

HOUSE BILL REPORT

2ESB 5764

As Reported by House Committee On:
Ways & Means

Title: An act relating to innovate Washington.

Brief Description: Creating innovate Washington.

Sponsors: Senators Kastama, Chase, Shin, Kilmer, Brown, Conway and McAuliffe.

Brief History:

Committee Activity:

Ways & Means: 3/31/11, 5/11/11 [DPA].

**Brief Summary of Second Engrossed Bill
(As Amended by House)**

- Creates Innovate Washington as the successor agency to the Washington Technology Center and the Spokane Intercollegiate Research and Technology Institute and the primary state agency growing the innovation-based economic sectors responding to technology transfer needs.
- Requires Innovate Washington to develop a five-year business plan including a plan for operating additional facilities; methods for working with community and technical colleges; and outreach to Innovation Partnership Zones.
- Requires Innovate Washington to work with utilities, district energy providers, the Washington Utilities and Transportation Commission, and Washington's Energy Office to improve the alignment of investments in clean energy technologies with existing state policies.
- Outlines a range of programmatic activities of Innovate Washington.
- Requires the Joint Legislative Audit and Review Committee to review the performance of Innovate Washington and make recommendations to the appropriate policy and fiscal committees of the Legislature by December 1, 2015, regarding the effectiveness of Innovate Washington programs.

HOUSE COMMITTEE ON WAYS & MEANS

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.

Majority Report: Do pass as amended. Signed by 20 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Carlyle, Dickerson, Haigh, Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Seaquist, Springer and Sullivan.

Minority Report: Do not pass. Signed by 6 members: Representatives Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Hinkle, Schmick and Wilcox.

Staff: Madeleine Thompson (786-7304) and Trista Zugel (786-7157).

Background:

The Legislature created the Washington Technology Center (WTC) in 1983 and the Spokane Intercollegiate Research and Technology Institute (SIRTI) in 1998. Both have a mission to conduct and commercialize research and to strengthen university-industry relationships through the conduct of research that is primarily of interest to Washington-based companies or state economic development programs. The WTC's focus is statewide while the SIRTI's focus is Eastern Washington.

The WTC operates a Small Business Innovation Research (SBIR) Program and the SIRTI has taken part in the program by assisting small businesses in applying for federal SBIR grants. The WTC has a statutory obligation to operate the Investing in Innovation Grants Program, but funding has never been appropriated for its operation.

The Clean Energy Leadership Council (CELC) was created in 2009 to develop strategies and recommendations for growing the state's clean energy sector. The CELC was directed to identify the clean energy industry segments and where the state has competitive advantages or emerging strength in research, development, or deployment of clean energy solutions.

Summary of Amended Bill:

Innovate Washington is created as the successor agency to the WTC and the SIRTI and is the primary state agency growing the innovation-based economic sectors of the state and responding to the technology transfer needs of existing businesses in the state. Innovate Washington:

- facilitates research supportive of state industries and provides mechanisms for collaboration between technology-based industries and higher education institutions;
- helps businesses secure research funds and develops and integrates technology into new products;
- offers technology transfer and commercialization training opportunities;
- serves as the lead entity for coordinating clean energy initiatives; and
- administers technology and innovation grant and loan programs.

Innovate Washington must develop a five-year business plan to be updated every even-numbered year. The first plan is due by December 1, 2012, and must include a plan for

operating additional facilities in Vancouver, the Tri-Cities, and Bellingham. The plan must also include methods of working with community and technical colleges, including Centers of Excellence; methods to ensure access to Innovate Washington's services by clients of Impact Washington; mechanisms for outreach to firms in Innovation Partnership Zones; and a clean energy component consistent with CELC recommendations.

A board of directors (board) governs Innovate Washington. The board must convene a group to determine the best method to develop and make available a database of in-state technologies and inventions. It must also report to the Governor and the Legislature every year on customer satisfaction and a variety of outcome measures. The board is authorized to:

- employ staff and engage technical experts;
- create advisory committees;
- enter into agreements with other entities to carry out any of its programs;
- solicit funds from a variety of sources;
- establish affiliated organizations, special funds, and controls; and
- delegate any of its powers and duties if consistent with the purposes of the act.

Innovate Washington must operate a small business innovation assistance program to help in the procurement of awards from federal small business research programs.

Centers of Excellence are to broker assistance available for firms in targeted industries and work with Innovate Washington to develop methods to identify businesses within a targeted industry that could benefit from the services of Innovate Washington.

The Investing in Innovation Grants Program is changed to the Investing in Innovation Program. The program is operated by Innovate Washington and may make both loans and grants using funds raised by the board of directors. Proprietary information of those applying or receiving funding through the Investing in Innovation Program is not subject to public disclosure. The Investing in Innovation Account is established in the custody of the State Treasurer.

The Joint Legislative Audit and Review Committee (JLARC) shall review the performance of Innovate Washington and make recommendations to the appropriate policy and fiscal committees of the Legislature by December 1, 2015, regarding the effectiveness of Innovate Washington programs.

Amended Bill Compared to Second Engrossed Bill:

The amended bill adds a requirement that the JLARC review the performance of Innovate Washington and make recommendations to the appropriate policy and fiscal committees of the Legislature by December 1, 2015, regarding the effectiveness of Innovate Washington programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on August 1, 2011.

Staff Summary of Public Testimony:

See committee records from the 2011 Regular Session.

Persons Testifying: See committee records from the 2011 Regular Session.

Persons Signed In To Testify But Not Testifying: See committee records from the 2011 Regular Session.