

HOUSE BILL REPORT

HB 2241

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to developing more effective streamlining of technology and innovation in the state of Washington.

Brief Description: Developing more effective streamlining of technology and innovation in the state of Washington.

Sponsors: Representatives Hudgins and Wood.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/21/07, 2/27/07 [DPS].

Brief Summary of Substitute Bill

- Specifies that the Governor shall issue an annual vision for technology development in Washington.
- Requires the boards of state technology entities to meet at least once a year to discuss and coordinate activities to develop a work plan to carry out the Governor's vision for technology development.
- Requires the Office of Financial Management to develop and deliver to the Legislature recommendations to provide a single fiscal agent for state technology entities and to adjust the administrative overhead rate maintained by these state technology entities to no more than 32 percent.
- Requires executive directors of the state technology entities to develop a budget jointly for the Governor to consider and recommend to the Legislature.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 10 members: Representatives Morris, Chair; McCoy, Vice Chair; Crouse, Ranking

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Member; McCune, Assistant Ranking Minority Member; Eddy, Hankins, Hudgins, Hurst, Takko and VanDeWege.

Minority Report: Do not pass. Signed by 1 member: Representative Ericksen.

Staff: Scott Richards (786-7156).

Background:

Life Sciences Discovery Fund Authority (Authority)

In 2005, the Legislature established the Authority with the purpose to promote life sciences research to foster a preventive and predictive vision of the next generation of health-related innovations, to enhance the competitive position of Washington in this vital sector of the economy, and to improve the quality and delivery of health care for the people of Washington. It is expected that this purpose will be achieved by making grants to research institutions in the state.

Beginning in 2008, Washington's receipts from the tobacco settlement will increase by \$35 million per year. The legislation establishing the Authority funnels these monies into a trust account and authorizes the Authority's trustees to expend it. The intent is to use the money to help Washington research institutions advance both their competitiveness for external grant support and their ability to move discoveries toward commercialization.

Spokane Intercollegiate Research and Technology Institute (SIRTI)

The SIRTI performs and commercializes research that will benefit the economic vitality of Eastern Washington and strengthen university/industry relationships. Also, SIRTI works to accelerate the development and growth of technology companies regionally in the inland Northwest. The SIRTI provides commercialization services that help entrepreneurs and start-up technology companies bring their innovations to market, attract investment, and pursue growth strategies.

Washington Technology Center (WTC)

The Legislature established the WTC in 1983 with the purpose to promote collaborative efforts between the state's universities, private industry, and government. It does so by performing and commercializing research on a statewide basis that benefits the intermediate and long-term economic vitality of Washington, and to develop and strengthen university/industry relationships through the conduct of research that is primarily of interest to Washington-based companies or state economic development programs.

Streamlining Technology and Energy Project

During the 2006 interim, the Technology, Energy and Communications (TEC) Committee conducted research and surveyed state-based technology and energy entities to answer some fundamental questions about how these entities perform their statutory mission, set policies and priorities, fund operations and measure performance. The TEC Committee undertook this project with the goal to provide more focus and efficient use of resources by centralizing missions and reducing administrative overhead of relevant entities. The Authority, SIRTI and WTC were surveyed as part of this project.

Summary of Substitute Bill:

Annually, the Governor shall report on the vision for technology development in Washington. The Governor's vision on technology development in Washington must include:

- a statewide technology strategy;
- a work plan to implement the statewide technology strategy that details how state technology entities shall collaborate and coordinate with each other; and
- an analysis identifying the most important public policy challenges faced in achieving the vision for technology development in Washington.

In preparation for the vision for technology development in Washington, the Governor shall consult with state technology entities to gather input into the Governor's vision for technology development in Washington.

"State technology entities" means:

- the Life Sciences Discovery Fund Authority;
- the Spokane Intercollegiate Research and Technology Institute;
- the Washington Technology Center;
- state agencies, boards, institutions, and commissions determined by the Governor to have a technology mission; and
- any future technology-based state entity the Legislature may establish or the Governor may determine to be a technology-based state entity.

The boards of state technology entities shall meet at least once a year with an awareness of the state budget timetable to discuss and coordinate: (1) activities related to the implementation of the work plan to carry out the Governor's statewide technology strategy and (2) matters related to technology research, technology transfer, and technology commercialization. The boards of the state technology entities shall jointly hold at least one meeting in conjunction with a state technology entity board of directors or trustees meeting to maximize efficient use of organizational resources.

State technology entities shall develop an annual work plan to:

- ensure collaboration and coordination among state technology entities for current and future technology research, transfer, and commercialization efforts;
- identify and eliminate duplication of services;
- assist the Governor in developing a report on the vision for technology development in Washington; and
- implement the Governor's vision into the oversight of the state technology entities.

Joint State Technology Entity Budget Request

By November 30, 2007, the Office of Financial Management (OFM) shall develop and provide to the Legislature:

- recommendations to provide a single fiscal agent under one budget category for state technology entities;

- recommendations to adjust the administrative overhead rate charged by these state technology entities to no more than 32 percent; and
- a work plan to implement a single fiscal agent for state technology entities and an administrative overhead rate of no more than 32 percent for these same entities.

By August 1, 2008, the executive directors of the state technology entities shall develop jointly a budget for the Governor to consider and recommend to the Legislature. The joint budget shall take into consideration recommendations made by the OFM.

Substitute Bill Compared to Original Bill:

The original bill provided an intent section only.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Last interim, the TEC Committee looked at various state technology entities to make sure that their efforts are complementary and not competitive. There are things state technology entities can collaborate on such as support services and a similar overhead rate. The ultimate goal of the bill is to make government run more efficiency and make sure entities are working together.

(With concerns) There needs to be clarification in the bill about what the final outcome should be. There are some terms used in the bill that are not clear. There is significant collaboration going on currently. We are in favor of the state working more efficiently. There are no performance measures that are clear in the bill.

(Information only) The Washington Technology Center (WTC) is in agreement with the goals of the bill such as operating more efficiently, committing to performance measures that demonstrate in real terms the benefits to the public, and collaborating across the state with partners. The Economic Development Commission developed a report that provided that there is no need for a coordinating board for WTC and SIRT and others. Also, coordination is occurring currently.

(Opposed) None.

Persons Testifying: (In support) Representative Hudgins, prime sponsor.

(With concerns) Kim Zentz, Spokane Intercollegiate Research and Technology Institute.

(Information only) Bill Stauffacher, Washington Technology Center; and Bill Grinstein, Washington Economic Development Commission.

Persons Signed In To Testify But Not Testifying: None.