

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1091

60th Legislature
2007 Regular Session

Passed by the House April 20, 2007
Yeas 98 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 20, 2007
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1091** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1091

AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

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)

READ FIRST TIME 02/28/07.

1 AN ACT Relating to innovation partnership zones; and adding new
2 sections to chapter 43.330 RCW.

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

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

6 (1) The director shall designate innovation partnership zones on
7 the basis of the following criteria:

8 (a) Innovation partnership zones must have three types of
9 institutions operating within their boundaries, or show evidence of
10 planning and local partnerships that will lead to dense concentrations
11 of these institutions:

12 (i) Research capacity in the form of a university or community
13 college fostering commercially valuable research, nonprofit
14 institutions creating commercially applicable innovations, or a
15 national laboratory;

16 (ii) Dense proximity of globally competitive firms in a research-
17 based industry or industries or of individual firms with innovation
18 strategies linked to (a)(i) of this subsection. A globally competitive

1 firm may be signified through international organization for
2 standardization 9000 or 1400 certification, or other recognized
3 evidence of international success; and

4 (iii) Training capacity either within the zone or readily
5 accessible to the zone. The training capacity requirement may be met
6 by the same institution as the research capacity requirement, to the
7 extent both are associated with an educational institution in the
8 proposed zone.

9 (b) The support of a local jurisdiction, a research institution, an
10 educational institution, an industry or cluster association, a
11 workforce development council, and an associate development
12 organization, port, or chamber of commerce;

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

18 (d) The innovation partnership zone administrator must be an
19 economic development council, port, workforce development council,
20 city, or county.

21 (2) On October 1st of each year, the director shall designate
22 innovation partnership zones on the basis of applications that meet the
23 legislative criteria, estimated economic impact of the zone, evidence
24 of forward planning for the zone, and other criteria as recommended by
25 the Washington state economic development commission. Estimated
26 economic impact must include evidence of anticipated private
27 investment, job creation, innovation, and commercialization. The
28 director shall require evidence that zone applicants will promote
29 commercialization, innovation, and collaboration among zone residents.

30 (3) Innovation partnership zones are eligible for funds and other
31 resources as provided by the legislature or at the discretion of the
32 governor.

33 (4) If the innovation partnership zone meets the other requirements
34 of the fund sources, then the zone is eligible for the following funds
35 relating to:

36 (a) The local infrastructure financing tools program;

37 (b) The sales and use tax for public facilities in rural counties;

38 and

1 (c) Job skills.

2 (5) An innovation partnership zone shall be designated as a zone
3 for a four-year period. At the end of the four-year period, the zone
4 must reapply for the designation through the department.

5 (6) The department shall convene annual information sharing events
6 for innovation partnership zone administrators and other interested
7 parties.

8 (7) An innovation partnership zone shall provide performance
9 measures as required by the director, including but not limited to
10 private investment measures, job creation measures, and measures of
11 innovation such as licensing of ideas in research institutions,
12 patents, or other recognized measures of innovation. The Washington
13 state economic development commission shall review annually the
14 individual innovation partnership zone's performance measures and make
15 recommendations to the department regarding additional zone designation
16 criteria.

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

19 (1) The Washington state economic development commission shall,
20 with the advice of an innovation partnership advisory group selected by
21 the commission, have oversight responsibility for the implementation of
22 the state's efforts to further innovation partnerships throughout the
23 state. The commission shall:

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

28 (b) Document clusters of companies throughout the state that have
29 comparative competitive advantage or the potential for comparative
30 competitive advantage, using the process and criteria for identifying
31 strategic clusters developed by the working group specified in
32 subsection (2) of this section;

33 (c) Conduct an innovation opportunity analysis to identify (i) the
34 strongest current intellectual assets and research teams in the state
35 focused on emerging technologies and their commercialization, and (ii)
36 faculty and researchers that could increase their focus on

1 commercialization of technology if provided the appropriate technical
2 assistance and resources;

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

5 (i) Develop a plan to build on existing, and develop new,
6 intellectual assets and innovation research teams in the state in
7 research areas where there is a high potential to commercialize
8 technologies. The commission shall present the plan to the governor
9 and legislature by December 31, 2007. The higher education
10 coordinating board shall be responsible for implementing the plan in
11 conjunction with the publicly funded research institutions in the
12 state. The plan shall address the following elements and such other
13 elements as the commission deems important:

14 (A) Specific mechanisms to support, enhance, or develop innovation
15 research teams and strengthen their research and commercialization
16 capacity in areas identified as useful to strategic clusters and
17 innovative firms in the state;

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

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

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

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

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

32 (ii) Provide direction for the development of comprehensive
33 entrepreneurial assistance programs at research institutions. The
34 programs may involve multidisciplinary students, faculty,
35 entrepreneurial researchers, entrepreneurs, and investors in building
36 business models and evolving business plans around innovative ideas.
37 The programs may provide technical assistance and the support of an
38 entrepreneur-in-residence to innovation research teams and offer

1 entrepreneurial training to faculty, researchers, undergraduates, and
2 graduate students. Curriculum leading to a certificate in
3 entrepreneurship may also be offered;

4 (e) Develop performance measures to be used in evaluating the
5 performance of innovation research teams, the implementation of the
6 plan and programs under (d)(i) and (ii) of this subsection, and the
7 performance of innovation partnership zone grant recipients, including
8 but not limited to private investment measures, business initiation
9 measures, job creation measures, and measures of innovation such as
10 licensing of ideas in research institutions, patents, or other
11 recognized measures of innovation. The performance measures developed
12 shall be consistent with the economic development commission's
13 comprehensive plan for economic development and its standards and
14 metrics for program evaluation. The commission shall report to the
15 legislature and the governor by December 31, 2008, on the measures
16 developed; and

17 (f) Using the performance measures developed, perform a biennial
18 assessment and report, the first of which shall be due December 31,
19 2012, on:

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

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

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

28 (iv) Outcomes of the grants for innovation partnership zones.
29 The report shall include recommendations for modifications of this act
30 and of state commercialization efforts that would enhance the state's
31 economic competitiveness.

32 (2) The economic development commission and the workforce training
33 and education coordinating board shall jointly convene a working group
34 to:

35 (a) Specify the process and criteria for identification of substate
36 geographic concentrations of firms or employment in an industry and the
37 industry's customers, suppliers, supporting businesses, and

1 institutions, which process will include the use of labor market
2 information from the employment security department and local labor
3 markets; and

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

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