

FINAL BILL REPORT

SHB 1091

C 227 L 07

Synopsis as Enacted

Brief Description: Concerning innovation partnership zones.

Sponsors: By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives VanDeWege, Chase, Upthegrove, Miloscia, B. Sullivan, O'Brien, P. Sullivan, Morrell, Sells, Kenney, Rolfes, Kelley, Moeller, Wallace and Eddy; by request of Governor Gregoire).

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

Background:

In 2006 the Governor's Global Competitiveness Council (Council) issued their report "Rising to the Challenge of Global Competition." The Council's Research and Innovation Committee (Committee) Report found that research and innovation creates a cycle of development that yields increased living standards and globally competitive businesses. The Committee and Council proposed a broad 10-year plan that connects the importance of strong research and innovation with the creation of jobs, healthy economic growth, and a high standard of living and broad opportunity throughout the state's economy, reaching people of all backgrounds and in all the state's geographic locations.

Summary:

Annually on October 1, the Director of the Department of Community, Trade and Economic Development (DCTED) must designate areas within Washington as Innovation Partnership Zones (IPZ) based on a review and evaluation of applications applying the legislative criteria, the estimated economic impact of the IPZ, the evidence of forward-planning for the IPZ and other criteria recommended by the Washington State Economic Development Commission (Commission). The estimated economic impact must include evidence of anticipated private investment, job creation, innovation, and commercialization. The Director must also require evidence that IPZ applicants will promote commercialization, innovation, and collaboration among IPZ residents.

In order to be designated an IPZ, an area must have three types of institutions within its boundaries: a university or college fostering commercially valuable research, a nonprofit institution creating commercially applicable research, or a national laboratory. An area must also have dense proximity of globally competitive firms in a research-based industry or industries, or of individual firms with innovation strategies linked to a university, community

college, nonprofit institution or national laboratory; and training capacity either within the IPZ or readily accessible to the IPZ. In addition, an IPZ must have the support of a local jurisdiction, a research institution, an educational institution, an industry or cluster association, a workforce development council, and an associate development organization, port, or chamber of commerce. The IPZ must have identifiable boundaries within which an applicant will concentrate efforts to connect innovative researchers, entrepreneurs, investors, industry associations or clusters, and training providers. The geographic area defined should lend itself to a distinct identity and have the capacity to accommodate firm growth.

The designation will be for a four-year period, after which the IPZ must reapply for the designation. The IPZ must be administered by an Economic Development Council, port, Workforce Development Council, city, or county.

If the IPZ meets the other requirements of the fund source, then the IPZ may be eligible for the Local Infrastructure Financing Tool Program, the sales and use tax for public facilities in rural counties, and the Job Skills Program.

The DCTED must convene an annual information sharing event for IPZ Administrators and other interested parties.

The IPZs are required to provide performance measures as prescribed by the DCTED. These measures must include, but are not limited to, private investment measures, job creation measures, and measures of innovation. The Commission must annually review the individual IPZ's performance measures.

The Commission, with the advice of an Innovation Partnership Advisory Group selected by the Commission, has oversight responsibility for the implementation of the state's efforts to further IPZs throughout the state. The Commission must: provide information and advice to the DCTED to assist in the IPZ program implementation; document clusters of companies throughout the state that have a comparative advantage or the potential for a comparative advantage; conduct an innovation opportunity analysis to identify the strongest current intellectual assets and research teams in Washington focused on emerging technologies and their commercialization, and the faculty and researchers that could increase their focus on technology commercialization if provided assistance and resources; and based on findings and analysis, and in conjunction with the Higher Education Coordinating Board (HECB) and research institutions, develop a plan to build on existing and develop new intellectual assets and innovation research teams as well as provide direction for the development of a comprehensive entrepreneurial assistance program at research institutions. The Commission must present its plan to the Governor and the Legislature by December 31, 2007. The HECB and the publicly funded research institutions are charged with implementing the plan.

The Commission must develop performance measures to be used in the evaluation of the performance of innovation research teams, the plans and programs and the performance of the IPZ grant recipients. A biennial report to the Legislature is due beginning December 12, 2012. In addition, the Commission must convene a working group with the Workforce Training and Education Coordinating Board to create a process and criteria for identifying

substate geographic concentrations of firms or employment in an industry and the industry's customers, suppliers, supporting businesses, and institutions. The Workgroup will also establish criteria for identifying strategic clusters which are important to the economic prosperity of the state.

Votes on Final Passage:

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|--------|----|---|----------------------------|
| House | 96 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | | | (House refused to concur) |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007