

HOUSE BILL REPORT

SSB 6706

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to commercialization of research at state universities.

Brief Description: Concerning the commercialization of research at state universities.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Murray, Delvin, Kastama, Shin, Marr, Kilmer and Kohl-Welles).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/18/10, 2/22/10 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Requires the state universities to perform one or more of several commercialization functions relating to providing collaborative research and technology transfer opportunities, publicizing their commercial processes, connecting researchers with others in technology-based industries, and providing industry interaction opportunities for undergraduate and graduate students.
- Authorizes the state universities to develop bridge funding programs, using federal and private funds, to support the formation of companies created around the technologies developed at state universities.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended. Signed by 6 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Chase, Liias, Moeller and Probst.

Minority Report: Do not pass. Signed by 3 members: Representatives Smith, Ranking Minority Member; Orcutt and Parker.

Staff: Chris Cordes (786-7103).

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.

Background:

Technology transfer is the process that turns university discoveries and inventions into commercial products. Moving an idea from a university laboratory to a licensing arrangement with a private company and to commercial development and production will often involve the continued involvement of the original faculty inventor.

Washington has a number of public and private sector organizations and initiatives directed at the creation of new technologies and encouragement of commercialization. Examples include the Life Sciences Discovery Fund, the Washington Technology Center, and the University of Washington Center for Commercialization (formerly known as the Office of Technology Transfer).

In 2009 legislation directed the Department of Commerce (Department), in consultation with specified industry trade associations, to review and report on ways for the state to encourage and support innovation in the development and commercialization of life sciences and information technology. The Department's report made various recommendations, including that research universities be authorized to (1) create and manage a bridge funding program to support companies created around technologies developed at the institutions, and (2) provide additional support to these companies, including access to space, equipment, and university staff time.

Summary of Amended Bill:

The Legislature's stated intent is that universities engage in the commercialization of research and other economic development and workforce development activities that benefit the state's intermediate and long-term economic vitality. The state universities are expected to develop and strengthen university-industry relationships through research, support of company formation and job generation, and collaborative training.

The state universities, using in-house resources and not contractors, must perform one or more of the following:

- provide collaborative research and technology transfer opportunities;
- publicize their commercial processes and how to access them;
- develop mechanisms for pairing researchers, entrepreneurs, and investors, including hosting events to connect researchers with others in technology-based industries; and
- provide opportunities for training undergraduate and graduate students through direct involvement in research and industry interactions.

The state universities may work with and through the Higher Education Coordinating Board in carrying out these duties.

To support the formation of companies created around the technologies developed at state universities, the universities are also authorized to establish bridge-funding programs for start-up companies using federal or private funds.

"State universities" are the University of Washington and Washington State University.

Amended Bill Compared to Substitute Bill:

The striking amendment: (1) requires the state universities to use in-house resources, not contractors, to perform functions on the list of commercialization activities; (2) deletes the provisions amending the State Ethics Act; (3) codifies the sections relating to commercialization activities in a chapter of law that defines "state universities" as the University of Washington and Washington State Universities; and (4) clarifies that the bridge funding program relates to supporting the formation of companies created around the technologies developed at state universities.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is a follow-up to the report required by E2SSB 6015. It is seeking to implement the report's recommendations and allow the university to extend support to start-up teams. The university will use federal or private funds to leverage venture capital. The bill's change in the ethics law speaks to providing support for entities before they become a private company.

(Opposed) None.

Persons Testifying: Margaret Shepherd, University of Washington.

Persons Signed In To Testify But Not Testifying: None.