutions, which process will include the use of labor market
23 information from the employment security department and local labor
24 markets; and

25 (b) Establish criteria for identifying strategic clusters which are
26 important to economic prosperity in the state, considering cluster
27 size, growth rate, and wage levels among other factors.

28 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.330 RCW
29 to read as follows:

30 The innovation partnership fund is created in the custody of the
31 state treasurer. Only the state economic development commission, with
32 the concurrence of the higher education coordinating board, may
33 authorize expenditures from the fund. Expenditures from the fund may
34 be made only for the purposes of section 4 of this act. Revenues to
35 the fund consist of transfers or appropriations made by the
36 legislature, transfers made by state research institutions, and private
37 donations.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.330 RCW
2 to read as follows:

3 For the purposes of this act, "commercialization" means a sequence
4 of steps, including technology transfer, technical assistance in
5 product development, production process design, and technical skills
6 development, necessary to achieve market entry and general market
7 competitiveness of innovative technologies, processes, and products.

8 NEW SECTION. **Sec. 7.** If specific funding for the purposes of this
9 act, referencing this act by bill or chapter number, is not provided by
10 June 30, 2007, in the omnibus appropriations act, this act is null and
11 void."

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12 On page 1, line 1 of the title, after "zones;" strike the remainder
13 of the title and insert "adding new sections to chapter 43.330 RCW; and
14 creating new sections."

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